



2013 *pteg* Funding Gap report

Introduction

This report analyses expenditure and population data from HM Treasury's Country and Regional Analysis (CRA)¹, as updated in November 2013. It focuses on comparing levels of transport spending between regions, particularly between London and the North of England and West Midlands where the six Passenger Transport Executives (PTEs) represented by *pteg* are based. It includes analysis of how levels of transport spending compare to levels of total public expenditure and spending on other key services across these geographical areas. A more detailed breakdown of transport spend in individual regions compared to London can be found at Annex 1.

The expenditure data used in this report covers current and capital spending by the whole of the public sector to deliver services. The CRA calculates figures for expenditure on services from departmental budgets (less transfers to other parts of the public sector and transactions that do not score as spending in the National Accounts) plus spending by local government² and public corporations. Transport spending includes spending on national and local roads, local public transport and railways.

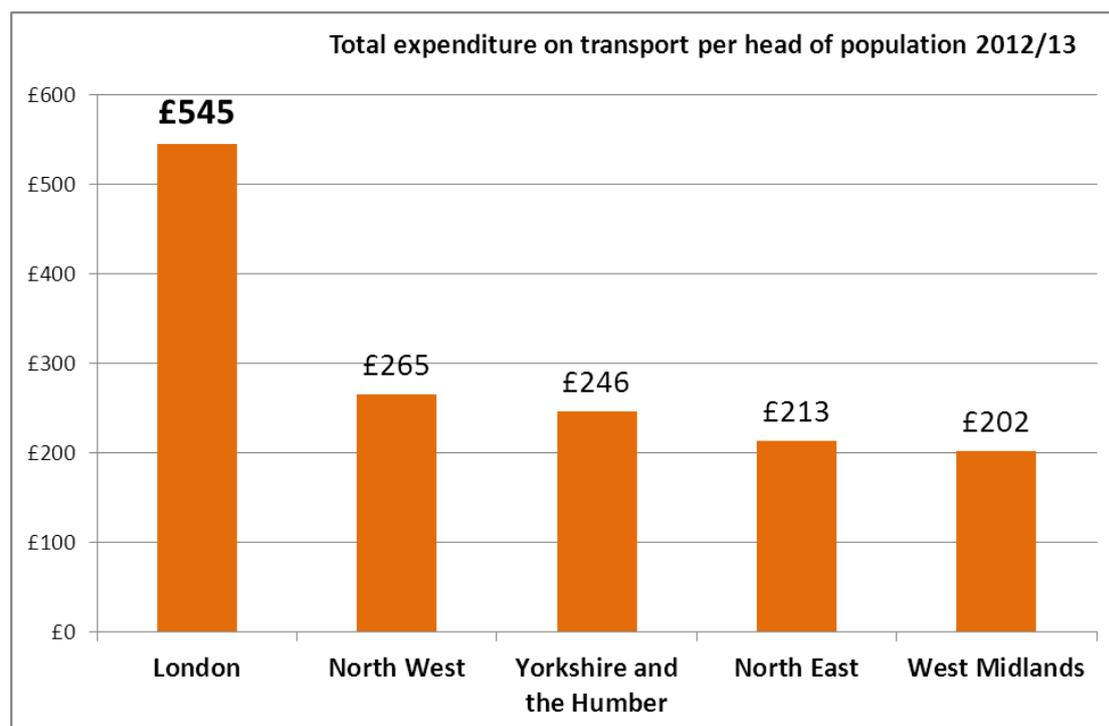
¹ HM Treasury (2013) Country and Regional Analysis November 2013
<https://www.gov.uk/government/publications/country-and-regional-analysis-2013>

² Local government refers to all local authorities in the UK including Integrated Transport Authorities and Transport for London.

Comparing regional spending on transport

As the latest expenditure figures for 2012/13 show, public spending per head on transport is considerably higher in London than in the North of England and the West Midlands (see Figure 1). A total of £545 is spent on transport for every Londoner, more than twice the spending per head on transport in the North and the West Midlands (see Figure 4).

Figure 1: Levels of transport spending per head in 2012/13



Figures 2 and 3 further illustrate this imbalance. They show that although London accounts for just 16 per cent of the population in England (Figure 2), the city received 32 per cent of transport spending in 2012/13 (Figure 3). It is the only region where proportion of transport spending exceeds proportion of population, and it does so by a significant margin.

