

APPLRG / pteg: Light Rail and the City Regions

Day 2 - 3 November 2009

Session 3 – KPMG

Questions 114 – 126

PLEASE NOTE THIS IS NOT A FULL TRANSCRIPT
BUT A NOTE OF THE SESSION.
DUE TO A TECHNICAL FAULT NO TRANSCRIPT IS AVAILABLE.

Q114 Lewis Atter: Introduced himself - worked for 13 years at DfT, 3 years at the Treasury, before joining KPMG.

Involved in appraisal for Greater Manchester Transport Fund. Approach mainly economic, although also looking for improvement in mobility for the poorest and reductions in emissions. Modally neutral. Based on GVA outcomes for Greater Manchester as a whole.

Looking at what transport can deliver in terms of local economic objectives. £1.5bn Greater Manchester Transport Fund over 10 years, with designs explicitly on economic objectives. Two key steps – prioritisation for maximum return on GVA, and then further package to look at employment accessibility and net reduction in CO₂. Had difficult local contributions to negotiate – including top slicing of LTP programme; increase of levy to GMITA (and Council Tax); ended up with less than one-third from RFA. Key difference to DfT appraisal is the focus on GVA outcomes and that this approach did not assume that land-use was fixed. Multi-modal package. Estimated employment growth of 20% over 10 years. Pointed out that the approach is not a panacea – factor of 15 difference between the best and worst schemes included – and that tough decisions are still required.

Q115 Graham Stringer: Was there a trade off between CO₂ emissions and other pollutants, such as NOX and PM10s?

Lewis Atter: No. The economically focussed choices also led to reduced emissions i.e. total CO₂ production more than offset by public transport schemes – and best returns were on high quality radial public transport routes.

Q116 Graham Stringer: What were the merits and demerits of the congestion charging scheme?

Lewis Atter: Depends on the trade off between the charges and the benefits to those paying them. Estimated that net costs of current scheme higher – though lower impacts in short to medium term than congestion charging, but trade off is over the longer term.

Q117 Graham Stringer: Trying to understand how cost rises occur. Understand that banks and others have a role in assessing risk, but wanted to understand what the quantity was. How much does passing risk to the private sector add to overall costs?

Lewis Atter: This was before I was involved. The background was that the effect of the Network Rail / Railtrack changes was to cut the money available for other schemes.

Costs of bids rising and DfT finances coming under enormous pressure – only small amount of headroom, and became one of the drivers for RFA. Increasing tension between asks and top down financial management constraints – RFA answered lack of transparency point.

Q118 Graham Stringer: Is there a prejudice against trams compared to buses in DfT? For example, bus operations are not costed over a 25 year period and therefore cannot be compared like with like.

Lewis Atter: DfT focus on costs rather than economic gains. The bias is because they focus on the up-front capital spend rather than the long term cost – gilt funding model might offer means of appraisal that is likely to be more equal over time. Appraisal system trade offs between other forms of transport spend. Might be more appropriate to consider transport spending with other economic spending, such as that by RDAs.

Q119 Paul Rowen: Don't the Treasury take a longer term view of transport investment and the wider economic benefits?

Lewis Atter: DfT approach does not take in all economic objectives and does not appraise schemes alongside other economic options (for spending money).

Q120 Paul Rowen: Would it not make sense to look at heavy rail too?

Lewis Atter: Yes, heavy rail should be included but difficult as rail services tend to serve out of region areas. Very little heavy rail content in Greater Manchester scheme. Not taken into account. Local authorities have not done much on heavy rail and no real baseline. Questioned whether, post-Eddington, RFA looking truly in a modally agnostic way. Rail services might fall within scope in principle, but there are practical difficulties in doing so.

Q121 Paul Rowen: What are you doing in Yorkshire?

Lewis Atter: Transport for Leeds involves stepping back and looking at overall regional transport strategy, along with funding resources. Work for Northern Way and Leeds City Region looking at what transport can deliver, where the likely sources of funding can be found (including demand management) and scope from there. Leeds work is too early to call at the moment.

Q122 Paul Rowen: How would previous tram schemes fare under this new approach?

Lewis Atter: Cannot say as would be speculation – no work done. Pointed to importance of radial routes which deliver better returns for money. Orbital routes were less valued.

Q123 Paul Rowen: Why didn't trams to Oldham town centre do better in the appraisal?

Lewis Atter: The objective was economic development for the whole of Greater Manchester. If it had been based on local regeneration, the outcome would have been different. The answer may be to use regional money for schemes that score well economically and DfT money for those that do well under DfT assessment.

Q124 Paul Rowen: How will this type of system fare under future financial stringency?

Lewis Atter: Will be more focussed on economic development. Real bang for your buck. Making right comparison important but need to face up to trade-offs and increasingly economic approach.

Q125 Paul Rowen: How do you see powers and funding developing?

Lewis Atter: More places will take the broad Leeds view. All difficult but options must be kept open.

Q126 Paul Rowen: So that means lots of other non-transport schemes will compete.

Lewis Atter: Government will have to make choices.

Lewis Atter agreed to produce a note on the Greater Manchester scheme.

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