Initial submission to 2019 Spending Review

HM Treasury

March 2019

Jonathan Bray

Urban Transport Group
Wellington House
40-50 Wellington Street
Leeds – LS1 2DE
0113 251 7445
info@urbantransportgroup.org

Content

1. Introduction

1.1. The Urban Transport Group represents the seven strategic transport bodies which between them serve more than twenty million people in Greater Manchester (Transport for Greater Manchester), Liverpool City Region (Merseytravel), London (Transport for London), South Yorkshire (South Yorkshire Passenger Transport Executive), Tyne and Wear (Nexus) and the West Midlands (Transport for West Midlands). The Urban Transport Group is also a wider professional network with associate members in Strathclyde, West of England, Nottingham and Tees Valley.

1.2. This initial submission to the 2019 Spending Review sets out our overarching views on the key funding issues facing our members.

2. Urban transport, the city regions and inclusive growth

2.1. There is a strong consensus that city regions are key to improving the UK's wider economic competitiveness. Transport is a key enabler of city region growth and a way of ensuring that the benefits of that growth are shared by increasing access to opportunity - be it jobs, education, leisure or healthcare. Innovations in the transport sector can also help showcase UK tech talent and know-how, attract inward investment and help create new export markets.

2.2. To deliver on their potential, city regions need efficient and effective local transport networks, as well as good connectivity with each other and the wider world. Efficient and effective local transport networks support city centres with their clusters of high value jobs, retail and cultural offerings. They also support secondary centres, high streets and suburbs by providing them with the access they need. Connectivity with other cities, and with the wider world, attracts investment and skills and enables access to domestic and international markets.

2.3. The overarching economic case for investment in urban transport networks is summarised in our 'Transport works for jobs and growth' report

2.4. The 'Transport works' report highlights that: *'…there is a strong empirical relationship between transport spending and national economic growth, greater than for most other sectors of government activity.'* Our analysis suggests that *'lower levels of transport spending between 1990 and 2004 can explain a 2% difference in GDP between the UK and Germany over the period. Schemes in congested urban areas are a particularly effective form of transport spending, offering an average economic and social return of £4 for every £1 spent'.*

2.5. More recently we have produced other reports on the overarching case for investment in urban transport. In 2018 these included:

- Our 'Banks, bytes and bikes' report on the transport priorities of the 'new economy' (finance, legal, technology, media and creative sectors) which sets out how these sectors increasingly favour urban locations with good quality of place, as well as good access on foot, by bike and by public transport.
- 'About towns - how transport can help towns thrive' where we demonstrated how transport improvements can make a key contribution to reviving the economies of post-industrial towns.

2.6. We have also demonstrated the benefits of investing in the different aspects and forms of urban transport in the following reports set out below.

Regional and urban rail

2.7. Our 2015 'Destination Growth' report sets out the success of regional rail over the past decade and then goes on to develop two hypothetical scenarios to demonstrate how investment in regional rail could deliver even greater benefits, significantly reducing subsidy and growing the benefits delivered to our city region economies.

2.8. In 2017 we published: 'The Transformational Benefits of Investing in Regional Rail: four case studies' which homes in on the benefits that derive from investing in four different types of regional rail services based on four case studies.

2.9. In 2018 we published 'Rail Cities - our vision for their future' which makes the case that if cities are to densify and grow economically (whilst at the same time ensure housing need is met, air quality is improved, carbon is cut and road congestion is reduced) then only significant investment in expanded urban rail networks can facilitate this.

Active travel

2.10. In our November 2016 report, 'The Case for Active Travel', we set out the fivefold economic benefits of investing in active travel highlighting cost savings to the health sector, the economic value of active travel trips, the economic benefits of an improved urban realm, the benefits to inclusive growth and direct employment benefits in related industries.

Buses

2.11. There is a particularly strong case for increasing revenue support for bus services given the very wide cross-sector benefits that accrue from public support for bus, meeting the stated priorities of many Government departments.

2.12. The bus is the main form of public transport. It gives people access to employment and opportunity and is a relatively low cost and rapid way to enhance transport provision, for example to serve new development areas.

