



The Special Interest Group of Municipal Authorities (Outside London)

SIGOMA Response to the Commons Select Committee: Rail Infrastructure Inquiry

1. About SIGOMA

- 1.1. SIGOMA is a special interest group (within the LGA) representing 46 local authorities in the northern, midland and south-coastal regions of England, comprising 32 metropolitan districts and 14 major unitary authorities, covering key urban areas.
- 1.2. Occupying many deprived former industrial areas, 91% of SIGOMA authorities suffer greater levels of employment deprivation and 93% suffer greater levels of income deprivation than the English Average.¹
- 1.3. The analysis to follow will show that all regions outside London experience a rail infrastructure spending disadvantaged relative to the capital. All SIGOMA councils are therefore currently missing out on their fair share of rail infrastructure investment.
- 1.4. In light of its potential to generate economic growth and enhance local productivity, this position of economic disadvantage makes equitable distribution all the more crucial for our members.²
- 1.5. Moreover, at a time when all local authorities are poised to transition to 100% retention of business rates and will be permitted to retain a greater share of rates growth, it is all the more urgent that any undue imbalance is swiftly addressed. This response will therefore focus solely on the Committee's fourth question.

2. Executive Summary

2.1 We will argue that:

- There is a significant demonstrable disparity in rail infrastructure investment
- This is having a negative impact on the balance of economic growth, productivity and social mobility across the country
- Government's current approach, which does not allocate funding on a per head basis, should be more closely linked to this measure of regional need
- Treasury's appraisal process appears to favour areas of high economic growth
- Stronger institutional checks and balances and regional representation are needed to mitigate the potential influence of individual preference

¹ SIGOMA analysis of [DCLG \(2015\), English indices of deprivation](#)

² "improving the links between people and jobs can also provide more opportunities for people in deprived communities." [Network Rail, \(2013\) Regional Urban Market Study](#)



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- Greater clarity is needed to ensure Government's approach can be effectively compared by region
- Funding and powers *equivalent* to those held by Transport for London must be devolved to sub-national transport bodies.

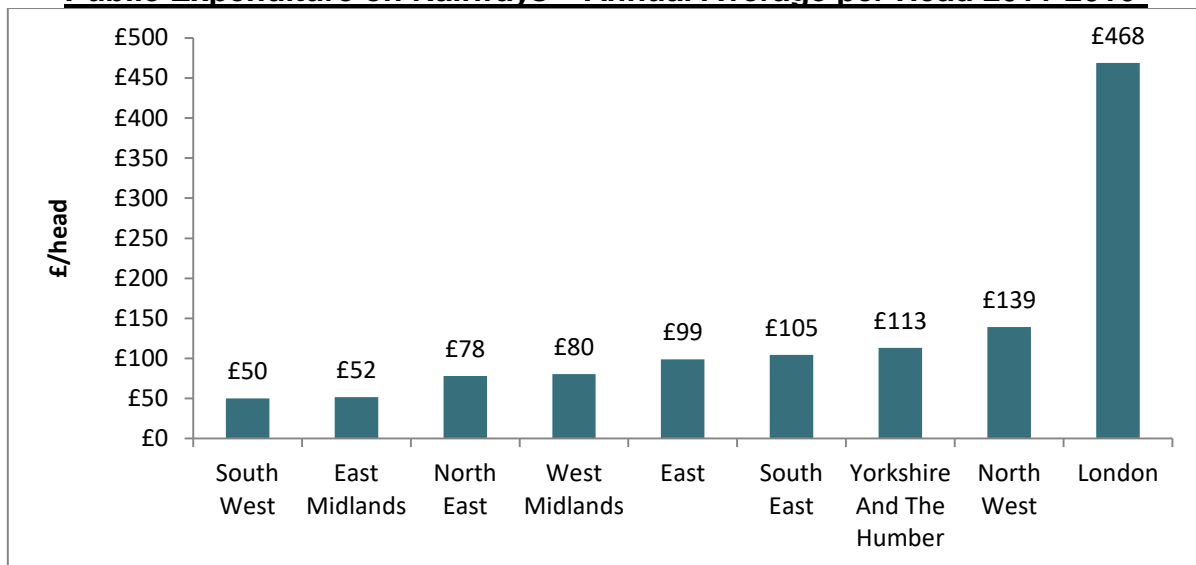
Q4. What are the reasons for the apparent regional disparity in rail infrastructure funding, and the mechanisms by which regions may have a greater input into planning and delivering rail infrastructure, including through route devolution within Network Rail and entities such as Transport for the North and Midlands Connect?

3. The regional disparity

3.1. Though there remains some debate regarding its extent,³ there is clear regional disparity in rail infrastructure spending per head, evidenced by the preferred statistical measure of the Transport Secretary⁴ and Commons Library.⁵

3.2. The data shows that public rail spending in London (2011-2016) was 4.4 times the national average. Even accounting for London's higher population density using a pounds-per-head figure, this is still 4 times the national average and more than 9 times that of the worst funded region.

