

**APPLRG / pteg: Light Rail and the City Regions**

Transcript

Day 3 – 25 November 2009

Session 2 – Greater Manchester Chamber of Commerce, Derbyshire and Nottinghamshire Chamber of Commerce, Leeds, York and North Yorkshire Chamber of Commerce.

Questions 164 - 177

**Q164 Paul Rowen:** We should have Chris Fletcher from Greater Manchester Chamber of Commerce, George Cowcher from Derbyshire and Nottinghamshire Chamber of Commerce and Ian Williams from Leeds, York and North Yorkshire Chamber of Commerce. Thanks very much for joining us. I appreciate that you're all very busy people, we felt it's important in this Inquiry that we got business perspectives on light rail and what we'd like to do is to invite you to all introduce yourselves and we would like to ask you a few questions. Who's going to kick off?

**Ian Williams:** I'm Ian Williams, I'm Policy Director in Leeds, York and North Yorkshire Chamber of Commerce. Our interest in trams is related to the wider transport issue of being able to move goods and services around a city or a city region and also getting people to and from work. We certainly believe an effective transport system contributes to wider economic benefits and that's what Chambers of Commerce are about.

**George Cowcher:** I'm George Cowcher, I'm Chief Executive of the Derbyshire and Nottinghamshire Chamber of Commerce. Our particular interest clearly is that we have got Line One in Nottingham which was opened in 2004 which has had a very, very positive effect on the image of the city and certainly in terms of movement around it. Our main concern is about funding in relation to the tram and particularly business's contribution towards that. Nottingham had decided to build Lines Two and Three and have been allowed to part fund that by raising a workplace parking levy on parking spaces from employers who will derive no benefit from the tram whatsoever. And that is causing real problems in relation to business support, for this particular proposal. That's our main concern is that linkage between funding direct benefit and obviously the benefit of having a tram.

**Chris Fletcher:** Chris Fletcher, Deputy Chief Executive and Policy Director from Greater Manchester Chamber of Commerce. Obviously Greater Manchester is well known with its Metrolink system and after having funding pulled in 2004, that is fully back on track now and we're looking forward to extensions as we move ahead over the coming years. There's no doubt about it, it is an attractive addition to the city from the point of view of being able to move people around. Its extension is very welcome by the business community and obviously there are some issues around how further funding of that goes ahead, to echo what George has said there. But from the business community, they see it as a definite benefit having a light rail system of the extent that is in place now in Greater Manchester and potentially what is to come over the next few years.

**Q165 Paul Rowen:** Right, that's good. Can you give us your evidence, or what you think the evidence is from a business perspective, that light rail has been good for your economy?

**George Cowcher:** We've done a survey clearly of business community within Nottingham and sixty per cent of businesses that responded fully support the building of trams because they believe that will assist them both directly in terms of functionality and getting people to and from their particular place of work, but also particularly about the image of the city as well. The very positive effect that that gives.

**Chris Fletcher:** We did similar survey work over twelve months ago now at the height of the Transport Innovation Fund bid and the potential congestion charge work that was going on within Greater Manchester and again businesses, whilst there was a split opinion around the whole idea of a congestion charge and how some of that was funded, the core concept at the end of the day was overwhelmingly in support of Metrolink and the further extension of it. And again, from the point of view of that attractiveness or that ability to act as a magnet for inward investment I think, where there are areas that are served already by the Metrolink system and by light rail, they are definitely in the ascendancy compared to others, even in the hard times that we're in at the present moment in time. So there is a definite attraction there and a way of leveraging extra investment into those areas, which is good for the broader business community and the broader community within greater Manchester.

**Ian Williams:** I obviously speak from a less fortunate point of view that Leeds Super Tram project didn't go ahead despite having a number of our senior business people involved in that project from its very early days. Along with what my colleagues have said, we saw Super Tram as attractive to more inward investment into the city. We also saw it as important in terms of tackling congestion. Leeds has severe traffic problems, traffic congestion at peak hours as many cities do, and we saw Super Tram as a way of segregating. And that was an important part of the Super Tram project. Segregating an ability to move lots of people rapidly through various parts of the city. So that was very attractive to us. The business community that we talked with were supportive of the project. There were concerns about the actual build and the potential disruption that might cause while it was being built, but I think many people saw the long term benefits that the project would bring to the city.

**Chris Fletcher:** I think Chair, if I might add, that the comment we received back time and time again from our members in the community is that there is an element of certainty as well, with light rail. We've seen, over the past few years, the numerous changes to bus routes, times, etc. When tracks are down, you've got an element of certainty that they will be there, certainly for the foreseeable future and that is attractive from the point of view of businesses wanting to make funding decisions for the future, not just the businesses that are there now, but potentially ones moving into that area as well.