2.13. Our March 2019 report 'The cross-sector benefits of backing the bus' demonstrates in detail the cross-sector benefits of supporting bus services, revealing that investing in bus services contributes to the policy goals of 12 out of 25 Ministerial Departments, covering 29 policy priorities in total.

2.14. Whilst showing the exception value for public money that supporting bus services provides the report also shows how complex and inefficient current funding arrangements are with three Government departments involved but with no effective overall coordination, or cumulative understanding, of the impacts on bus services of their respective decisions on relevant funding flows. The report also shows that all these funding flows have been in decline which has contributed to a continuing overall reductions in service levels and patronage which in turn undermines the ability of Departments across Whitehall to achieve their wider policy goals.

2.15. The report goes onto make the case for reform of bus funding through a new enhanced, simplified, ring-fenced and devolved 'connectivity fund' which could be more effectively and efficiently targeted to meet the very different needs of very different local markets.

3. The need for a stable and sustainable funding framework for urban transport

3.1. The need for higher levels of capital investment in urban transport systems (something which the National Infrastructure Commission has highlighted) makes it vital to have greater funding certainty and the ability to explore new potential funding streams.

3.2. Long-term funding certainty allows a considered approach to ranking and delivering priorities; it means that business and investors in city regions can plan ahead with more confidence; it allows expertise and capability in the planning and delivery of schemes to be built up and retained; and it reduces the inefficiencies inherent in oscillating between 'feast and famine' for contractors and suppliers.

3.3. The greater certainty that has been brought to rail and road spending through five year funding periods and investment programmes is welcome, as is the creation of the National Infrastructure Commission. However, funding for local transport capital spending has proved less stable and more subject to year-on-year fluctuation, which is made worse where block grants (allocated by formula) have been replaced by competition funding.

3.4. The case for longer term and more stable funding settlements for local transport in cities is a key recommendation of the National Infrastructure Commission's National Infrastructure Assessment.

Revenue funding

3.5. Transport revenue funding was one of the main victims of the deficit cutting measures of recent years. Yet, this can be a highly effective form of public spending, which is also vital for the efficient and effective delivery of capital schemes large and small.

3.6. Revenue funding supports the services which make use of new capital transport infrastructure as well as sustaining key public transport - in particular bus services (see para 2.13)

3.7. Revenue funding also pays for the planners and staff that develop and implement capital projects. Our 2015 report 'Revenue v Capital mismatch' analyses the impact of revenue funding cuts on the capacity of Local Transport Authorities to deliver capital schemes.

3.8. A further area to highlight is that of travel behaviour change/smarter choices programmes, for example those aiming to deliver higher levels of walking and cycling or to support job-seekers into work. As a rule, these programmes depend entirely on revenue funding and have therefore been at the mercy of local government funding cuts. Yet, they can be highly effective and are often complementary to larger scale infrastructure schemes. Our 'Small but mighty' and 'Ticket to thrive' reports provide some concrete case studies of the impact which these types of intervention can have.

3.9. A further critical factor in relation to revenue funding is the rising cost of the national concessionary travel scheme. This is a statutory scheme mandated by national government,

where the costs are driven by factors outside of local government's control (ridership and fares levels) but which local government has to fund. With overall revenue funding for local transport cut back, spending on this mandatory scheme squeezes out discretionary spending on retaining the skilled staff necessary to develop and implement capital schemes as well as spending on other key services such as socially necessary bus provision.

Competition funding and oversight

3.10. The proliferation of competition funding creates additional pressures on declining resource funding in terms of uncertainty around when such funding competitions will emerge, what they will cover, and whether or not a local authority's bid will be successful. Bidding for grant funding has a non-negligible cost (which we estimate could amount to up to 1.8% of total costs for a £5 million scheme), and creates unpredictable peaks and troughs in workloads which are difficult to resource and plan for efficiently.