Public Expenditure on Railways – Annual Average per Head 2011-2016⁶



³ "figures bandied around by think-tanks in the north are simply inaccurate." [Chris Grayling Commenting on IPPR North Analysis in a Commons Debate on the Shipley Eastern Bypass, Hansard, October 2017](#)

⁴ [Appendix Op. cit.](#)

⁵ [Tom Rutherford \(November 2017\)., Transport Spending by Region, House of Commons Library](#) p6 (SIGOMA analysis of Table 5 using the ONS's [2014 based sub-national population data](#))

⁶ [Tom Rutherford \(November 2017\)., Transport Spending by Region, House of Commons Library](#)



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3.3. While London does spend more than other regions on rail infrastructure relative to other modes of transport, its share of overall investment is also significantly higher, demonstrating underinvestment in regional rail services is not made up for through additional spending in other areas such as local road networks.

Capital Expenditure on Transport – Annual Average per Head 2012-2017⁷



4. Impact

4.1. Lack of balanced transport investment is damaging national productivity. The UK famously lags behind other advanced economies, 35% behind Germany for example.⁸ However, according to the Centre for Cities, “Cities in the Greater South East... are 44% more productive than cities in other parts of the country.”⁹ This suggests the Greater South East may in fact be much more productive than Germany, while the rest of the country brings down the national average. The imbalance is unsurprising once national disparity in infrastructure investment is taken into account.

4.2. It may also be stifling of social mobility. Former Chair of the Social Mobility Commission Alan Milburn for example said the UK "seems to be in the grip of a self-reinforcing spiral of ever-growing division",¹⁰ "London and its hinterland are increasingly looking like a different country from the rest of Britain... [while] coastal areas and the towns of Britain's old industrial heartlands are being left behind economically and hollowed out socially."¹¹

⁷ [HM Treasury \(November 2017\)., Country and regional analysis: 2017](#) (identifiable expenditure)

⁸ [ONS \(2016\)., UK productivity introduction: Apr to June](#)

⁹ [Centre for Cities \(November 2017\)., New analysis shows UK’s productivity problem stems from underperformance of cities outside Greater South East](#)

¹⁰ [Social Mobility Commission \(November 2017\)., Social mobility in Great Britain: fifth state of the nation report](#)

¹¹ [Social Mobility Commission \(November 2017\)., State of the Nation 2017: Social Mobility in Great Britain p iv](#)



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The former chair elsewhere stated that while he didn't doubt the Government's convictions regarding social mobility, there was "little evidence of that being translated into meaningful action".¹²

4.3. We will argue that transport investment and the economic benefits it brings are having a significant effect on the balance of regional growth. Addressing the disparities in current and historic investment will, therefore, become even more crucial as Local Authorities transition to a system of 100% business rates raised locally. Failing to equalise transport investment on a per-head basis prior to or in lock-step with this transition will exacerbate this divide.

5. Reasons for the disparity

5.1. Comments from those with experience of the decision making process suggests the reasons for the disparity are longstanding,¹³ including:

- per-head measures of need having little significance in funding allocations;
- the use of evaluation methods favourable to areas of strong economic growth; and
- a lack of regional influence in decision making processes.

6. Funding is not allocated per-head

6.1. In a formal letter to SIGOMA (received November 2017) the Transport Secretary explained that his department "does not allocate funding to transport on a per head basis" and that "spending goes to projects and programmes where it is most needed and delivers the greatest value for money for both tax payers and passengers".¹⁴

6.2. This suggests funding may be more closely linked to passenger numbers, as advocated by the Mayor of London.¹⁵ However, funding not being allocated on a per-head basis is inequitable in this context for three reasons.¹⁶

6.3. First, like London's trains, many regional routes are reported as often operating over their designed capacity during peak times.¹⁷ However, since commuter volumes are constrained by the frequency and physical capacity of transit options available, if investment decisions are based on user numbers, then lower capacity regional routes will always lose out – reinforcing the status quo.

¹² [BBC., \(December 2017\) Social mobility board quits over lack of progress](#)

¹³ [Andy Burnham \(2017\)., Why England's north is still waiting for its powerhouse, The Guardian \(First-hand anecdotal evidence, of Mr Burnham highlighting Treasury bias witnessed during his time as Chief Secretary to the treasury\). Evidence of a bipartisan trend is also evident in past Country and Regional Analysis](#)

¹⁴ [Appendix Op. cit.](#)

¹⁵ [Sadiq Khan/GLA \(July 2017\) 'Mayor busts myth London gets more than fair share of transport funding'](#)

¹⁶ SIGOMA's definition of fairness is: ensuring people in similar circumstances experience equivalent service outcomes no matter where they live.

¹⁷ [BBC \(March 2016\)., HS3 and M62 work: Transport improvements 'too little, too late'](#) (the article contains the following anecdotal evidence from a Manchester commuter "In the morning they are crammed on, every time I ever get on it - there are people struggling to even get on the train.")