Figure 2: Percentage of England population living in each of the English regions in mid-2012

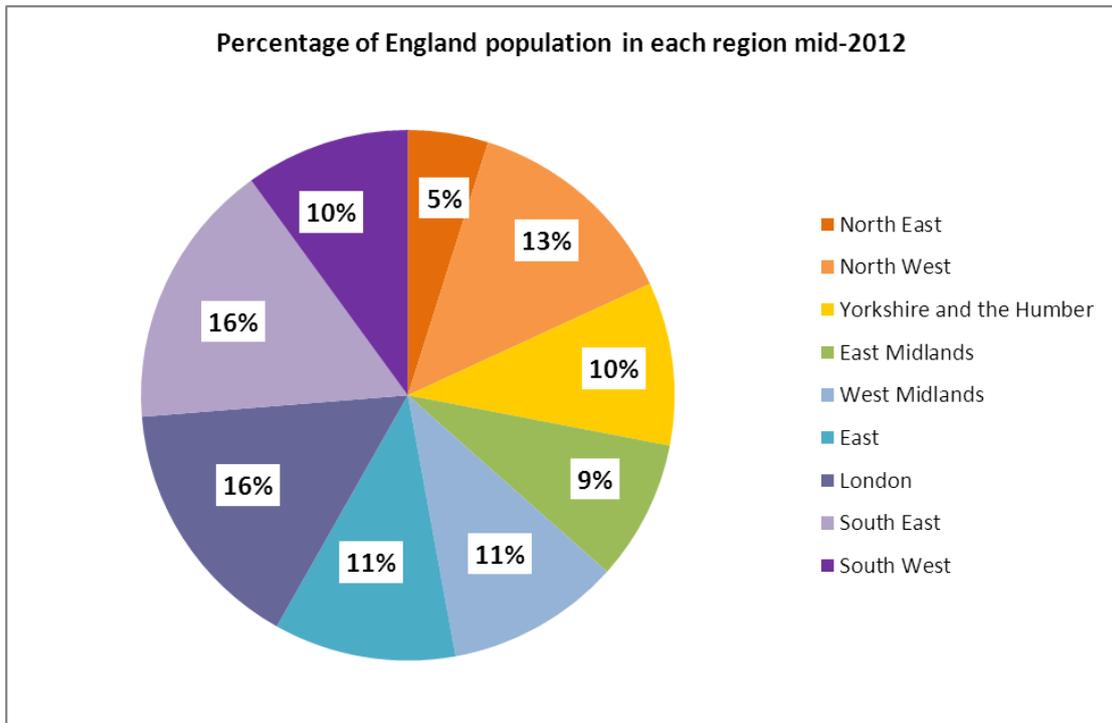
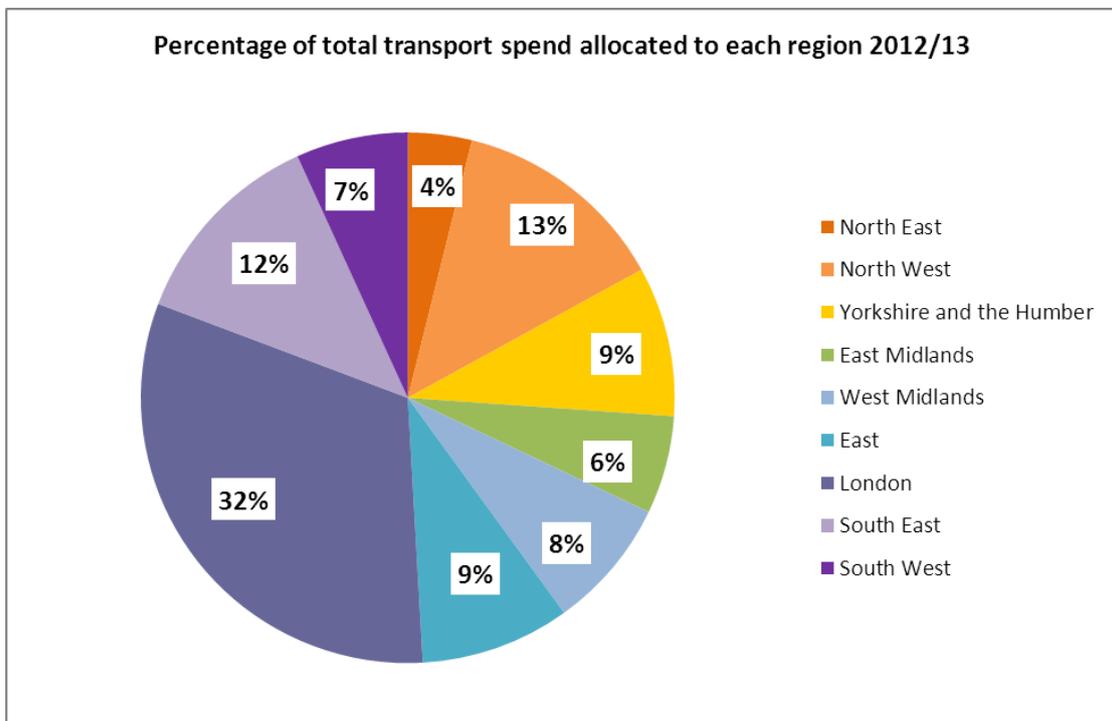


