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Urban Transport Group: Consultation response

## **Major transport infrastructure projects: appraisal and delivery**

Transport Committee

**January 2021**

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## 1. Introduction

- 1.1. The Urban Transport Group (UTG) represents the seven largest city region strategic transport bodies in England, which, between them, serve over twenty million people in Greater Manchester (Transport for Greater Manchester), London (Transport for London), the Liverpool City Region (Merseytravel), Tyne and Wear (Nexus), the Sheffield City Region (South Yorkshire Passenger Transport Executive), the West Midlands (Transport for West Midlands) and West Yorkshire (West Yorkshire Combined Authority).
- 1.2. We also have the following associate members: Tees Valley Combined Authority, Strathclyde Partnership for Transport, West of England Combined Authority, Nottingham City Council, Translink (Northern Ireland) and Transport for Wales.
- 1.3. Our members plan, procure, provide and promote public transport in Britain's largest city regions, with the aim of delivering integrated transport networks accessible to all.

## 2. Overview

- 2.1. We welcome the Transport Committee's inquiry into major transport infrastructure projects. We have chosen to respond to the questions of most relevance to our members.
- 2.2. The ongoing pandemic presents an opportunity to build back better from the crisis, moving at a pace and scale that matches the necessity of a green recovery. If the right policy choices are made now, we can transition to a decarbonised transport network which will support the Government's wider aspirations for levelling up.
- 2.3. Government spending continues to favour national transport over local, capital over revenue and competitions over long-term certainty. The pandemic should give cause to reflect on whether these priorities are the right ones. The continued emphasis on spending on national roads infrastructure in particular is at odds with the Government's stated aim to make public transport and active travel the first choice for daily activity. It will result in more traffic being channelled onto local roads at a time when city regions are working to allocate more space for mass transit, walking and cycling which are key enablers of local growth.
- 2.4. It is important that major transport infrastructure projects are planned in close consultation with city region authorities due to the knock-on effects for traffic flows, feeder networks and wider local goals, such as around air quality and placemaking.
- 2.5. We welcome the changes to the Green Book that reduce emphasis on Benefit Cost Ratios and place more focus on the strategic local case for projects. The challenge now is to make this practice much more widespread and, crucially, accepted by decision makers.
- 2.6. Now, more than ever, transport authorities would benefit from the security of long-term capital and revenue funding deals for local transport. This provides staff with the capacity to strategically plan a pipeline of projects that support local priorities. It delivers the confidence to invest in staff skills and attract and retain talent. In doing so, the costs of delivering major schemes will reduce as supporting measures can be planned well in advance and staff can continually build their expertise.

### 3. Response

#### Transport infrastructure strategy and priorities

##### *The Government's transport infrastructure priorities, including those set out in the National Infrastructure Strategy*

- 3.1. UTG is primarily concerned with intra rather than inter-urban transport, that is we focus on travel within rather than between urban areas. However, major transport infrastructure projects should be planned in close consultation with city region authorities due to the knock-on effects for traffic flows, feeder networks and wider goals, such as around air quality.
- 3.2. In terms of overall transport infrastructure priorities, the pandemic should give cause to reflect on whether current priorities are the right ones and whether, to aid recovery and reflect what could be long-term changes in travel and commuting patterns, the balance should be shifted in favour of enhancing local transport. A degree of flexibility is also required to accommodate uncertainty around how people will work and travel in the future following the pandemic.
- 3.3. However, 2020's Spending Review continued to prioritise national transport spending over local programmes, with multi-year funding packages and significant long term capital programmes for national rail, road and charging infrastructure compared to a one-year deal for local transport.
- 3.4. The Welsh Government appears to be following an alternative approach, taking the opportunity to reconsider its options. For example, in 2020 the results of a Welsh Government-commissioned study<sup>1</sup> were published, exploring sustainable options for easing congestion on the M4. Rather than building a new relief road, the study recommended a 'Network of Alternatives' to give people and businesses new, credible and coordinated transport options that do not involve the M4 or even the use of a car. These include a strengthened local rail backbone between Cardiff, Newport and Bristol complemented by new rapid bus and cycle corridors; integrated tickets and timetables; and a behaviour change package.
- 3.5. In contrast, a large proportion of DfT's major infrastructure schemes are concerned with road widening, dualling and building. Most of the capital spending increase in the 2020 Spending Review is allocated to HS2 and an increased settlement for Highways England. It is well known that road traffic will eventually expand to fill the available capacity as well as funnel more traffic onto urban roads which should instead be seeking to prioritise mass transit options like buses as well as encouraging walking and cycling.
- 3.6. The Government should assess whether the £27bn allocated over the next five years under the second Roads Investment Strategy (up £3bn compared to the previous five years) could be better spent on funding credible, attractive alternatives to car use. At present, such a large investment in national roads seems at odds with the Government's aims to reallocate space for bus and active travel.

