



URBAN TRANSPORT GROUP

Consultation Response

National Infrastructure Commission

Governance, structure and operation

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1. Introduction

- 1.1. The Urban Transport Group (UTG) represents the seven largest city region strategic transport bodies¹ in England, which, between them, serve over twenty million people in Greater Manchester, London, the Liverpool City Region, the North East Combined Authority area, the Sheffield City Region, the West Midlands conurbation and West Yorkshire. Nottingham City Council, the West of England Partnership and Strathclyde Partnership for Transport (SPT) are associate members of the UTG. Our members plan, procure, provide and promote public transport in some of Britain's largest city regions, with the aim of delivering integrated public transport networks accessible to all.
- 1.2. Although we aim to be the voice of UK urban transport, several of our members are also at the core of sub-national transport bodies such as Transport for the North and Midlands Connect. We work closely together with these organisations though our response does not necessarily represent their views.
- 1.3. Getting long term infrastructure decisions right is vital in ensuring that the UK economy performs to its full potential. Transport infrastructure is especially important for our largest city regions, where a disproportionate amount of economic activity takes place and where some of our most productive firms and workers choose to locate.
- 1.4. We share the widespread concern that, while transport infrastructure is key to the UK's long term development, it attracts a relatively small proportion of national income compared to other developed nations. We recognize that there are multiple challenges involved in driving forward schemes of national importance and believe that the NIC could have a useful role in addressing some of these.
- 1.5. At the same time, there is a growing recognition that many public investment decisions are best taken below the national level and that some challenges to infrastructure investment require local solutions. We and our members are therefore keen to contribute to, and support, the work of the National Infrastructure Commission in the best way we can.
- 1.6. The rest of our response is split into two parts. In the first we focus on some general themes and in the second we note some points in relation to specific elements of the consultation document.

2. General comments

Context

- 2.1. We welcome the introduction of a national body to help shape future infrastructure strategy. We hope that the National Infrastructure Commission will help to bring greater stability and a longer term view to transport funding and infrastructure development. From the point of view of our members, this should enable city region transport authorities to plan ahead with greater confidence and to develop local strategies to meet long term connectivity and capacity requirements.

¹ With the exception of Transport for London, these bodies were formally known as Passenger Transport Executives (PTEs) and the UTG was previously known as the Passenger Transport Executive Group. In recent years, some PTEs have been abolished with their functions transferred onto successor bodies, such as Combined Authorities. The new name for our group reflects these changes.



Evidence

- 2.2. A key remit of the Urban Transport Group is to make the strategic case for urban transport investment. While we understand some of our members are already working with the NIC on the evidence in relation to key transport priorities in London and the North, I would like to draw your attention to the following overarching pieces of work which the UTG has produced in this area:
- transportworks.org. This website aims to be a one-stop shop evidence repository on the case for urban transport investment.
 - Transport works for growth and jobs². This report explains why urban transport drives successful city economies.
 - Destination growth: the case for regional rail³. This report highlights the link between the rail network and the growth of key regional employment centres.
 - Case for the urban bus⁴. This report articulates the contribution of bus networks to the economic and social success of some of England's largest urban areas.
 - Small but mighty transport schemes⁵. This case study report highlights how small scale transport schemes can be highly effective and help support and broaden the impact of large scale infrastructure investment.
- 2.3. This set of evidence shows that:
- Investment in public transport can drive up national productivity, allow city regions to grow, and improve the efficiency of public spending.
 - The UK has, for some time, under-invested in transport as a proportion of GDP, in comparison to its peers. For example, had the UK invested the same share of national income on transport infrastructure as Germany, between 1995 and 2004, our GDP would have been 2% higher as a result.
 - While large scale infrastructure can have a transformational economic impact, smaller scale schemes can often be highly cost effective and help complement and boost the impact of larger interventions.
 - Devolution of transport powers and funding, to the right geography, can lead to more efficient outcomes and higher infrastructure spending
- 2.4. During the year ahead, we plan to undertake further joint work with our members on the wider economic impacts of transformational transport schemes and on funding and financing models, which we will be happy to share with the NIC.