3.11. The way in which national government satisfies itself that local government transport spending is being carried out efficiently and effectively is inconsistent and can be overly prescriptive as well as subject to 'clawback' (i.e. asking for further reviews, options or approval centrally - even after approval for funding the project has already been given). This is wasteful in terms of duplicated resources as well as the costs associated with project delays.

3.12. A review of good practice on oversight might be helpful in moving towards new guidelines for Whitehall departments on appropriate, consistent and proportionate oversight which strikes the right balance between devolutionary principles and the need to ensure that public money is properly accounted for.

Responding to transformative change

3.13. Local transport authorities are also having to respond to new, complex and far reaching challenges which include:

- Improving air quality through the rapid introduction of packages of measures which are both effective and publicly acceptable.
- Reducing carbon emissions from urban transport systems as well as improving their resilience to more extreme weather events.
- Responding to the opportunities that arise from technological change which includes making the best use of the exponential growth in data; preparing the road network for connected and autonomous vehicles; facilitating greater electrification of road vehicles; and moving forward on Mobility as a Service. There are also challenges in responding to waves of new business models which capitalise on wider social and technological change such as the recent explosion in PHV use, dockless bike schemes and now potentially of electric scooters and personal mobility devices.

3.14. All of these challenges have implications for staffing, hiring in expertise and resources.

Income generation

3.15. Local Transport Authorities have some powers in areas like road user charging and parking, however there are other potential new funding streams that could be better realised

depending on local circumstances and aspirations - including in relation to land value capture and work place parking levies. We further explore some of the issues around this in our 2019 report on 'The Place to Be: How Transit Orientated Development can support good growth in the city regions' which looks at the key role that local transport investment can play in opening up sites which will help meet the UK's significant housing need.

Maintaining the momentum on devolution

3.16. Decisions on urban transport networks are best made at the appropriate tier of devolved governance so synergies can be realised between decisions on transport and those on decarbonisation, housing, local economic development, public health and so on. Progress has been made in recent years with new powers on buses and a degree of devolution of powers over local rail services as well as the creation of new and more focussed formats for city region governance. However it is important that momentum is maintained, in particular in relation to extending and deepening the benefits of devolution of powers over urban and regional rail services to more people and more places, on full implementation of the 2004 Traffic Management Act in relation to the de-criminalisation of moving traffic offences, and on the shared prosperity fund.

Maintaining existing transport assets

3.17. Alongside the need for new infrastructure there is also a need to ensure that existing infrastructure is properly maintained. Dealing with the backlog of road maintenance is one example of this but there is also a need for a rolling programme of renewal of existing mass transit systems in urban areas. This needs to be factored in to both revenue and capital settlements on local transport. Ensuring existing urban transport assets are well maintained (and periodically renewed) ensures they are safe and reliable, reduces running costs and supports good jobs and a healthy UK supply chain.

Making the connections between health and transport

3.18. It is understood that the NHS is in line for a favourable settlement from the Spending Review. We believe there are opportunities to ensure that this funding also delivers wider benefits through greater coordination of the policies of the NHS with the goals of urban transport authorities to reduce congestion, improve public health, reduce road danger and accidents, improve air quality, realise efficiencies and cut carbon emissions.

3.19. It is important to recognise that the functioning of the NHS as an organisation has a huge impact on how people travel, and not always for the better. Some five percent of daily road traffic is related to health and social care activity (the equivalent of driving around the equator over 1,000 times a day). Something that contributes to the NHS being the largest public sector contributor to climate change in Europe, with all the poor health impacts this entails. Indeed, using the Sustainable Development Unit's Health Outcomes Travel Tool, the Royal College of Physicians quantified the impact of NHS-related traffic as being associated with:

- 753 deaths from air pollution.
- 8,844 life years lost from air pollution.
- 85 deaths and 772 major injuries from accidents.

- £650 million NHS expenditure.

3.20. In **annex one** we explore these issues in more depth but also make some practical proposals as to conditions that could be attached to NHS funding in order to realise much wider benefits and efficiencies.