- 6.4. Second, demand is a dependent variable, driven to no small extent by the availability of adequate services. Enhancing the quality and reliability of journeys can encourage passengers to travel. At the same time, investing in rail infrastructure can and does encourage economic growth, creating demand that hadn't existed previously.¹⁸ Transport for London has stated for example that "demand for our [transport] services continues to grow with London's success",¹⁹ while interest group London First notes "among the key factors in London's historic success has been its connectivity". In this way, disproportionate historic investment in London may be driving disproportionate future investment – a self-reinforcing cycle.
- 6.5. Third, no citizen 'needs' better transport links than another. According to SIGOMA's definition of fairness, people in similar circumstances should experience equivalent service outcomes no matter where they live. This is clearly not the case at present and, we fear, will fail to correspond to reality so long as allocations are not made on a per head basis.
- 6.6. The Social Mobility Commission similarly argues that: "Central government should rebalance the national transport budget to deliver a more equal share of investment per person and contribute towards a more regionally balanced economy."²⁰
- 6.7. While the Government's 2017 Green Paper, 'Building our Industrial Strategy', appears to acknowledge such arguments, noting "as we develop and plan future rounds of infrastructure investment we will take account of the balance of spending per head between different regions",²¹ our members believe this does not go far enough.
- 6.8. According to think tank IPPR North, the North of England would have seen £59 billion more in infrastructure investment over the last decade if it had received the same per person as London²² and the picture of national investment suggests all regions outside London may have lost out to a similar extent.²³
- 6.9. Government should therefore legislate to require equivalent rail infrastructure spending per head between regions, making this the primary driver of national investment decisions. They should also commit to quantifying the per-head shortfall suffered by all regions outside the capital over the last 10 years and seek to provide**

¹⁸ [Don Pickrell, Chief Economist \(February 2001\), Induced Demand: Its Definition, Measurement and Significance, U.S. Department of Transportation](#)

¹⁹ [Transport for London \(June 2015\), Record passenger numbers on London's transport network](#)

²⁰ [Social Mobility Commission \(November 2017\), Social mobility in Great Britain: fifth state of the nation report](#)

²¹ [HM Government \(January 2017\), Building Our Industrial Strategy Green Paper, p53](#)

²² [IPPR North \(July 2017\), North '£6 billion a year underfunded compared to London', investigation finds](#)

²³ [HM Treasury \(November 2017\), Country and regional analysis: 2017](#)



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accelerated payments to those that have been disadvantaged in the form of catch-up funding over the next decade.

7. Problematic evaluation methods

- 7.1. The Institute for Government has identified two key tendencies in the decision making of government departments that may reinforce the London-centricity of rail investment.
- 7.2. First, they found “an institutional set-up which prioritises cost, time and scale”, stating “the primary criterion used for determining whether government action is justified is ‘net present value’, that is, whether the [economic] benefits over the lifecycle of a project exceed the final costs”.²⁴
- 7.3. Second, they note that “a ‘predict and provide’ approach has dominated”, which “focuses on responding to expected market demand to the detriment of other potential objectives, such as reshaping demand.”²⁵ We will consider these in turn.

Fiscal influence

- 7.4. A tendency towards projects that benefit the Treasury in the short term is also confirmed by first-hand anecdotal evidence. Andy Burnham was quoted as saying that, when working as Chief Secretary to the Treasury:

“Officials took me through the cost-benefit analysis used by the Department for Transport and the Treasury to assess the viability of transport projects. This was almost exclusively an economic test and projects were judged by the economic value they created. In short, projects in parts of the country where the economy was strongest were more likely to score highest. What about areas with higher social need that required better transport to grow their economy? No weighting was given to that, I was told.”²⁶

- 7.5. The dominance of this perspective appears to be borne out by the Transport Secretary’s recent decision to reverse northern electrification plans and the Treasury’s move to prioritise investment in the so-called ‘brain belt’, case studies worth illustrating in more detail.
- 7.6. In October 2015, the National Infrastructure Commission was asked by Government to advise on transport connectivity in the North. It argued: “It takes longer to get from Liverpool to Hull by train than to travel twice the distance[,] from London to Paris... Our central finding is that the North needs immediate and very significant investment for action now and a plan for longer-term transformation to reduce journey times, increase capacity and

²⁴[Institute for Government \(June 2017\)., *What’s wrong with infrastructure decision making?* p17](#) (confirmed by [HM Treasury \(2013\)., *The Green Book* p26](#))

²⁵[Institute for Government \(June 2017\)., *What’s wrong with infrastructure decision making?* p11](#)

²⁶[Andy Burnham \(2017\)., *Why England’s north is still waiting for its powerhouse*, *The Guardian*](#)



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improve reliability. On rail, this means kick-starting HS3, integrating it with HS2 and planning for the redevelopment of the North's gateway stations."²⁷

7.7. While then Chancellor George Osborne in the 2016 Budget²⁸ subsequently committed £300m to green Light the (£7bn²⁹) HS3 project in response to the Committee's recommendations, he also committed £80m to green light Crossrail 2 (a £31bn project in a city that already benefited from high speed rail).³⁰