² *pteg*, (2014), Transport works for growth and jobs: why urban transport drives successful economies, <http://www.urbantransportgroup.org/resources/types/reports/transport-works-growth-and-jobs>

³ *pteg*, (2015), Destination Growth: the case for Britain's regional railways, <http://www.urbantransportgroup.org/resources/types/reports/destination-growth-case-britains-regional-railways>

⁴ *pteg*, (2013), The Case for the urban bus – the economic and social benefits of investing in the urban bus <http://www.urbantransportgroup.org/resources/types/reports/case-urban-bus-economic-and-social-benefits-investing-urban-bus>

⁵ *pteg*, (2015), Small but mighty: delivering big value for money <http://www.urbantransportgroup.org/resources/types/reports/small-mighty-delivering-big-value-money>



Small and large schemes

- 2.5. Improving transport infrastructure is a wide ranging task, from building new high speed railways, tackling localised bottlenecks and even improving traffic light priority algorithms. We would argue that small scale and local transport investments are a vital part of improving local, city region, regional and national connectivity. Whilst national schemes can often have a transformational impact, we would urge that any prioritisation of long term infrastructure spending also takes into account the vital role played by local transport networks. It is particularly important to ensure that this is factored into the future infrastructure funding envelope within which the NIC will be expected to work.

City region devolution

- 2.6. It is important to find the right balance between the development of top down national strategies and more local plans, based on local knowledge, priorities and expertise. This can be achieved in part by devolving funding and strategy development down to the most appropriate level. Whilst there is significant merit in a national long term strategic framework, it must be ensured that this does not end up as a mechanism to centralise decision making further.
- 2.7. We also need to ensure that a balance is found between maintaining the integrity of national strategic networks and ensuring that Highways England and Network Rail map onto a devolving UK so that relevant operational, strategic and investment priorities are determined by the relevant devolved authorities (subject to the brokering and compromise necessary to mesh national and sub-national priorities together). The same principle should apply to the National Infrastructure Commission in relation to its role.

Knowledge sharing

- 2.8. Combined Authorities and other city region transport bodies hold considerable knowledge about local needs and the schemes that are likely to contribute to economic development. We would encourage the NIC to tap into this knowledge by engaging with our members where appropriate.

3. Specific comments

Chapter 1. Introduction

- 3.1. Paragraph 1.5 of the consultation document makes explicit reference to the work of sub-national and regional bodies and to how devolution agreements with city regions will support the delivery of infrastructure projects. However, there is no reference to Combined Authorities and very little detail on how city region stakeholders are expected to engage with and support the work of the NIC. More specifically, what duties will be placed on the NIC to consult or otherwise involve city region authorities in its evidence development and decision making processes?
- 3.2. While we understand the independent nature of the NIC and the resource implications of a collaborative approach, failing to build strong ties with CAs, ignoring their plans and evidence risks missing a trick. It also seems to go against the desire to promote a more consensual



approach to policy making, expressed in paragraph 1.6. We would suggest that this should be reflected in legislation.

Chapter 2. Objectives and scope

- 3.3. We support the objectives and scope of the NIC, and in particular its remit to analyse the UK's strategic infrastructure needs and priorities over a long-term horizon (10 to 30 years) and then articulate those needs in a National Infrastructure Assessment.

Chapter 3. Status and governance

- 3.4. We welcome the proposal for the NIC to be funded by a grant set for several years at a time. We agree that this is important to give the commission funding certainty and to enable it to conduct its business in the most efficient way.
- 3.5. At the same time, we note that a large proportion of local transport funding from central government is set on an annual basis and often allocated through short term funding competitions. This creates significant challenges for city region transport authorities to plan and deliver infrastructure projects in the most efficient and effective way. In particular, this approach is likely to work against long term infrastructure development. Whilst some progress is being made as part of wider devolution proposals, significant issues remain.
- 3.6. We also note the proposal for the NIC *to have the authority to use its grant-in-aid however it feels appropriate in pursuit of its duties* (paragraph 3.11). Presumably, this means that its funding will be treated as resource rather than capital even though its remit is to support the delivery of the UK's long term infrastructure needs. This paradox is familiar to city region transport authorities where much of the policy, strategy and scheme development work that is a pre-requisite of infrastructure delivery is treated as resource spending. At a time when transport capital funding is rising but local government resource funding has been on a steep downward trend, this creates a bottleneck for long term infrastructure development. This issue is explored in some detail in our 2015 report looking at the mismatch between revenue and capital funding⁶.
- 3.7. We would encourage the NIC to reflect on these more subtle barriers to infrastructure development as part of its remit and would welcome the opportunity to discuss these issues in more detail.