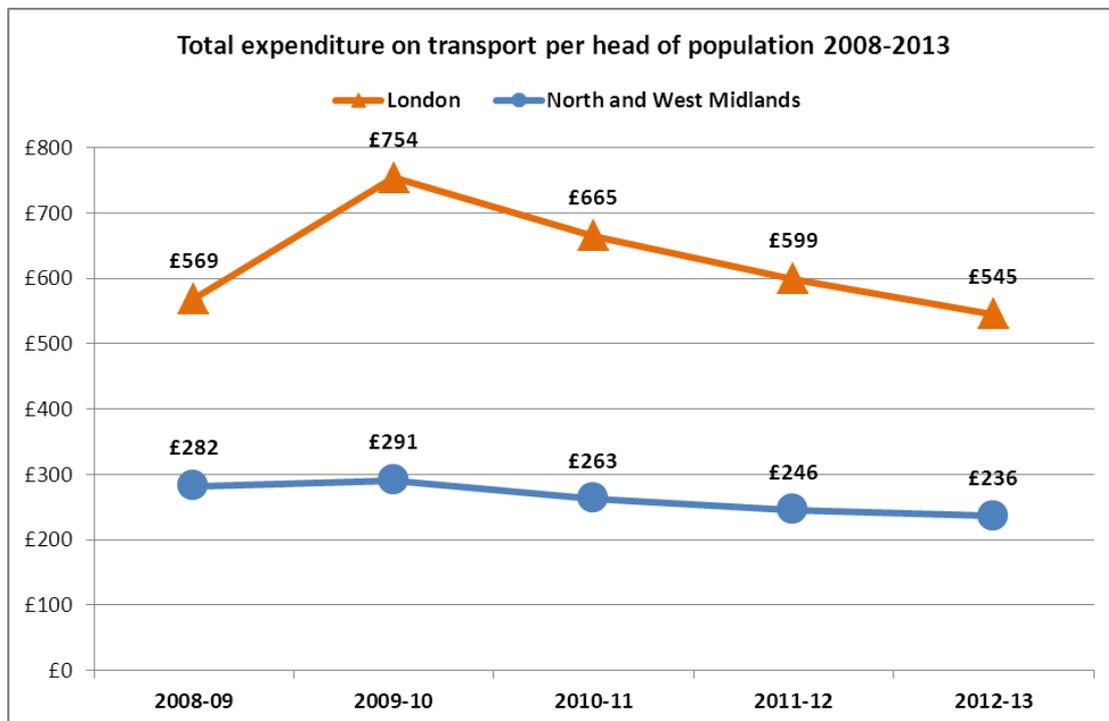
Figure 3: Percentage of total transport spend allocated to each English region in 2012/13



This regional disparity is not limited to the 2012/13 statistics. A look back over the figures for the preceding four years (Figure 4) shows a wide and persistent funding gap between London and the North of England and West Midlands. Each year between 2008/09 and 2012/13, transport public spending per head in London has been at least double that in the North and the West Midlands. The most recent figures for 2012/13 show that although the gap appears to be narrowing, transport spending in London is still more than double that in the North and the West Midlands.

Transport spending in the North and West Midlands is now lower than at any other point over the five year period covered by the CRA.