ANNEX ONE

Health and transport – making the connections

Introduction

Transport is among the key factors determining whether or not a person leads a healthy lifestyle – from the amount of exercise they get to the air they breathe and from their mental wellbeing to the opportunities they are able to access.

How the NHS works and is organised also has a significant impact on people's travel and health as well as on efficiency and value for money.

This document sets out the policy connections between the health and transport sectors and presents six practical ideas for 'strings' that could be attached to NHS funding that could ultimately promote a more coordinated approach and deliver on health and efficiency outcomes.

Policy connections

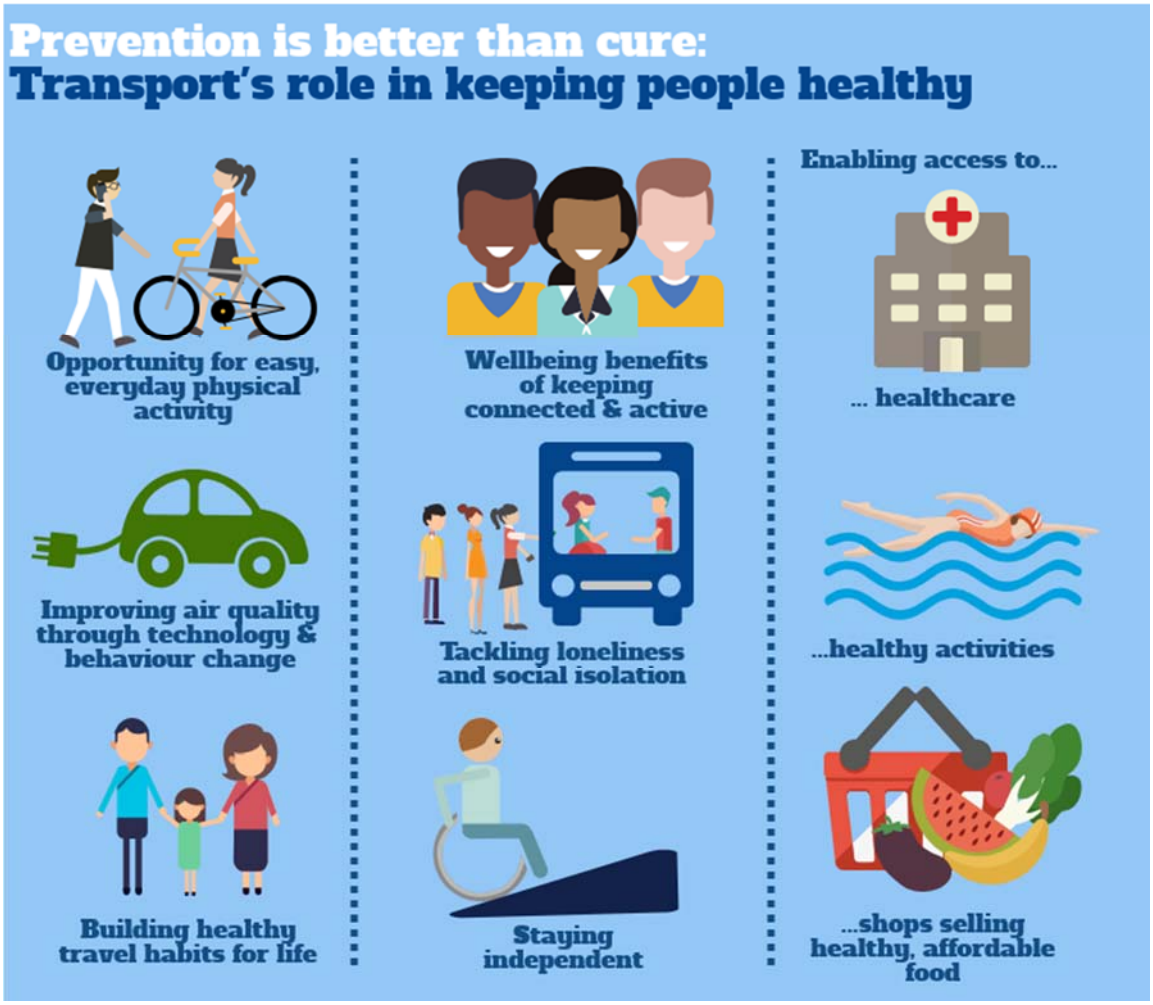
In November 2018, the Department of Health and Social Care announced its intention to place prevention at the heart of the nation's health. The Department's 'Prevention is better than cure' vision[1] seeks to work across government to stop health problems arising in the first place and to support people to manage these when they do occur.

