

# Getting more from less

## How a redirection of spending will reduce carbon emissions and give us real travel choices

This autumn the Chancellor of the Exchequer will announce the results of its Comprehensive Spending Review. This will decide how much money each Government department can spend over the next three years and on what. The spending review provides a golden opportunity for the Department for Transport to put cutting carbon emissions from transport at the heart of its spending. As such, it is a key test of the environmental credentials of Transport Secretary Douglas Alexander.

The National Transport Roundtable, which brings together environmental and transport pressure groups, has made a submission to the CSR, outlining its priorities for Government spending on transport. This briefing outlines our analysis and recommendations.<sup>1</sup>

**The Comprehensive Spending Review must give priority to funding measures and programmes that reduce the impact of transport on climate change.** Decisions must be taken that avoid entrenching high-carbon behaviour. They should involve a wide range of measures and packages that will help change travel behaviour – how people travel, how much and the choices available to them.

The spending review must ensure that the Department for Transport:

- **Establishes a Carbon Reduction Fund**, paid for by halving the Transport Innovation Fund (giving the new fund a budget of £1.25 billion a year by 2015).
- **Cuts back the motorway and trunk roads programme**, saving billions over five years
- **Reduces the cost of running the existing railway** and invests the savings in programmes to make better use of what we have, and to increase capacity and capability
- **Improves local transport** by doubling the integrated transport fund, halving the major schemes fund, which is nearly entirely earmarked for roadbuilding, and cutting the £2.5bn revenue funding that comes from the roads programme

As well as being good for the environment and society, our proposals are progressive in social terms. Greater investment in public transport, cycling and walking benefits the lowest income groups most, since they rely more on walking and public transport than others in society. The *National Travel Survey 2005*, which has the most recent figures available, shows that poorest fifth of the population walk twice as much and rely on buses four times as much as the richest. The richest make 50% more car journeys than the poorest.

### Shrink the carbon, through a Carbon Reduction Fund

The current Department for Transport budget and 10-year horizon allow for considerable growth in its Transport Innovation Fund (TIF). By 2015 the fund is expected to be £2.5 billion a year.

Currently, local authorities bid for TIF funding in one of two categories: “congestion TIF”, which supports local road user charging schemes, or “productivity TIF”, which supports schemes that improve national productivity. Neither fund is trying to reduce carbon. We think carbon reduction needs to become a central focus of the fund. Congestion TIF and Productivity TIF funding should continue at a reduced level on the condition that all bids to these funds can demonstrate carbon savings in addition to congestion reduction and productivity gains.

Half the funds currently set aside for transport innovation (£138 million in 2008-9, rising to £1.25 billion by 2014-5) should be devoted to a Carbon Reduction Fund. A Carbon Reduction Fund would fund measures designed to reduce carbon emissions from transport. Only absolute reductions, not reductions against past trends, should be accepted, and transparent and independently validated processes for monitoring and demonstrating reductions should be included.

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<sup>1</sup> The groups producing the submission are the Campaign to Protect Rural England, CTC (the national cyclists' organisation), Friends of the Earth, Living Streets, Railfuture, the Royal Society for the Protection of Birds, Sustrans and Transport 2000.

## Trim the roads programme in order to trim CO<sub>2</sub>

Because new roads generate traffic, which increases CO<sub>2</sub>, we need to stop building so many roads.

The Highways Agency's budget should be significantly reduced. Its 2006-7 budget was £6.4 billion, made up of £5.3 billion resource spending and £1.12 billion capital. We want to see the agency become a network manager as its core role, and would expect resources to be moved in that direction, as recommended by the National Audit Office.

We think much of the trunk road improvement programme should be cut, in particular the large and expensive motorway widening programmes – saving about £1 billion a year. We would also expect to see economies in the rest of the agency's work, due to efficiencies in project management and reductions in road construction and maintenance. It would be reasonable to look for savings equivalent to those being achieved by Network Rail – 30% reductions in costs over five years. By the end of five years, therefore, the Agency's resource spending would fall from £5.3 billion to £3.5 billion.

## Save on rail to save on carbon

Current public spending on rail is running at about £5 billion a year. We do not seek extra public funding for the railway. Instead we seek reductions in running costs, with savings being invested in programmes that make better use of the existing railway and expand capacity and capability.

We think that with a concerted programme of cost reduction, Network Rail could save £1.7 billion a year by end of five years. We propose the money is directed to several new programmes:

- **“Invest to save” fund.** There are many examples around the rail network where sometimes small projects could result in lower unit costs. This fund aimed at reducing overall costs over 5–10 years follows a similar approach used with local government and could also be a mechanism for capital-subsidy swaps, where capital investment could reduce future subsidy requirements. We propose an initial £250 million for this fund for three years, available to train operators as well as National Rail
- **Rail Enhancement Fund**, which would buy a rolling programme of capacity and capability enhancement
- **£1bn for a reintroduced Rail Passenger Partnership (RPP) Funding.** If RPP funding were allocated regionally as part of the Regional Funding Allocations, regions could decide to transfer additional funding to it from other budgets. We propose £1bn for RPP over three years initially, with a guarantee of support beyond. Alongside, we believe that councils should be free to spend Local Transport Plan funding on good value rail projects and schemes
- **Greater funding for rail freight**, specifically through expansion of the Freight Facilities Grant, which should be increased to £50 million a year initially
- **£1 billion a year to improve stations and links to them**, funding such things as ‘station travel plans’, a large expansion of accessibility funding so that 90% of the most-used stations are fully accessible by 2020, improvement in station access, especially by non-car modes and national door-to-door travel offers

## Boost local and regional transport

There are many ways the Department for Transport could spend its money better in a way that supports local and regional transport and reduces carbon. A few recommendations:

- The integrated transport budget should be increased. This budget funds the smaller (mainly capital) projects including safety, cycling and bus improvements, which are known to be good value for money
- Provide significant revenue funding, as recommended by the Eddington review, bringing together revenue support grant, concessionary fares funding, reformed bus grants and other funding streams to create a single pot available to transport authorities. This revenue funding will, with enhanced integrated transport funding, enable programmes of “smarter choice” promotion such as workplace and school travel plans, high quality and well-maintained streetscape, safe routes programmes, cycle training etc; it will also help fund strategic bus networks