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<sup>1</sup> Transport Commission South East Wales (2020) Final Recommendations  
<https://gov.wales/sites/default/files/publications/2020-11/south-east-wales-transport-commission-final-recommendations.pdf>

- 3.7. Furthermore, a balance must be struck between capital and revenue spending. Transport revenue funding was one of the main victims of the deficit cutting measures of recent years. Whilst core revenue spending at DfT has increased, it is still 10% below the 2010-11 level, and this is before inflation is taken into account, meaning the real terms cut is much bigger.
- 3.8. In common with previous spending reviews, November 2020's announcement continued to focus on capital spending, failing to recognise the importance of revenue spending in planning for, supporting and reinforcing that investment.
- 3.9. Revenue funding supports the services which make use of new capital transport infrastructure as well as sustaining key public transport services, especially buses. Revenue funding also pays for the planners and staff that develop, implement and maintain capital projects. Revenue funding also supports behaviour change programmes that can complement infrastructure projects and ensure they are well used. Our 'Revenue vs Capital Mismatch'<sup>2</sup> report analyses the impact of revenue funding cuts on the capacity of Local Transport Authorities to deliver capital schemes.

***The contribution transport infrastructure can make to the Government's 'levelling-up' agenda and the economic growth of the UK's towns, cities and regions outside London***

- 3.10. The overarching economic case for investment in transport is summarised in our 'Transport works for growth and jobs' report<sup>3</sup>, the findings of which remain relevant. It 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.'*
- 3.11. The ongoing pandemic presents the opportunity to build back better from the crisis, moving at a pace and scale that matches the necessity of a green recovery. If the right policy choices are made now, we can transition to a decarbonised transport network which will support the Government's wider aspirations for levelling-up.
- 3.12. Public transport, walking and cycling are key enablers of city region growth. Investment in this area is a way of ensuring that the benefits of that growth are shared by increasing access to opportunity – be it jobs, education, leisure or healthcare.
- 3.13. The mark of a thriving town or city is not roads full to bursting with cars as people busily commute from A to B. A thriving town or city is at a human scale, a place where people can walk or cycle freely and safely, where public transport options are obvious, easy and cheap. A place that people want to spend time (and money) in rather than simply move through.
- 3.14. Efficient and effective 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

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<sup>2</sup> UTG (2015) Revenue vs Capital Mismatch

<https://www.urbantransportgroup.org/resources/types/reports/revenue-vs-capital-mismatch>

<sup>3</sup> UTG (2014) Transport Works for growth and jobs

<https://www.urbantransportgroup.org/resources/types/reports/transport-works-growth-and-jobs>

the wider world, attracts investment and skills and enables access to domestic and international markets.

- 3.15. Continuing to spend huge amounts of money on national road building and expansion is not compatible with this vision. Doing so will channel ever growing numbers of vehicles onto our local roads and reduce the liveability of our towns and cities, hindering the levelling-up agenda.
- 3.16. As discussed above, this means rethinking plans to invest billions in infrastructure to support car travel at the expense of good intra and inter-urban public transport and active travel connections which offer people a real and credible alternative.