Transport has a key role to play in supporting this vision, indeed, the document refers to the importance of cycling and walking for mental and physical health. Cycling and walking offer the **opportunity for easy, everyday exercise**. Evidence suggests that swapping short motor vehicle journeys for active travel could save £17bn in NHS costs over a 20-year period, with benefits being accrued within two years for some conditions[2].

Transport's role in the prevention of poor health extends far beyond active travel as the diagram below illustrates.

[1] Department of Health and Social Care (2018) Prevention is better than cure: our vision to help you live well for longer https://www.gov.uk/government/publications/prevention-is-better-than-cure-our-vision-to-help-you-live-well-for-longer

[2] Jarrett, J, Woodcock, J, Griffiths U et al (2012) Effects of increasing active travel in urban England and Wales on costs to the NHS.' The Lancet, 379: 2198-2205 cited in Public Health England (2016) Working Together to Promote Active Travel: A briefing for local authorities



The functioning of the NHS as an organisation has a huge impact on how people travel, and not always for the better. Some five percent of daily road traffic is related to health and social care activity (the equivalent of driving around the equator over 1,000 times a day)[3], something that contributes to the NHS being the largest public sector contributor to climate change in Europe[4], with all the poor health impacts this entails. Indeed, using the Sustainable Development Unit's Health Outcomes Travel Tool, the Royal College of Physicians[5] quantified the impact of NHS-related traffic as being associated with:

- 753 deaths from air pollution
- 8,844 life years lost from air pollution
- 85 deaths and 772 major injuries from accidents
- £650 million NHS expenditure

[3] www.sduhealth.org.uk/areas-of-focus/carbon-hotspots/travel.aspx cited in Royal College of Physicians (2018) Outpatients: The future – adding value through sustainability https://www.rcplondon.ac.uk/projects/outputs/outpatients-future-adding-value-through-sustainability

[4] New Economics Foundation (2018) 'Mind the climate health gap' https://neweconomics.org/2018/11/climate-change-and-the-health-gap

[5] Royal College of Physicians (2018) Outpatients: The future – adding value through sustainability https://www.rcplondon.ac.uk/projects/outputs/outpatients-future-adding-value-through-sustainability

The location of healthcare settings – and their level of accessibility by non-car modes – therefore has significant implications for patients, visitors, staff and local residents. Enabling easy access to healthcare using sustainable modes like walking, cycling and public transport improves the health of communities, reduces costs to the NHS and opens up access to all, including to the 44% of low income households who have no access to a car or van[6]. Transport, distance needed to travel and prohibitive cost of travel have been cited by the Royal College of Physicians as among the most commonly reported reasons for patient 'did not attends'[7].

The design, planning, coordination and delivery of non-emergency patient transport is also important in terms of its potential to improve efficiency, reduce missed appointments as well as deliver better experiences and outcomes for patients.

In terms of both the prevention agenda, and the way that the NHS itself works there are still connections to be made between the health and transport sectors. Below, we present some practical ideas for 'strings' that could be attached to NHS funding that could ultimately promote a more coordinated approach and deliver on health and efficiency outcomes.

Idea 1: An independently chaired government review to examine the efficiency and effectiveness of non-emergency patient transport services and potential reforms

The cost to the NHS of non-emergency patient transport (NEPT) is at least £150 million per year[8]. Evidence suggests that there is considerable scope for improvement in terms of efficiency, value for money and passenger experience.

A survey of patient transport users in London found that 37% had missed an appointment due to patient transport in the last two years[9]. Equivalent data is not available at national level but given that 7.1 million patients across the country received planned hospital transport in 2012/13[10], the cost to the NHS of missed appointments caused by patient transport problems could be immense even if proportions were just a fraction of that found in London.