Chapter 4. Outputs

- 3.8. We welcome the reference to the need for the NIC to examine the potential impact of technological innovation on infrastructure needs; and to look at how the infrastructure system as a whole supports economic and social activity. But we feel that its remit could perhaps be extended to also explore the impact of socio-economic changes on infrastructure needs (for example, changes in demographics, working patterns, consumer preferences).
- 3.9. We welcome the expectation that the NIC will work in close collaboration with sub-national, regional and local bodies and would like to understand how best we can support and engage with its work.

⁶ *pteg*, (2015), Revenue vs Capital Funding Mismatch, <http://www.urbantransportgroup.org/resources/types/reports/revenue-vs-capital-mismatch>



- 3.10. We strongly support the acknowledgement that new infrastructure may not always be the right answer (paragraph 4.6). Likewise, large infrastructure schemes aren't always more effective than small schemes. For example, our 2015 report 'small but mighty' highlights how smaller schemes are able to target specific problems in the transport network, often producing very high cost benefit ratios as well as unlocking local economic potential⁷. This does create a potential challenge for the NIC given its initial focus on transformational infrastructure projects. We would welcome the opportunity to support the NIC in understanding the wider range of solutions to local transport infrastructure problems which our members work with.

Chapter 5. The commission's remit

- 3.11. Whilst we agree that the NIC should have regard to established project appraisal methodologies compliant with the Green Book (e.g.: the Department for Transport's WebTAG), it is also important to understand that such methodologies have limitations in estimating the impact of transformational transport infrastructure schemes. Some would say that this leads to status quo bias which can put a brake on long term infrastructure development. Our members are working on new ways of understanding the economic impact of transport infrastructure to help support future investment. We feel that it is important to keep an open mind in this area and we would encourage the NIC to support the development of new and improved appraisal methods.

Chapter 6. How the commission will operate

- 3.12. We welcome the statement that the NIC will have a duty to consider *all areas of infrastructure that involve input from the UK government, even where these cross borders* (paragraph 6.2). This is particularly important in the case of transport infrastructure, where the performance of the system in one part of the country is affected by journeys that start and end in other parts of the country, or even beyond its boundaries. We would also note that some of our member areas in England have close economic ties with parts of Scotland (North East Combined Authority) and Wales (Liverpool City Region and the West of England Partnership, the latter of which are our associate members). Coordinating infrastructure investment decisions across administrative boundaries can be challenging and the NIC could play a useful role in this respect.
- 3.13. We note that the NIC will be expected to *work closely and collaboratively with relevant public bodies*, with specific reference made to Transport for the North. However, no explicit reference is made to other local government bodies in this part of the consultation document, including Midlands Connect (which is due to gain statutory status by the end of 2018), Transport for London or Combined Authorities. The Terms of Reference should require the NIC to work more formally with all these relevant authorities.
- 3.14. It is right that local infrastructure decisions are devolved down to the most appropriate level, which in our member areas and in the case of local transport infrastructure are typically Combined Authorities or dedicated city region transport authorities. On the other hand, local transport infrastructure can be pivotal in supporting the effective and efficient performance of the wider national network. We would therefore like to see a more explicit reference to other

⁷ *pteg*, (2015), Small But Mighty, <http://www.urbantransportgroup.org/resources/types/reports/small-mighty-delivering-big-value-money>



relevant local government bodies, including a duty on the NIC to consult with these bodies as appropriate and to take into account their economic strategies and infrastructure plans. Given the long-term remit of the NIC, our members would also welcome early involvement in the scoping of the NIC's future work programme.