***How major transport projects can be delivered while ensuring the Government meets its decarbonisation 2050 net-zero targets***

- 3.17. Climate change is happening now and the more extreme weather conditions it brings are already impacting on our urban areas. Transport is the largest source of UK greenhouse gas emissions and a sector of the economy where progress on reducing emissions has been poor. As the Government's own document 'Decarbonising Transport: Setting the Challenge' says: *'The scale of the challenge demands a step change in both the breadth and scale of ambition and we have a duty to act quickly and decisively to reduce emissions.'*<sup>4</sup> The Government has also said that as part of its plan for achieving this: *'Public transport and active travel will be the natural first choice for our daily activities. We will use our cars less and be able to rely on a convenient, cost-effective and coherent public transport network.'*<sup>5</sup>
- 3.18. These ambitions are welcome but seem very much at odds with the huge amounts of infrastructure spending on roads, designed to make car travel easier. A shift in funding emphasis towards significant, long-term capital and revenue support for public transport and active travel would better support decarbonisation goals.
- 3.19. Furthermore, even if all vehicle fleets were to transition overnight to zero emissions, a green traffic jam is still a traffic jam and a traffic jam will still put the brakes on economic growth as well as harm the liveability of our towns and cities. Public transport and active travel offer a far more efficient means to transport large numbers of people from A to B as well as delivering many more benefits to society, not least to people's health and wellbeing.
- 3.20. Finally, if the Government's decarbonisation targets are to be met, then we need to move away from a siloed approach to tackling carbon emissions sector-by-sector and instead begin to make the connections between the transport, energy and built environment sectors. When we join these dots, our report 'Making the connections on climate'<sup>6</sup> shows how we can speed progress towards decarbonisation goals. For example, homes can be heated using waste heat from underground railways, tree canopies can be planted around pollution hotspots, railways could be entirely powered by renewable energy (as in the Netherlands) and bus and railway station roofs can become solar energy generators.

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<sup>4</sup> DfT (2020) Decarbonising Transport: Setting the Challenge

<sup>5</sup> Ibid

<sup>6</sup> UTG (2019) Making the connections on climate

<https://www.urbantransportgroup.org/resources/types/reports/making-connections-climate-how-city-regions-can-join-dots-between-transport>

## Appraisal and funding of transport infrastructure

### *The effectiveness of the Government's decision-making and appraisal processes for transport infrastructure projects and any changes required to the 'Green Book'*

- 3.21. The Government recently announced changes to the Green Book, namely reduced emphasis on benefit cost ratios (BCRs) and more focus on the strategic case and the local economic impacts of projects.
- 3.22. We welcome these changes. BCRs can provide a helpful measure of the advantages of some schemes, but they are not set up to capture all the wider benefits that may be accrued, nor do they account for the local importance of the scheme – crucial if the levelling-up agenda is to be achieved.
- 3.23. A BCR of below one can be seen as unacceptable, even where a scheme can deliver large benefits locally. We have observed this recently with the Emergency Active Travel Funding, for example. The Active Mode Appraisal Toolkit (designed to assess BCRs in line with Green Book guidance) concluded that there was no benefit in building a proposed cycle lane in Barnsley due to the very low baseline and uplift (generating a negative BCR). However, the scheme would have been very significant and valuable locally. The same scheme in Cambridge provided a very high BCR due to the higher baseline.
- 3.24. Similarly, a scheme delivering one new job in an area where the average salary is £50,000 would show a bigger return than one in an area where the average salary is £18,000.
- 3.25. The increased focus on the local and strategic case will enable authorities to justify implementing schemes that - despite a low BCR – are nonetheless locally important for growth, jobs, health and placemaking. The challenge now is to make this practice much more widespread and, crucially, accepted by decision makers.
- 3.26. A culture change is needed, both locally and centrally, where the first question is not 'what is the BCR?' but instead 'what does this deliver locally?'. This change in mindset takes more time to filter through than any technical change to the Green Book.