7.8. In 2017, Chris Grayling recommitted to Crossrail2³¹ while cancelling the electrification of important northern routes (a key component in realising the reduction in journey times envisioned by the HS3 project)³² with an apparently detrimental impact on the predicted scale of HS3.³³

7.9. Subsequently, prior to the November 2017 Autumn Budget, the National Infrastructure Commission was asked to advise on the efficacy of a route joining Oxford, Cambridge and Milton Keynes (the 'brain belt'). It concluded that: "The... arc must be a national priority. Its world-class research, innovation and technology can help the UK prosper in a changing global economy. But... without urgent action, a chronic undersupply of homes could jeopardise growth, limit access to labour and put prosperity at risk."³⁴

7.10 The analysis included the following chart, which shows that these three areas are already some of the most productive in the UK and are already growing in productivity at a much faster than average rate.

²⁷ [National Infrastructure Commission \(March 2016\), High Speed North](#) p9

²⁸ [HM Treasury, Budget 2016 p62](#)

²⁹ [Ibid.](#)

³⁰ [Financial Times \(October 2017\), Transport for London warns Crossrail 2 could be delayed by decade](#)

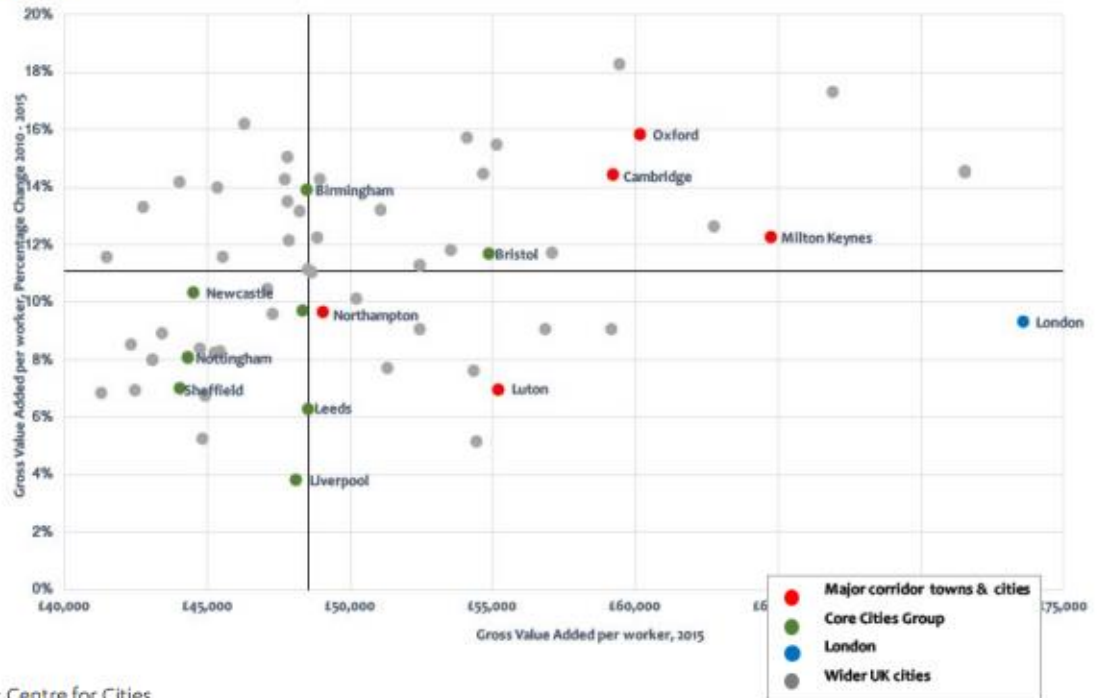
³¹ [Department for Transport \(July 2017\), Crossrail 2: a way forward](#)

³² [The Independent \(August 2017\), Labour warns 'Northern Powerhouse' will be dead if Pennine rail electrification is cancelled](#)

³³ The Transport Secretary stated that he now intends "to invest around £3 billion in upgrading the trans-Pennine route to deliver faster journey times and improved capacity between the great cities of Leeds, York and Manchester." [Hansard \(29 November\), Commons Rail Update](#)

³⁴ [National Infrastructure Commission \(November 2017\), Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc](#)

Figure 2: Fast growing and highly productive cities - productivity and productivity growth (2010-2015)



Source: Centre for Cities

Note: City median data reflects the median for UK's largest 62 towns and cities

7.11 The Chancellor's 2017 Autumn Budget, gave the green light and an initial £140m to kick-start the new £7bn 'brain-belt' project, which he said would be completed by the mid-2020s (ahead of the original proposed completion date of HS3, 2030).³⁵ The budget contained no update on the progress or estimated delivery date of HS3, an idea first proposed as early as 2014 and for which construction has yet to begin.³⁶

7.12 Despite accompanying rhetoric on the importance of economic rebalancing, the real priority, would therefore appear to be investing in some of the fastest growing and most productive areas outside London – expanding the capital's sphere of affluence. This trend misses the opportunity to invest in those areas with the greatest potential and the greatest need for economic growth; it under-utilises the country's resources; and fails to correspond to Government's stated aim of tackling *low* productivity.