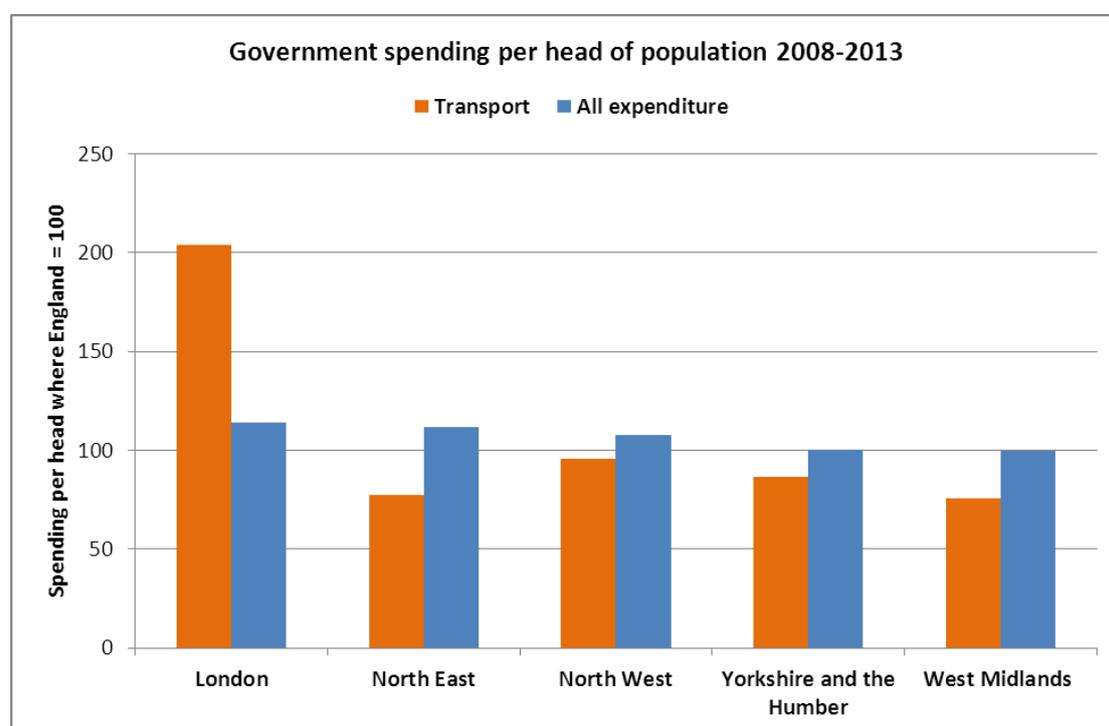
Figure 4: Transport spend per head over time



Comparing transport spending with other key public services

Whilst the funding gap in public spending on transport between London and the North and the West Midlands is very pronounced, the same is not true for public spending as a whole, as Figure 5 illustrates. The large disparity in transport spending over time (shown in orange), is once again clearly visible, however, levels of overall expenditure (shown in blue) vary much less between London and the Northern regions and West Midlands.

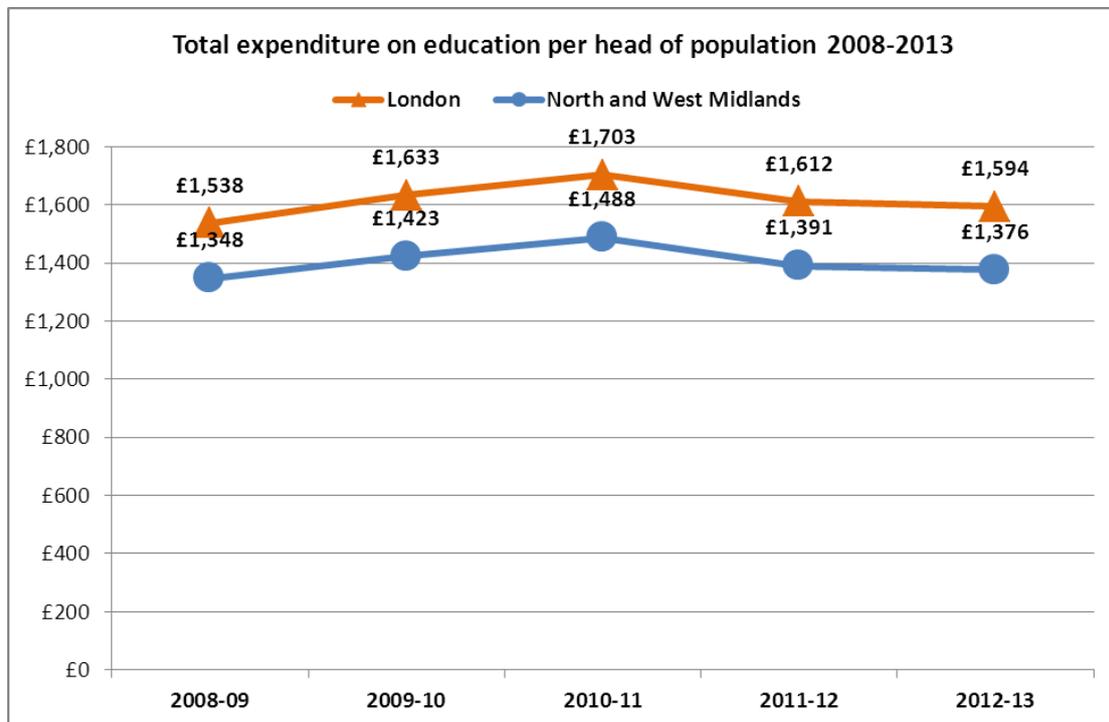
Figure 5: Transport expenditure compared with overall public spend³



A similar picture can be observed when levels of spending in individual key policy areas are compared. In education, for example, as Figure 6 shows, although spending per head is higher in London, levels of spending in the North and the West Midlands have followed a similar trajectory and do not display a 'funding gap' anywhere near the size of that for transport spending (see Figure 4).