## Oversight, accountability and governance of transport infrastructure projects

### *The relationship between the DfT and other Government departments and agencies, devolved administrations, and the private sector, in delivering major infrastructure projects*

- 3.27. There is a need for much greater cooperation between stakeholders. Major transport infrastructure projects should be planned in close consultation with city region authorities due to the knock-on effects for traffic flows, feeder networks and wider goals, such as around air quality.
- 3.28. For example, in respect of HS2, HS2 Limited should work closely with local and city region transport authorities to plan supporting local public transport infrastructure serving high speed rail stations and to manage knock-on effects for surrounding services and infrastructure.

## Factors influencing the cost of transport infrastructure in the UK

### *The reasons for continual high costs of major transport infrastructure projects, both past and present, and whether projects could potentially be delivered in a more cost-effective manner*

- 3.29. The Committee is right to recognise that there is a longstanding problem with major UK transport schemes being delivered at high cost, going over budget and taking longer than expected.
- 3.30. Fundamentally, there is a need for careful and considered option development work at the earliest possible stage in major infrastructure projects, ensuring that the most appropriate path is selected early on to avoid dead-ends and wasted resources.
- 3.31. Furthermore, the continued prevalence of stop-start funding and lack of long-term certainty, combined with revenue funding cuts prevents the development of a continual pipeline of infrastructure projects where people, skills and expertise can be attracted, retained and built upon. These factors increase costs and the likelihood of overruns. The situation is exacerbated by multiple central reviews of projects and commissions on processes which interrupt progress.
- 3.32. Where there is less certainty around what projects will go ahead and when, it in turn takes longer for complementary measures to be planned and procured (for example, new rolling stock for electrified rail lines or supporting local transport connections), further adding to costs and extending timelines.

## Transport infrastructure capacity and skills

### *The extent to which there is enough capacity and the right skills within the UK to deliver the Government's transport infrastructure plans, and options to help address shortages in transport infrastructure skills.*

- 3.33. In 2016, the Strategic Transport Apprenticeship Taskforce (STAT) was established to address the challenges set out in the Transport Infrastructure Skills Strategy (TISS). Its aims are to develop a highly skilled, diverse workforce to meet transport infrastructure ambitions.
- 3.34. The TISS set a target of 30,000 apprenticeship starts in road and rail by 2020, a target that was later revised down significantly to 15,200. The revised target has not been met. According to a STAT progress report, by 2020, there had been 11,254 apprenticeship starts, still far short of what is needed<sup>7</sup>. Furthermore, the focus of STAT remains on national rail and road, largely overlooking the skills needs for local transport which is crucial to support major schemes.
- 3.35. At local level, the continued tendency towards competition funding has been a drain on staff capacity, eating into valuable time with no guarantee of a positive result at the end. The

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<sup>7</sup> Strategic Transport Apprenticeship Taskforce (2020) Transport Infrastructure Skills Strategy: Four years of progress  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/934395/DfT\\_Transport-Infrastructure-Skills-Strategy-four-years-of-progress-STAT-accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/934395/DfT_Transport-Infrastructure-Skills-Strategy-four-years-of-progress-STAT-accessible.pdf)

process of preparing bids distracts officers from their day jobs, from developing their skills and from working strategically to tackle long-term transport challenges<sup>8</sup>.

- 3.36. Revenue funding cuts, as discussed in previous questions, further undermine the ability of transport authorities to invest in, and upskill, the existing workforce as well as to attract talent to expand it and compete with attractive private sector packages.
- 3.37. Long-term funding certainty for transport authorities would support them to strategically plan and build the staff capacity and skills required to support major infrastructure projects.
- 3.38. Finally, it is worth noting that, to deliver on the Government's Transport Decarbonisation Plan, a range of capabilities and skills will need to be developed at scale. For example, skills in the servicing and maintenance of zero emission vehicles, installation of charging infrastructure and the deployment of renewable energy technologies. However, the plan does not address, or even acknowledge the skills and workforce capacity that will be needed to meet its targets.

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<sup>8</sup> UTG (2020) The Local Transport Lottery: The costs and inefficiencies of funding local transport through ad hoc competitions <https://www.urbantransportgroup.org/resources/types/reports/local-transport-lottery-costs-and-inefficiencies-funding-local-transport>