A Department for Transport report suggested that: *"Most NHS staff with a commissioning remit have no transport expertise, and do not have the time, budget or energy to go looking for it – hence, for example, they tend to hand the running of PTS over to the Ambulance Service, which has little interest in or incentive to*

[6] DfT National Travel Survey 2017 table NTS0703
[7] Royal College of Physicians (2018) Outpatients: The future – adding value through sustainability https://www.rcplondon.ac.uk/projects/outputs/outpatients-future-adding-value-through-sustainability
[8] 'Total Transport: working together for our communities' Speech by Andrew Jones MP, 23 October 2015 https://www.gov.uk/government/speeches/total-transport-working-together-for-our-communities
[9] Transport for All (2014) Sick of Waiting: A report into patient transport in London.
[10] House of Commons Written Answers, 15 July 2014: Column 667W, Patients: Transport

change, given that the performance indicators they are challenged to meet are almost exclusively focused on urgent or emergency services."[11].

Furthermore, evidence suggests that NEPT can be over-specified compared to what the patient actually needs, resulting in unnecessary costs to the sector[12].

In 2017, we worked with the Community Transport Association and the Association of Transport Coordinating Officers to explore alternative approaches to commissioning non-emergency patient transport[13] and found that taking a 'Total Transport' approach to NEPT has the potential to generate significant savings for the NHS as well as better outcomes for patients.

Since the publication of the report, evidence continues to mount about the inadequacy of NEPT, most notably through Age UK's 'Painful Journeys' campaign[14] which found that many older people find it difficult – and often physically painful – to get to hospital appointments. NEPT was also recognised as an issue of concern in the DfT's Inclusive Transport Strategy[15].

We support Age UK in their call for a Government review of the operation of patient transport services, to promote consistency and quality[16]. We believe such a review should be independently chaired and include detailed examination of the efficiency and effectiveness of NEPT and the potential for reform.

Idea 2: Require the NHS to consult with transport authorities when making decisions on healthcare locations. The DfT and DHSC should co-commission good practice guidance on ensuring sustainable transport access to healthcare to support this.

Evidence gathered from our members suggests that consultation by the health sector with transport bodies about decisions to open, close, merge or re-locate healthcare settings is patchy. When transport bodies are consulted, too often location decisions have already been made resulting in patients without a car being cut off from services or facing lengthy or costly journeys to reach them. Meanwhile, those with a car contribute to congestion and pollution around hospital sites and surrounding communities.

---

[11] DfT (2013) Tendering Road Passenger Transport Contracts: Best Practice Guidance
[12] Department for Transport (2009) Providing transport in partnership – a guide for health agencies and local authorities
[13] See CTA/Urban Transport Group/ATCO (2017) 'Total Transport: a better approach to commissioning non-emergency patient transport?' http://www.urbantransportgroup.org/resources/types/reports/total-transport-better-approach-commissioning-non-emergency-patient
[14] https://www.ageuk.org.uk/our-impact/campaigning/painful-journeys/ visited 10/12/18.
[15] DfT (2018) The Inclusive Transport Strategy: Achieving Equal Access for Disabled People
[16] Age UK (2017) Painful Journeys: Why getting to hospital appointments is a major issue for older people https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_dec17_painful_journeys_indepth_report.pdf

Too frequently there is the expectation from the health sector that bus services will naturally appear or can easily be introduced/diverted to serve these sites. However, most services are operated commercially and serve only those routes that make financial sense to the company. Transport authorities can step in to provide 'socially necessary' services, but funding is limited and retrofitting a bus service after a location decision has already been made can be very costly, and sometimes impossible.

These issues can be avoided if transport authorities are consulted at the earliest possible stage in the decision making process regarding the location of healthcare facilities. Transport authorities can provide expert advice about which sites would be most accessible to patients, minimise traffic and support non-car access enabling these factors to be designed in to the scheme from the outset.