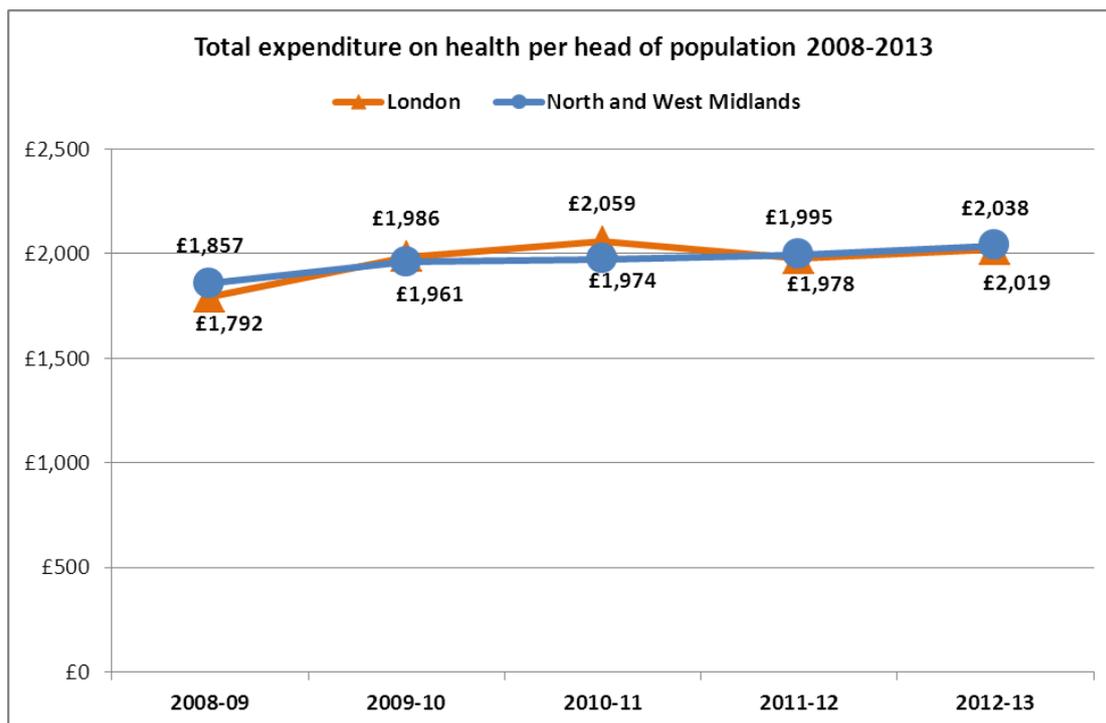
³ Cumulative per capita expenditure on all public service and on transport (for the years 2008/09 to 2012/13 inclusive) have been scaled against expenditure for England (public services compared with public services, transport compared with transport) as 100.

Figure 6: Education spend per head over time



The funding gap in health spending between London and the North and West Midlands is narrower still, as Figure 7 shows. In 2008/09, 2011/12 and 2012/13, health spending in the North and West Midlands was actually slightly higher than that in London. Contrast this with transport spending per head in London during those years, which was more than double the amount spent in the North and the West Midlands (see Figure 8).