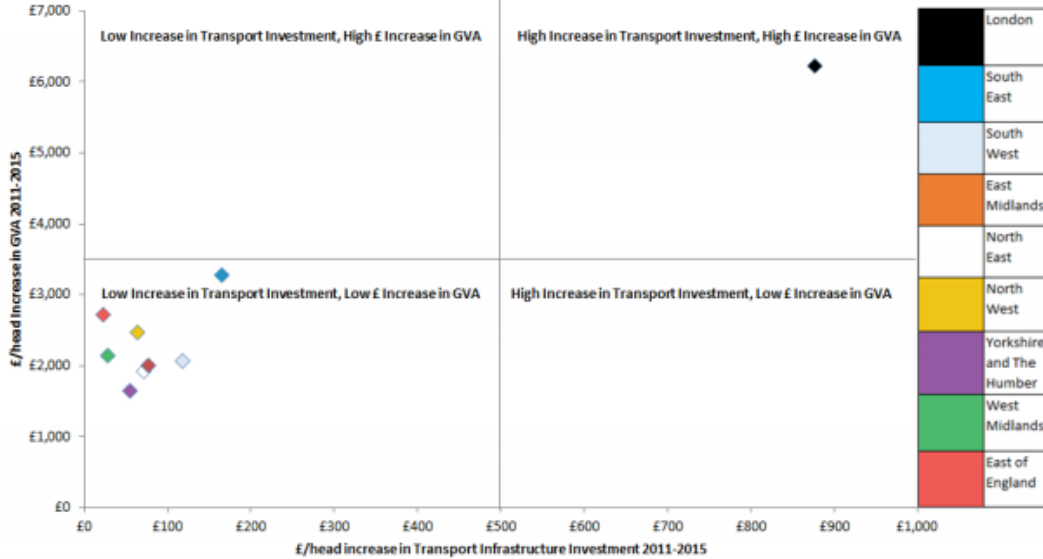
7.13 It is also not the only nor necessarily the best way of identifying opportunities. Following years of disproportionate investment, London unsurprisingly continues to display both the highest total Gross Value Added as well as the greatest pounds-per-head increases in GVA of any English region.

³⁵ [One North \(July 2014\)., A Proposition for an Interconnected North](#)

³⁶ [Guardian \(November 2017\)., Autumn budget: Hammond urged to invest £7bn in transport for new towns](#) and [One North \(July 2014\)., A Proposition for an Interconnected North](#)

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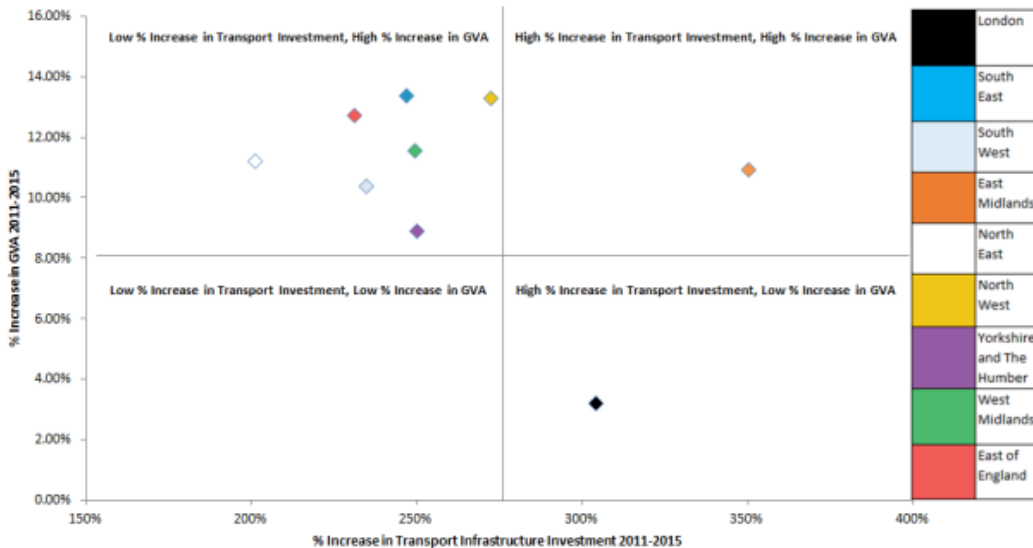
£/head Increase in Transport Infrastructure Investment against £/head Increase in GVA 2011-15



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7.14 However, its percentage growth rate is actually much lower than any other region relative to the investment it has received. This brings into question not just the fairness but also the value of continuing to invest there so heavily at the material expense of other English regions.

Percentage Increase in Transport Infrastructure Investment against percentage Increase in GVA 2011-15



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7.15 In fact, every pound spent on transport in London 2011-2015 yielded just a £7 return on investment per-head, the lowest of any English region.