Ensuring healthcare settings are well connected to public transport, walking and cycling networks gives patients, visitors and staff alike the opportunity to travel in a way that promotes their own health, and the health of others.

The NHS should be required to consult with transport authorities when making decisions on the location of healthcare facilities. The DfT and DHSC should co-commission good practice guidance on ensuring sustainable transport access to healthcare facilities to support this requirement.

Idea 3: A study into the scale of road traffic associated with the health and social care sector and the implications for air quality, carbon, road congestion and safety, how this could be tackled

As referenced above, the Royal College of Physicians has quantified the scale of NHS-related traffic and the impact in terms of deaths from air pollution, life years lost, deaths and major injuries from accident and cost to the NHS. The College notes in its report that *'The NHS is therefore contributing to ill health, compounding pressure on services.'*[17] These impacts should now be studied in more depth, together with how they might be tackled from a transport perspective. The review of NEPT suggested above could helpfully feed into this.

Idea 4: A health and transport champion in each region charged with making the connections between the sectors and bringing leadership on the issue

Often, progress on making the connections between health and transport is driven by passionate individuals keen to make a difference above and beyond their day jobs. However, when these individuals move on, or when their organisations are re-structured, the momentum can be quickly lost. Creating a specific, permanent role

[17] Royal College of Physicians (2018) Outpatients: The future – adding value through sustainability https://www.rcplondon.ac.uk/projects/outputs/outpatients-future-adding-value-through-sustainability (p.34).

within each region to champion and drive forward joined up thinking between health and transport could provide a stable footing for long-term collaboration.

NHS England regional teams could provide a good base for these individuals as they work closely with clinical commissioning groups, local authorities, health and wellbeing boards and GPs. This breadth could enable the health and transport champions to build connections with transport across the piece – from public health to NEPT.

Idea 5: A health and transport convention in each region of England co-owned by DHSC and DfT to seek to broker ways forward at a regional level

In 2015, we commissioned Dr Adrian Davis to conduct a survey of Directors of Public Health to examine the extent to which they and their teams collaborated with colleagues in the transport sector[18]. Encouragingly, since the return of public health to local government, there has been a marked increase in collaboration between the two sectors. However, barriers remained including differing standards of evidence, garnering political support, cultural and professional differences, codified languages, re-organisations and declining budgets.

DHSC and DfT might find value in enabling key health and transport stakeholders in each region of England to meet and broker ways forward. Such events would be an invaluable opportunity to build relationships, trust and connections as well as work through difficult issues – such as how to reconcile the health sector's need for systematic evidence synthesis with transport's use of the 'best available' evidence – a key stumbling block for collaboration.

Idea 6: DHSC and DfT to take over our Health and Wellbeing Hub and promote its use as a one-stop resource for health and transport professionals looking to work together to achieve common objectives

Our website includes a 'Health and Wellbeing Hub'. Developed with Dr Adrian Davis, an internationally recognised expert on health and transport integration, the hub uniquely brings together a wide range of resources that health and transport professionals need to understand one another, and to work together more effectively.

Designed as a one-stop resource, the hub includes:

- Practical tools for collaboration aimed at transport professionals and health colleagues describing who to contact in each sector, key opportunities to get involved in decision-making, what influences each sectors' decision making process and ideas for collaboration.

[18] ***pteg*** (2015) A Healthy Relationship: Public health and transport collaboration in local government http://www.urbantransportgroup.org/resources/types/reports/healthy-relationship-public-health-and-transport-collaboration-local

- Essential evidence on the links between transport and health.
- Tools for assessing the impacts of interventions.
- Information about how patients, visitors and staff travel to healthcare settings.
- Infographics explaining the connections between transport and health.

Together the materials form a compelling case for collaboration between transport and health. It would make sense for such a resource to be hosted and maintained by DHSC and DfT to support the two sectors to work together and to reach a wider audience.

More information

For more information on the connections between transport and health, visit our Health and Wellbeing Hub at http://www.urbantransportgroup.org/resources/health-and-wellbeing

December 2018