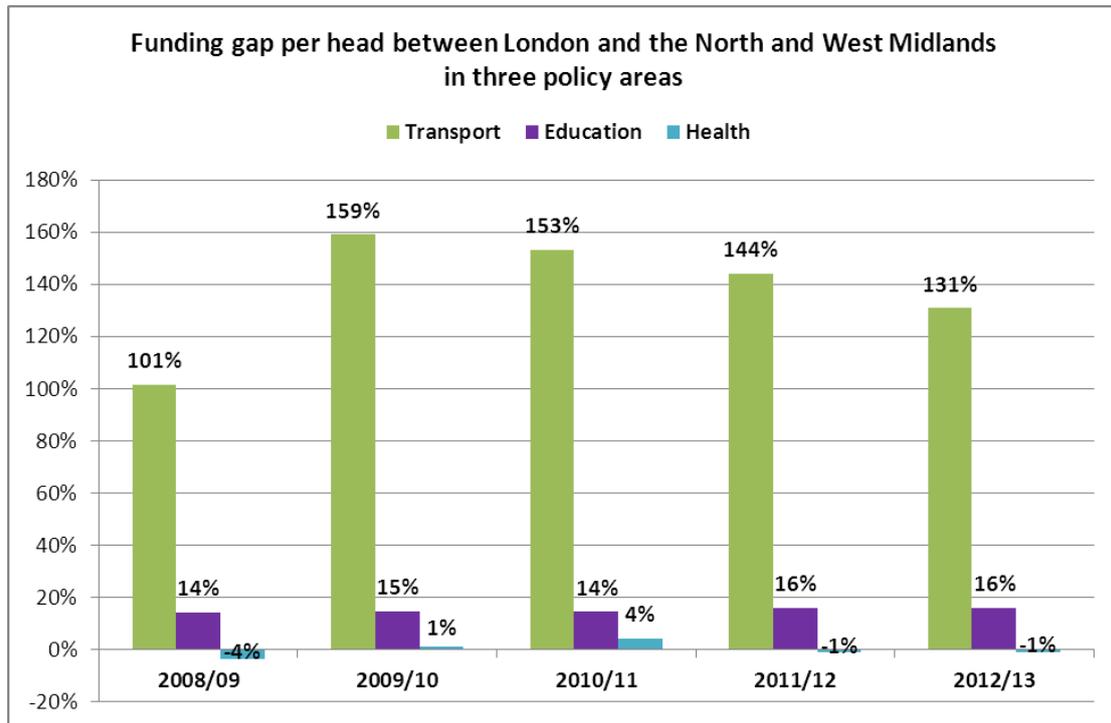
Figure 7: Health spend per head over time



As the figures show, it is not the case that all areas of spending are significantly higher in London. Although expenditure on other key policy areas in the capital is usually higher than in the North and the West Midlands, the disparity between the two areas is nowhere near as pronounced as it is for transport.

Figure 8 summarises the extent of the funding gap per head each year between London and the North of England and West Midlands for transport, education and health, further illustrating the degree to which transport differs from other policy areas. The latest figures show that transport spending per head was 131 per cent higher in London than in the North and West Midlands in 2012/13. In the same year, education spending was 16 per cent higher and health spending 1 per cent lower.

Figure 8: Degree to which public spending per head in London is higher than in the North and West Midlands in three policy areas



Annex 1: Public spending on transport in individual regions compared to London

Below are a series of charts showing transport spending per head of population in selected individual regions compared to London, offering a more detailed breakdown of the data for the North and West Midlands provided in Figure 4.

Figure A1 provides a summary of transport spend per head in each of the Northern regions and the West Midlands compared to London over time. Figures A2 to A5 show the same data in more detail for each individual region.

Figure A1: Transport spend per head over time, Northern regions and West Midlands vs. London