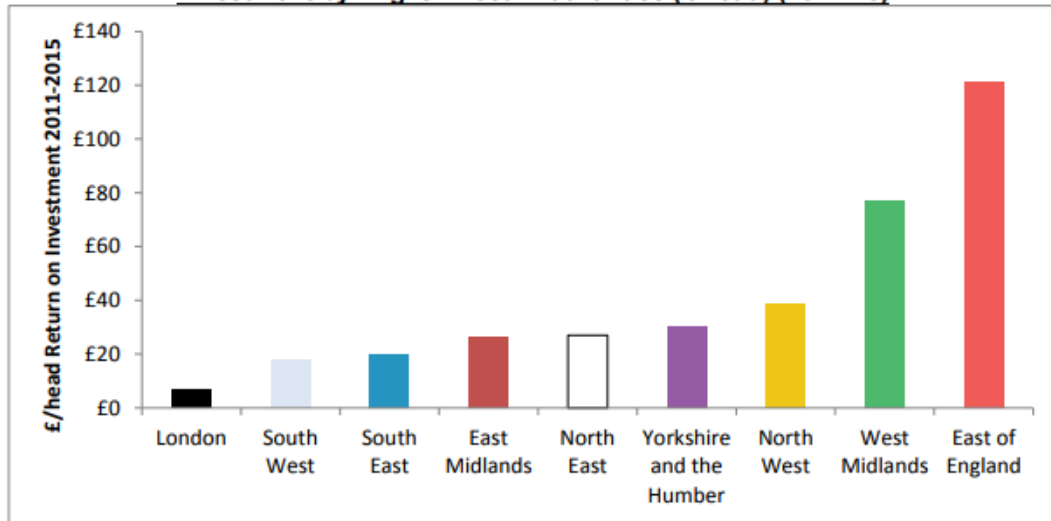
³⁷ SIGOMA Analysis of [ONS \(December 2016\)., Regional Gross Value Added \(Income Approach\)](#) and [HM Treasury \(2016\)., Country and Regional Analysis](#)

³⁸ Ibid.



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Return on Investment: Increase in Gross Value Added (£/head)/ Increase in Transport Investment by English Local Authorities (£/head) (2011-15)



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7.16 The Treasury's tendency to prioritise short term over long term benefits is becoming even more significant under austerity and given the need to shore-up the nation's finances post-Brexit. However, we fear this may be undermining their aim of tackling the underlying structural issues holding back the nation's productivity.⁴⁰

7.17 This propensity is reinforced by apparently conflicted policy priorities. In the 2017 paper 'Building our Industrial Strategy' for example, Government stated its commitment to use "infrastructure to support [economic] rebalancing", stating "we will continue to prioritise the highest value-for-money projects as we seek to address productivity weaknesses."⁴¹ But these aims and objectives are at odds. Economic rebalancing cannot take place as long as government continues to prioritise the 'highest value-for-money' projects since the highest short term value is achieved by investing in the most rather than least productive areas.

7.18 The tendency is also reinforced by the strength of London's business community and Transport for London's ability to raise local funds and leverage private investment.⁴² According to London First for example, "London can fund a large part of the costs of projects like Crossrail 2 itself".⁴³ This no doubt makes London a much more appealing target for public investment than regions that are unable to match funding. And, when one considers that the strength of London's transport links has bolstered the strength of its business

³⁹ Ibid.

⁴⁰ "A strategy to raise productivity and wages in all parts of our country." [HM Treasury \(November 2017\).](#), [Autumn Budget 2017: Philip Hammond's speech](#)

⁴¹ [HM Government \(January 2017\).](#), [Building Our Industrial Strategy Green Paper, p58](#)

⁴² [Centre of Cities \(May 2014\).](#), [Delivering change: Making transport work for cities](#)

⁴³ [Evening Standard \(May 2017\).](#), [Investment in London benefits all of Britain, business chiefs tell Labour](#)



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community, the unfairness of this factor's potential to influence decision making becomes clear.

7.19 Government should therefore review and revise Treasury Green Book guidance to ensure a greater weighting is attached to longer term socio-economic benefits, and review the extent to which its preferred method of project prioritisation synergises with its stated policy aims.

'Predict and provide' propensity

7.20 As noted by the Institute for Government, Government departments rely heavily of a 'predict and provide' model that responds to expected demand rather than seeking to reshape it.

7.21 The tendency to favour this model is also evident in Network Rail's approach which states: "Sub-national population projections... are used to estimate future population in each local authority. It is assumed that population will migrate to areas with more employment opportunities and higher income..."⁴⁴

7.22 The problem with this approach is that the better infrastructure becomes the more people will use it and the more businesses will tend to cluster around it.⁴⁵

7.23 According to Don Pickrell, Chief Economist for the US Department of Transportation, writing in 2001, "During the heyday of highway building in the US, engineers and planners were frequently astonished by the discovery that newly opened highways quickly filled to near their design capacity... [a] phenomenon... known as induced travel..."⁴⁶

7.24 The existence of this phenomenon suggests both:

a) that London's capacity issues will not be solved with greater investment, and;

b) that the investment can be better used as a policy vehicle to induce demand and therefore productivity where the greatest benefit can be derived, in line with the Government's stated policy aim of regional rebalancing.