**Q166 Paul Rowen:** Taking on board though, what George said earlier, if you were to be offered your Super Tram back but there would be a cost to do this, do you think your members would be willing to make that contribution?

**Ian Williams:** I think if there was a very strong business case put forward with clearly defined outputs and economic benefits and clear hypothecation, and that's a key element in terms of raising initial funding from the business community. Clear hypothecation of the funding that was raised that would actually directly contribute towards such a Super Tram scheme, I think there would be, certainly, considerable interest in moving that sort of project forward. But hypothecation is a key element within that.

**Q167 Paul Rowen:** We had the consultant from KPMG, that advise Greater Manchester, tell us about a different appraisal system which they've used for the Transport Fund. I understand that he's now doing some work in Leeds and that clearly links the viability of the project to the number of jobs created. I don't know if you want to comment on that, because there is a cost. It's not direct to business, it is to all council taxpayers, there will be an increased council tax for the next five years to pay for that Fund. Is that sort of thing you would want to see?

**Chris Fletcher:** I think so. Again to echo what Ian said, it is about the business case and businesses work in the world of the tangible, they need to see something as opposed to what may happen or what might happen. And the more evidence that can be presented to them on why something should happen then the more they will listen. However, at the end of the day, there is still a residual feeling there that if they are going to be paying extra money then that's got to be fair and it's got to be hypothecated for those purposes. There's still an element of mistrust, now I'll use that phrase perhaps in inverted commas, that extra money will not go to that project directly. But again, as much evidence as can be produced to make that business case then there are people out there that are quite willing to listen to it, and in some cases willing to make that funding commitment as well. And it's certainly the right way to do it because at the end of the day, any sort of transport infrastructure really ticks the key boxes around socio-economic and environmental improvements and nothing else can do that. And you know, there is a willing audience out there prepared to listen to those cases being put forward.

**George Cowcher:** I think there are two ways in which money can be levied from companies and I think companies are willing to contribute and I think certainly in relation to Cross Rail that certainly has been the evidence. And I think certainly in relation to good infrastructure provision, businesses will contribute if they can see some benefit from that. There are two ways of raising money. One is to do it universally by some form of supplementary business rate or something like that, which is levied across everybody and it's seen to be fair in terms of doing that. Or if you are going to target those who have to pay towards it, it needs to be tied to those people who are going to benefit from it. What you cannot do and I think what Nottingham has done and what is totally unacceptable is a random other revenue raising way of doing it which is not in any way derived a benefit. So we have in our city factories on the edge of the city who rely very much on car borne transport to get their workforce to and from work having to pay, in Boots's case, well in advance of a million pounds a year, but they will derive no direct benefit because no tram line is going to go anywhere near their particular campus. And that appears to be particularly unfair and that is where business, I think, have real problems with these particular proposals.

**Q168 Paul Rowen:** The French do a system whereby it's a payroll tax or that's one of the methods that they use. So, you know, you've got so many employees, you would pay an additional one, two per cent towards the transport levy. Would that seem a fairer method?

**George Cowcher:** I think that would be fairer because the people who are not going to contribute in the Nottingham scheme are all the city centre businesses that don't have any car parking spaces but that are all going to benefit by the tram lines coming into it. Generally they are supportive. Those that are actually going to be really adversely affected tend to be manufacturing plants on the edge of the city which require larger land areas, and require people to be able to travel to and from work by car. They are paying the lion's share of the workplace parking levy. That is just patently unfair.

**Q169 Paul Rowen:** And a final question to Chris before I hand over. It's still Department for Transport policy to encourage congestion charging schemes. That didn't work in Manchester, what do you think, are you happier paying the additional council tax? Why do you think that policy's not the right way forward?

**Chris Fletcher:** I think I'll go back to my previous comment about there being some element of mistrust and I think it was a very hard task for the various organisations to actually sell the idea behind a congestion charge to Greater Manchester. I think there is a fundamental, immediate objection in most people's minds about paying extra, and again in inverted commas, to access public transport. And I think part of the issue that wasn't done particularly well was the selling of what it would actually look like once everything was in place. I think it was a case of, you know, the public, en masse in Greater Manchester were not convinced that it would actually be delivered as we were being told it would be delivered. And again, some elements of the arguments that we've seen in Nottingham around workplace parking might be affecting some businesses more than others. A lot of that came through as well. I mean our membership was split for quite a long way through that whole issue and when we did our final survey it actually mirrored what the results of the referendum were. Roughly seventy, thirty against the whole scheme. Of course now we are where we are and there's potential increases in council tax to come ahead but again, at the end of the day, that actually delivers what's needed. At the end of the day, nobody was arguing against the improvements, everybody wanted the Metrolink extensions, it was just the funding mechanism that was on trial I suppose really. And the public just were not convinced by the arguments that were put forward.

