



Budget 2012 Transport Update: Some FAQs

How have transport budgets changed?

Overall, transport budgets have not been changed significantly by this budget. The evidence of an underspend in 2011-12 is clear, with resource spending down by around £500m but largely unchanged in future years. A smaller capital underspend in 2011-12 is trumped by increases in budgets towards the end of the CSR period. Total transport capital budgets over the CSR period have risen by £800m or around 2.6%.

Figure 1: Comparison of 2011 and 2012 transport Departmental Expenditure Limit estimates, £bn

	2011-12	2012-13	2013-14	2014-15
Transport resource DEL				
2011 budget	5.3	5.0	5.0	4.4
2012 budget	4.8	5.1	4.9	4.5
Transport Capital DEL				
2011 budget	7.7	8.1	7.5	7.5
2012 budget	7.5	8.0	7.9	8.2

Source: Budget 2012 Chapter 2 page 55 and Budget 2012 Chapter 2 page 48.

What decisions were made about funding or progressing transport projects?

Key announcements were:

- Funding for the Bexhill to Hastings link road (£56m);
- Funding of £130m for the Northern Rail Hub (subject to value for money appraisal). This is a small share of the overall planned Northern Hub project cost of around £1bn but is designed to progress work primarily on the Hope Valley line; and
- Options shortlisted for the A14 corridor between Huntingdon and Cambridge.

The budget also contained commitments to work together to bring forward fundable proposals for electrifying the Welsh Valley Lines and for improving London rail capacity, and a commitment to explore “the case for using the Planning Act 2008 to streamline the planning process for the proposed additional river crossings in East London”.



What other transport measures were announced?

Key announcements were:

- A new national roads strategy to include examination of ownership and financing models with a report on progress in the Autumn statement; and
- A promise to set up Transport Systems and Future Cities Catapult Centres by 2013, designed to commercialise technologies that will increase efficiency of transport systems.

What other measures will affect transport?

As the coalition government continues to devolve local budgets and blur the distinctions between traditional grant funding and other sources, several measures in the budget could play a significant role in funding and delivering transport projects in the coming years. These include:

- The “Earn Back Model”, agreed with Greater Manchester which allows it to claim a share of national tax revenues that arise from Greater Manchester’s economic growth. This is linked directly to infrastructure investment and marks a radical widening of tax increment financing approaches to capture national taxation (such as income tax and corporation tax). Greater Manchester estimates an annual income stream of £30m from this which it is gearing up against to contribute (alongside other funding) to an infrastructure investment package which is worth £1.2bn in total;
- Expansion of the Growing Places Fund by £270m with £70m of this ringfenced for London;
- An additional £150m for tax increment financing in the core cities; and
- The establishment of the Pension Infrastructure Platform to encourage pension funds to invest in infrastructure. An MOU has been signed between Treasury and several pension funds to progress early stage greenfield infrastructure such as railways, roads and energy projects based on a guaranteed return linked to RPI (in the same way as regulatory asset base regulation).

Other key measures in the budget affect the planning system, including:

- A commitment to publish the National Planning Policy Framework (NPPF) by the end of March 2012, including the presumption in favour of sustainable development;
- A commitment to reduce information requirements and make change of use easier;
- Bringing forward legislation to adjust the scope of Special Parliamentary Procedure to clarify it and remove duplication in the consenting regime for major projects; and
- The completion of a review of the implementation of the Habitats and Wild Birds Directive, published by DEFRA today, to reduce cost and delay, for example by setting up a cross-departmental Major Infrastructure and Environment Unit.