7.25 Government should therefore attach a much greater weighting to transport investment's potential to generate economic growth. This approach could also help to ease capacity issues in high demand areas

⁴⁴ [Network Rail \(2013\), Regional Urban Market Study](#)

⁴⁵ Ibid.

⁴⁶ [Don Pickrell, Chief Economist \(February 2001\), Induced Demand: Its Definition, Measurement and Significance, U.S. Department of Transportation p1](#)



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over the long term by helping to influence the redistribution of economic activity and therefore national population pressures more evenly.

8. Individual influence

- 8.1. Personal and political preference for a particular region, whether conscious or otherwise, can be identified in the motives of ministers past and present, the outlook of key influencers and the media.⁴⁷ These are unfortunately the consequences of high levels of centralisation.
- 8.2. This makes it all the more important that appropriate checks and balances are in place to prevent the undue influence of individuals over the decision making process. One essential corollary of that is introducing a proportional balance of regional interests into what is currently a heavily London weighted decision making process.
- 8.3. The National Infrastructure Commission for example is almost entirely London based.⁴⁸ And, while their expertise is no doubt valuable, a body with *national* representation would arguably be better placed to communicate *national* infrastructure priorities.
- 8.4. While calls to alter our nation's political centre of gravity have in the past tended to fall on deaf ears, the important idea of relocating government departments has gained renewed political traction of late⁴⁹ and a similar policy is already being advocated to some degree by the current government.⁵⁰
- 8.5. **Government should therefore expedite the Regional Hubs⁵¹ (originally conceived as an austerity programme), using this as an opportunity to strategically rebalance civil service jobs across the country. The Treasury should also ensure a representative of every region is appointed to the National Infrastructure Commission Board to ensure its recommendations take full account of differing regional perspectives.**

9. Lack of transparency

⁴⁷ [The Guardian \(December 2016\)](#)., [Rail letter leak: Chris Grayling accused of putting politics over people](#) , [Lord Adonis \(November 2017\)](#)., ['Never forget, Rome fell: What London needs to do to remain the world's greatest city' speak to Kings College London](#) and [New Statesman \(August 2013\)](#)., [The London newspaper bias: half of "national" news is about the south east](#)

⁴⁸ [National Infrastructure Commission](#)., [Who We Are](#)

⁴⁹ [Early day motion 10, tabled: 21.06.2017, Relocation of Government Departments](#)

⁵⁰ "There will be 18-22 strategic hubs across the UK, located in major towns and cities and accessible by a range of excellent transport links." [Cabinet Office \(September 2017\)](#)., [Government Hub to be built in the heart of Leeds](#) but also [BIS Sheffield office closure: letter from Martin Donnelly to Meg Hillier MP and Iain Wright MP](#)

⁵¹ [NAO \(April 2017\)](#)., [Progress on the government estate strategy](#)



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- 9.1. Where ministerial influence is concerned, public opinion and democratic scrutiny are perhaps the best means for preserving balance and accountability. However, we are concerned this is currently constrained by a lack of transparency.
- 9.2. While Government has recently produced policy documents that seek to present an overarching vision for infrastructure investment,⁵² these continue to suffer from a lack of clear objectives; frameworks against which projects' relative value can be assessed; clear indication of the degree to which various projects achieve stated policy aims; or clarity regarding how they are to be prioritised and why.⁵³ This is a long standing issue, previously identified by the Transport Committee.⁵⁴
- 9.3. Its consequences have been most apparent in the reactions to a series of announcements from the Transport Secretary; giving the go ahead to CrossRail2 while abandoning plans for northern electrification.⁵⁵ This reaction was caused in large part by the feeling that, despite the government's stated aims regarding the importance regional growth, it would appear that projects central to their attainment could be dramatically changed without justification.
- 9.4. A lack of clarity in relevant policy documentation, however, makes it impossible to effectively hold government to task, undermining democratic accountability.
- 9.5. **Government should seek to improve the clarity of its policy documents so dissimilar projects can be compared on an equivalent basis. This will not only make it easier for regional bodies to scrutinise the fairness of investment decisions but also for Government to justify those decisions publically.**

10. Lack of appropriate powers and funding

- 10.1 In August 2017, the Transport Secretary wrote that: "It is central government's responsibility to provide funding... But beyond this, I want the North to take control."⁵⁶ However, despite since devolving new powers, these do not go far enough. According the legislation, while "Transport for London may provide or secure the provision of public passenger transport services to, from or within Greater London"⁵⁷ Transport for the North may only "provide advice to the

⁵² [Department for Transport \(November 2017\)., Connecting people: a strategic vision for rail](#) and [HM Government \(January 2017\)., Building Our Industrial Strategy Green Paper](#)

⁵³ [Institute for Government \(June 2017\)., What's wrong with infrastructure decision making? p10](#)

⁵⁴ "The absence of a transport strategy makes it hard to assess how HS2 relates to other major transport infrastructure schemes, regional planning and wider objectives, such as bridging the north-south divide"
[Commons Transport Committee \(2011\)., Conclusions and Recommendations](#)

⁵⁵ [BBC \(July 2017\)., Crossrail 2: Support by government 'outrageous' after northern snub](#)

⁵⁶ [The Yorkshire Post \(August 2017\)., Why it's up to the North to sort out rail issues](#)

⁵⁷ [HM Government\(1999\)., Greater London Authority Act](#)



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Secretary of State about the exercise of transport functions”⁵⁸. This lack of equivalent powers combined with a lack of funding rightly prompted widespread regional disquiet.