**Q170 Baroness Hanham:** What you have suggested as far as the workplace parking taxes and so on is that the people who are benefiting from the light rail system are in fact those in the interior of the city. Now you can understand that because people come in. But contrary to that, are people going out? Is there a bigger build up for businesses on the outskirts? Are people able to reach them and boosting, for example, that business external to the centre? Because otherwise the thrust is inwards isn't it? Rather than outwards and I was just wondering if there is any evidence for that.

**George Cowcher:** Certainly in Nottingham the lines will be radial coming out from that and they will be growth corridors within the city and I think you're already seeing that as being a major boost for investment along those particular corridors. And I think that's highly welcome and clearly park and ride facilities are also tied into those corridors as well so you are really organising how you're using your transport within the city. The people who will benefit most will be city centres and city centre businesses because clearly they'll be on the line of all of the routes. Certainly from a later survey that we have done of all businesses in the city of Nottingham, only eighteen per cent of them will directly benefit from investment in relation to Lines One, Two and Three. So there's probably four fifths of businesses within the city which will not benefit from this.

**Baroness Hanham:** Thank you.

**Ian Williams:** I think as Chris mentioned earlier, a tram system or tram train system does give an air of permanency and therefore business can make decisions based on the fact that that line's going to be there for a considerable length of time, whereas bus operations can be, as we've heard earlier, quite vague in some instances as to how long they operate a particular route or will they divert off to another area of the city, etc. So permanent lines do give an air of permanency to make investment decisions.

**Q171 Baroness Hanham:** Can you just tell me about the sort of disruption factor that was anticipated in its development?

**Ian Williams:** Certainly we had the feeling that there was inconsistent government policy in terms of the approach to tram in the city of Leeds and across the UK. And also because of the financial implications of building the scheme. I think as I mentioned in my earlier comments that it was acknowledged that there would be disruption in the city centre because again we're talking about routes coming into the city centre so there would be a virtually new network built in the city, there would be considerable disruption. But people did seem to take that longer term view that that would benefit the whole economy in the longer term.

**Q172 Baroness Hanham:** So areas that have trams, the disruption factor, I mean London at the moment is a nightmare. We've got roads and rails and sewers and gas and the rest of it, and everybody's quite tolerant of it when it was first mentioned, the fact that we're three years down the line and we've still got holes in the roads and the traffic's all being diverted, patience is, I would say, beginning to go. By the time you've got the scheme developed was everybody still on side?

**George Cowcher:** I think certainly in relation to Line One which was developed in 2002, 2003 in Nottingham, there was certainly congestion and there was disruption. Certainly the feedback I've had back from businesses particularly in the Hyson Green area of the city was it did adversely affect that locality. But there was a compensation scheme as well put in place at that particular point in time which was helpful I think in relation to rate relief and indeed some direct grant money was actually given to make sure that there was business continuity and certainly with the proposals for Lines Two and Three we are certainly advocating that approach again.

**Chris Fletcher:** We've just recently in Manchester gone through the renewal and relaying of track which has been disruptive but I think it'd probably be more disruptive to the actual tram service as opposed to other road users because quite a lot of the tram track is either tram use exclusively or tram and bus so there's very little challenge with normal vehicles on that. And a lot of the further extensions going out are actually conversion of heavy rail track onto light rail. I'd just like to just go back to a quick point you made around where the benefits are felt. And I think one of the key areas that has been desperately in need of light rail going through it is Trafford Park and out through to the Trafford Centre. And if you take Meadowhall for example in Sheffield and some of the services that you get there, that's out of town. You've got Trafford Park that, basically, it's one of the largest industrial parks in Europe, thirty thousand employees across several hundred businesses there and the bus service is absolutely appalling to be quite honest. And right on the outskirts of that, as far away as you can get from Manchester city centre is the Trafford Centre and you know, there is a real need to put light rail through there. And as well, on the way, you've also got Media City, Salford Quays as well, now there is a spur being run directly into that and that makes that, again, a very attractive development, nowhere near the city centre but obviously how it's constructed and the routes going through and into and beyond means that it is very much all packaged up together. But there are existing places without this service. Just think what they could be like with that service put in there and we've seen the definite economic benefits from that.

**Q173 Baroness Hanham:** Clearly the benefit would be to business from an extension such as that. Is there any enthusiasm for those businesses clustering or thinking of going there putting finance into it to enable it to happen?

**Chris Fletcher:** Yes, I think again if the business case is there, if there's some sort of method can be devised that is fair, open, transparent, etc and the other points that we've previously made about that, that could definitely be an option for doing it. Because again, any sort of transport infrastructure improvement has definite economic benefits and this is not going to happen overnight. We're looking several years in advance and I think what is clouding people's judgement a little bit at the present time is current economic circumstances we're in. Well actually now is the time we should actually be looking at doing things like this because by the time we've gone through the planning process, we'll be on the upturn again and when you actually need to start those construction works, the money will be there to actually put it in place. So I think businesses understand that. As to how deep the pockets are when it comes to actually funding things like that, I don't think you could rely entirely on private sector funding, there's got to be some public sector element to that, maybe to kick start it.