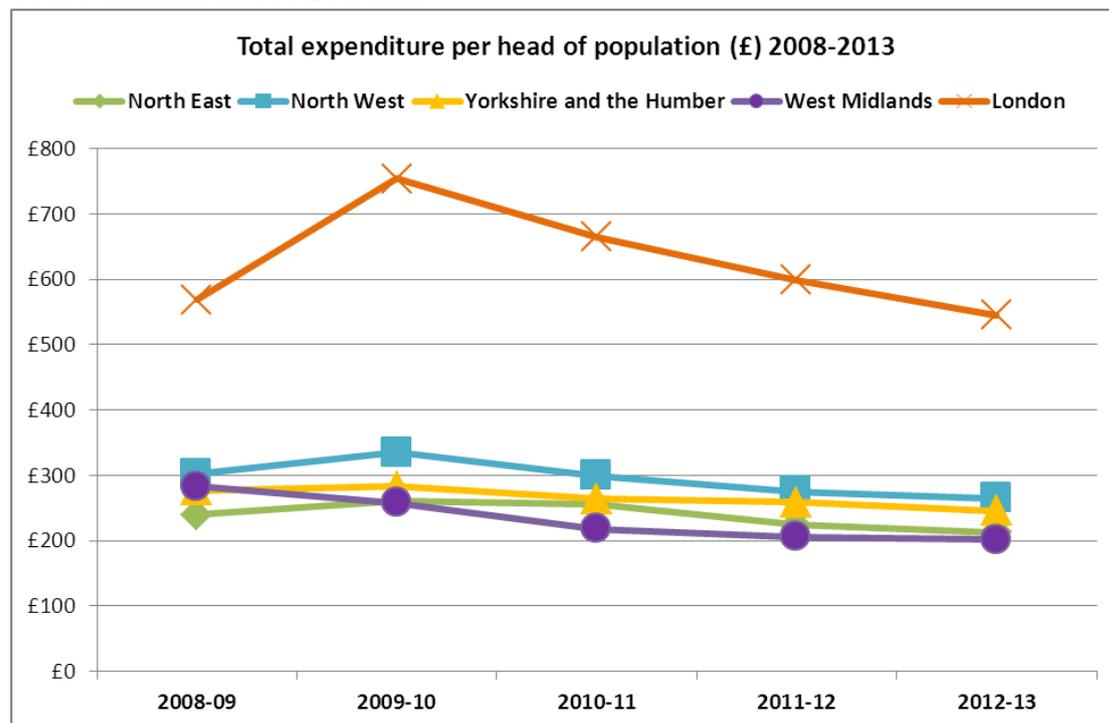


Figure A2: Transport spend per head over time, North East vs. London

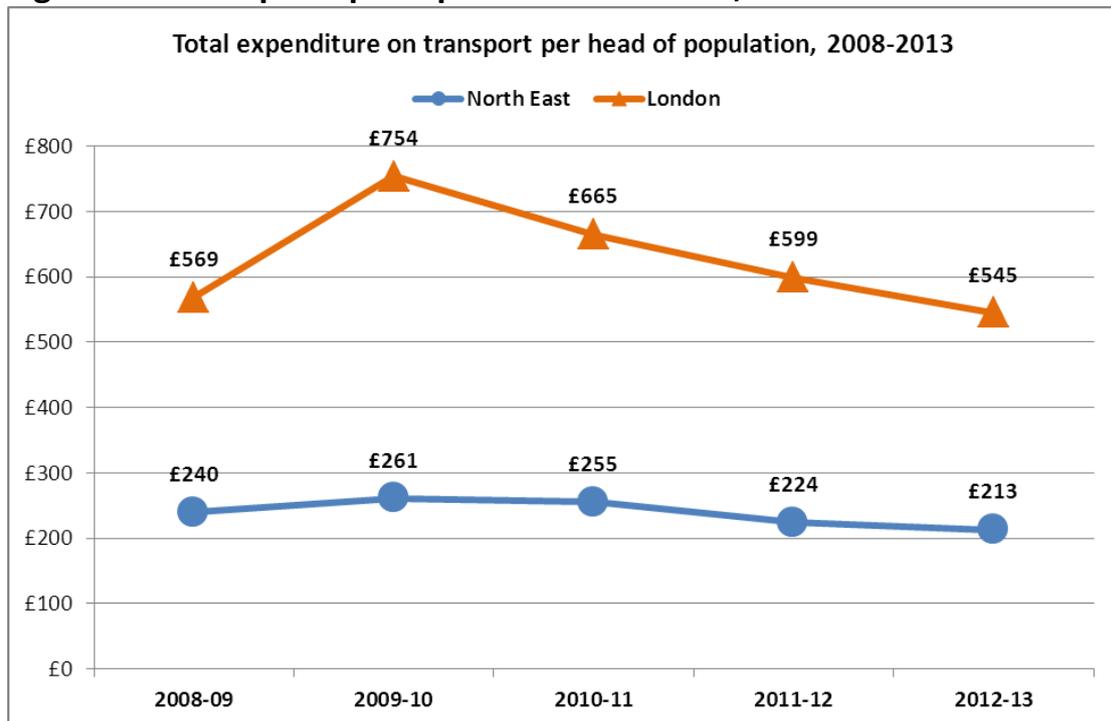


Figure A3: Transport spend per head over time, North West vs. London