- 10.2 This was viewed by Newcastle council leader Nick Forbes as a case of “passing the buck without passing the bucks” and “not really an answer from central government.”⁵⁹
- 10.3 Plainly, neither Transport for the North nor any other sub-national transport body will be able to achieve the same results as Transport for London without equivalent powers and funding.
- 10.4 The same is true for representation. A recent Transport Infrastructure Efficiency Strategy for example claimed it represented a collaboration across transport bodies, but involved no representatives from either Transport for the North or Midlands Connect.⁶⁰
- 10.5 **Transport for the North and other sub-national transport bodies must therefore be given *at least* the same powers as Transport for London and receive funding that adequately reflects their proportional share of the national population. They must also be given an equal say in decision making and strategic development, on par with Transport for London.**

11. Conclusion

- 11.1 Uneven transport investment is both a symptom and cause of our highly unbalanced national economy. Government must urgently seek to remediate this imbalance if it is to meet its stated aims regarding productivity and the rebalancing of the national economy. This work is essential to ensure that all local authorities are placed on fairer economic footing as they transition to 100% retention of business rates and prepare for the challenges posed by Brexit
- 11.2 Our call is for:
 - A balance of rail funding more closely aligned to regional populations
 - Financial recognition that this has not been the case for many years
 - Greater regional representation in national advisory and review bodies
 - A review of the evaluation process for rail infrastructure investment decisions, recognising the needs of underdeveloped areas
 - A clear, demonstrable alignment of investment decisions with evaluated policy objectives
 - Open and clear measures of investment pipeline investment, including by region

⁵⁸ [HM Government \(2017\)., The Sub-national Transport Body \(Transport for the North\) Regulations](#)

⁵⁹ [The Guardian \(August 2017\)., Chris Grayling accused of 'passing the buck' on northern transport](#)

⁶⁰ [Department for Transport et al. \(December 2017\)., Transport Infrastructure Efficiency Strategy p10](#)



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Appendix



Councillor Sir Stephen Houghton CBE
SIGOMA Chair

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From the Secretary of State
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Our Ref: MC/210954



20 Nov

Thank you for your letter of 1 November 2017, about a statement I made in the House of Commons on 19th October 2017. As you set out, it is right that the debate is informed by a good understanding of the evidence.

The figures I referred to in the debate as being inaccurate are, as you say, those used by the IPPR North, which are based on the Infrastructure and Projects Authority's National Infrastructure and Construction Pipeline (NICP) 2016. However, my remarks were about how using them for this purpose presents a misleading picture.

The £500 billion NICP is a forward look for planned private and public infrastructure investment in the UK. Of this, around half of the pipeline to 2020/21 is made up of public funding. Of this, only around 40% of the value of projects in the pipeline to 2020/21 has been allocated to specific English regions. The remaining 60% cannot accurately be allocated to an individual region, as it relates to schemes that cover multiple regions or programmes that will be spread across the whole country (such as HS2 or the rollout of smart meters). Given this, it is difficult to use this data to provide a meaningful breakdown of regional spend per head.

In response to your questions, I would emphasise that it is not that the data in the NICP are inaccurate, but that they present a partial picture of future regional spend. This means that drawing firm conclusions from analysis of the data can be misleading.

While there are no equivalent data for future years, statistics on historic regional spending are published in Her Majesty's Treasury's Country and Regional Analysis Statistics. The latest release was published on 9th November 2017 and can be found here:



SIGOMA



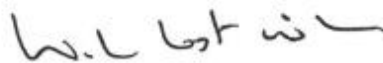
The Special Interest Group of Municipal Authorities (Outside London)

<https://www.gov.uk/government/statistics/country-and-regional-analysis-2017>

As I have said in previous debates, this data shows that per capita spend by my Department is not ten times higher in London than in the North.

In addition, I would add that my Department does not allocate funding to transport on a 'per head of population' basis. Our investment decisions are made based on a rigorous and fair appraisal process that ensures spending goes to the projects and programmes where it is most needed and delivers greatest value-for-money for both taxpayers and passengers.

The government is committed to using infrastructure to support regional growth. This is a key priority set out in our Transport Investment Strategy, and it is why we are increasing government infrastructure investment by 50% over the next four years. This will support growth and jobs right across the country.



Rt Hon Chris Grayling MP

SECRETARY OF STATE FOR TRANSPORT