**Q174 Paul Rowen:** From your experiences and you mentioned, George, Hyson Green and the fact there was support, rate relief and so on. If I went back to Hyson Green now, would I find the businesses saying that the investment for Hyson Green has been worthwhile? I know the city centre's got obvious advantages, Hyson Green's on the outskirts, have they benefited?

**George Cowcher:** Yes, because you've got a major park and ride interchange right on the edge of the centre there and a really good tram stop as well and you do have a very vibrant centre. Part of the corridor going north from Nottingham city centre through other areas which are not as vibrant but certainly have shown great, great fortitude in an area which, traditionally, has been very deprived and could actually have been declining greatly. So I think it's given a great boost to that particular area and I think you could contrast that with other corridors running parallel to that only a mile or so away, perhaps Mansfield Road or other areas like that, where you don't see that same degree of vibrancy.

**Q175 Paul Rowen:** So one of the things that's said to me about Rochdale for example is "Well, it's just going to take people from shopping in Rochdale, they're going to get on the tram and go elsewhere." Is that the evidence from your two schemes?

**Chris Fletcher:** I don't think so. I think people generally tend to see it as a way of getting into work and I think again it's the old, any transport system is two ways, and if that means, for example you've got a Kingsway development up in Rochdale which is going to hopefully really, really make a significant difference there. Anything that can be used to move more people to those areas has got to be an improvement. If that does make it easier to enjoy the bright lights of the city centre as opposed to Rochdale, then obviously there are some elements of that. But I also think that it's not just about moving a system and finite number of people around either to work or shop or whatever, you've got to look at the extra benefits, the extra people it's going to attract in. So I think if people are concerned that it's just going to drag people away and make it easier to go to your neighbouring towns or whatever, I think that's a view that needs to be changed quite quickly, because definitely, I don't think that's what the schemes actually do.

**George Cowcher:** I think there is a point there about running between authorities as well. Certainly in relation to Line One which starts at Hucknall actually in Nottinghamshire county I think Hucknall's declined enormously. I'm not sure whether that's to do with the tram or whether there's other reasons for that but you go into the town centre there which is in very poor shape altogether. But I don't think Nottinghamshire or that district in that

area have actually marketed the advantages of being at the end of the tram at all, whereas Nottingham city which has benefited hugely from it have very much marketed the accessibility point to that. So I think in many respects it's really how public and, I suspect, private authorities really look at the advantage of having a tram and how they use it. And I think in Nottingham there is an example there where it hasn't been used to the best effect.

**Paul Rowen:** Well isn't that an issue now, because you've got Nottingham city that's still wanting to go ahead with Line Two ...

**George Cowcher:** Indeed. And the county that doesn't.

**Paul Rowen:** ... and the county that, with a change of control, was less convinced.

**George Cowcher:** I think anti is the appropriate word.

**Q176 Paul Rowen:** I'm being polite. Ian, in terms of Leeds and Leeds city centre, we heard some figures quoted for the guided busway, about the cost of that being way above the estimate. Is the business community still committed to Super Tram in one form or another in Leeds?

**Ian Williams:** I think there's general acceptance that Super Tram is dead in the city. Again, I go back to political will, we are not picking up the vibes from DfT that Super Tram will be resurrected so we're looking at alternatives. I think from a Chamber of Commerce point of view it's certainly frustrated many of our members who've been involved in the project from its very early days that their involvement was overlooked and some of them just walked away. And it's been very hard to re-engage with them because they really thought they were involved in a project that would benefit the city. I wouldn't overlook that, that you ask for business' involvement, you want business's involvement then all of a sudden the tap's turned off and people will walk away. I think looking ahead we're looking at an NGT proposal now with DfT. We've submitted that business case for that and that's estimated at half the price of what a Super Tram scheme would deliver. We understand that has been receiving a favourable response from DfT but we shall see. I think there's scepticism in the city about when are we ever going to see anything. It was a big turn off. I don't think that necessarily came across in the national picture, how disappointed we as a city, not just the business community, were about the decision to cancel Super Tram because of the wider implications it says about your city in terms of investment decisions, growth and all those sorts of things.

**Q177 Paul Rowen:** The reason was coming through at the moment with HS2 and some of the sort of things that are being said about that?

**Ian Williams:** Absolutely and that's why we're lobbying very, very hard for HS2 to come to the east of the country.

**Paul Rowen:** Good, right, well thanks very much. Thank you all for your contribution. That's been very much appreciated.