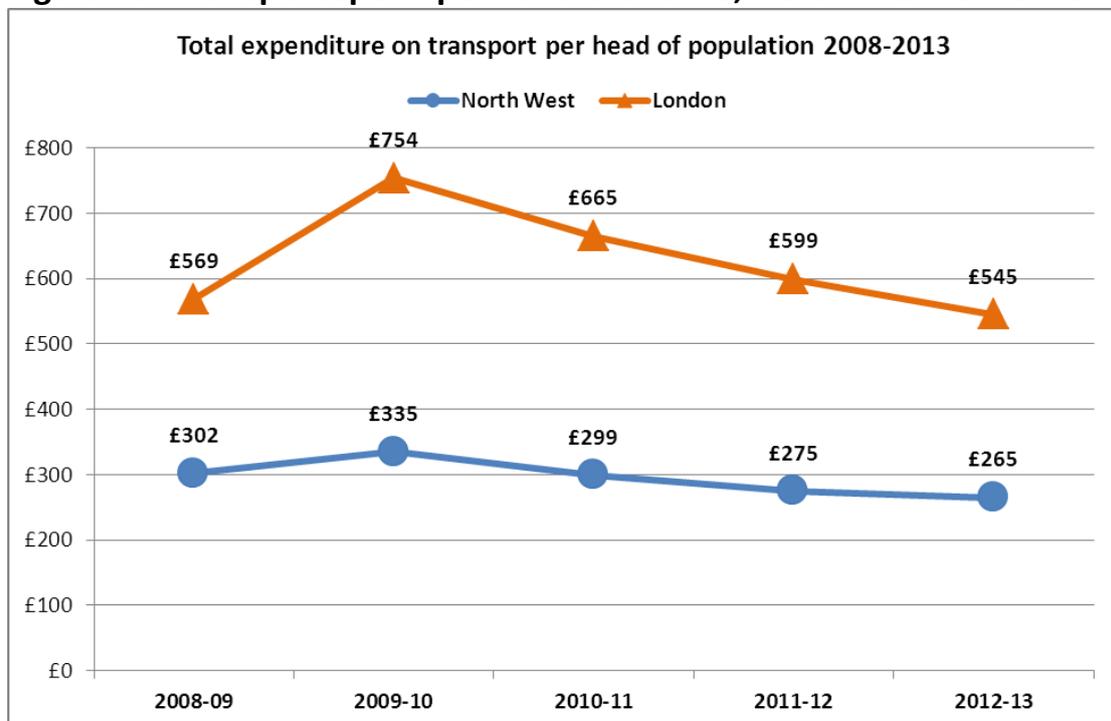


Figure A4: Transport spend per head over time, Yorkshire and Humber vs. London

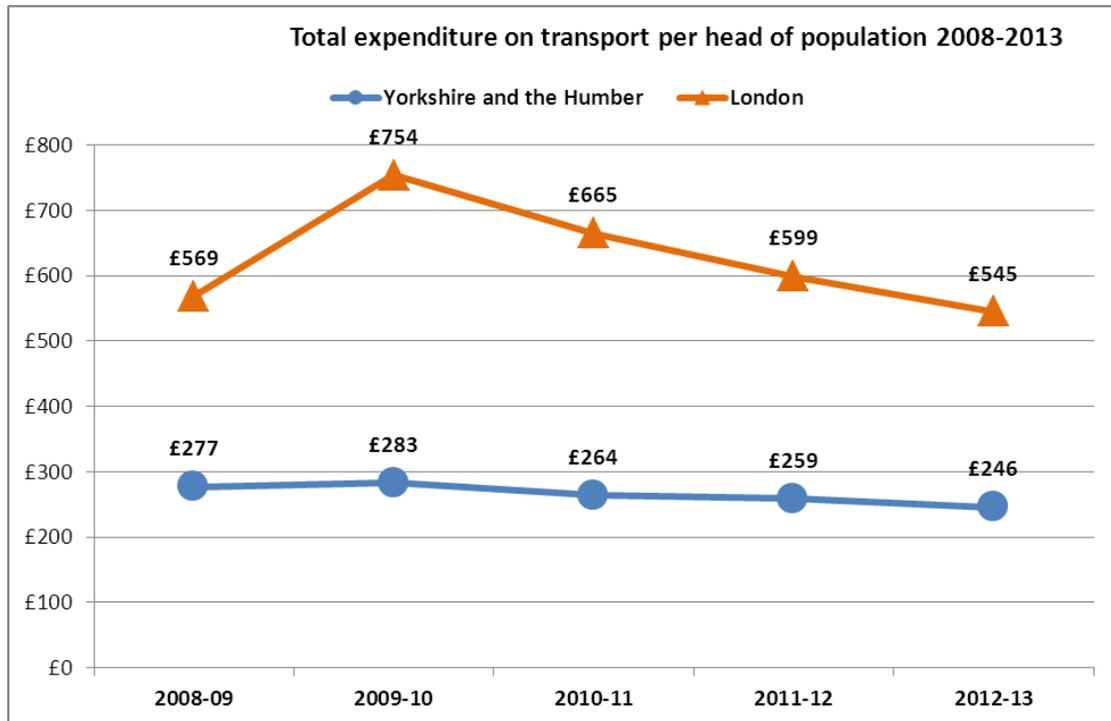


Figure A5: Transport spend per head over time, West Midlands vs. London

