

GREATER MANCHESTER TRANSPORT COMMITTEE

Date: 24th March 2021

Subject: Government Budget 2021 and National Transport Strategy

Report of: Simon Warburton, Transport Strategy Director, TfGM

PURPOSE OF REPORT

To inform members of the transport headlines from the Government's Budget and to highlight some of the national transport strategies, policies and reviews which are expected to be published in the near future.

RECOMMENDATIONS:

The GMTC is requested to:

1. Note the transport headlines from the Government's Budget and the implications for Greater Manchester.
2. Note the forthcoming national transport strategies.

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Equalities Implications:

N/A

Climate Change Impact Assessment and Mitigation Measures:

N/A

Risk Management:

N/A

Legal Considerations:

N/A

Financial Consequences – Revenue:

There are no revenue funding consequences identified.

Financial Consequences – Capital:

The report sets out the transport capital funding implications of the Government's Budget.

Number of attachments to the report:

N/A

BACKGROUND PAPERS:

N/A

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
GM Transport Committee	Overview & Scrutiny Committee	
24 th March 2021		

1. INTRODUCTION

- 1.1 On Wednesday 3rd March 2021, the Chancellor of the Exchequer presented his Budget to Parliament. Within the Budget there were a number of transport announcements including funding allocations for Greater Manchester, as well as new funding opportunities which are of interest to Greater Manchester.
- 1.2 This report summarises some the key transport announcements from the Budget and highlights a number of important transport strategies and reviews which the government has recently published or is expected to publish in the near future.

2 BUDGET 2021 TRANSPORT IMPLICATIONS

- 2.1 The 2021 Budget included new opportunities for Greater Manchester to bid for transport funding, as well as further detail on allocations from funds announced previously.
- 2.2 **Intracity Transport Fund**
- 2.3 The 2020 Budget committed the government to invest £4.2 billion in intra-city transport settlements from 2022-23, through five-year consolidated funding settlements for eight city regions, including Greater Manchester.
- 2.4 Budget 2021 confirmed capacity funding for 2021-22 to support city regions to develop integrated transport plans in preparations for settlements, with Greater Manchester allocated £8.6 million.
- 2.5 **Towns Fund**
- 2.6 The Towns Fund was established to invest in towns as part of the government's plan to level up. The government has now confirmed over £1 billion for a further 45 Town Deals across England, with Bolton (£22.9m), Cheadle (£13.9m) and Rochdale (£23.6m) all awarded funding in Greater Manchester.
- 2.7 **The Levelling Up Fund**
- 2.8 This is a new £4.8 billion fund to support town centre and high street regeneration, local transport projects, and cultural and heritage assets.
- 2.9 Local authorities can bid for up to £20m, or up to £50m for transport projects only. Proposals should include high priority projects that will make a visible impact in local areas.
- 2.10 The government has identified priority places to receive capacity funding to help them co-ordinate their applications, based on an index of local need. All Greater Manchester authorities are listed as Priority 1 (the highest priority category), with the exception of Salford which is in Priority 2. Further clarification on the prioritisation methodology has been sought.

2.11 There are three investment themes for Round 1 which are:

- Transport: high impact small, medium and by exception larger local transport schemes to reduce CO emissions, improve air quality, cut congestion, support economic growth, and improve the experience of transport users;
- Regeneration and town centres; and
- Cultural.

2.12 Mayoral Combined Authorities such as Greater Manchester Combined Authority will be eligible to submit one transport bid which will be assessed against value for money, deliverability, strategic fit with local priorities and the priority categorisation for the bid location. Bidding authorities are expected to consult with local MPs.

2.13 The deadline for the first round of bids is Friday 18 June 2021 with decisions expected by autumn 2021. Authorities in receipt of capacity funding will not be able to bid in the first round as the funding is not likely to be available in time.

2.14 **UK Infrastructure Bank and Treasury North**

2.15 A new UK Infrastructure Bank will provide financing support to private sector and local authority infrastructure projects across the UK, to help meet government objectives on climate change and regional economic growth.

2.16 The Bank will be able to deploy £12 billion of equity and debt capital and be able to issue up to £10 billion of guarantees and offer a range of financing tools including debt, hybrid products, equity and guarantees to support private infrastructure projects.

2.17 The institution will begin operating in an interim form later in spring 2021 and will be headquartered in Leeds.

2.18 In addition, a new 'Treasury North' is to be set-up in Darlington with up to 750 civil servants relocating from London.

2.19 **National Infrastructure Committee Towns and Regeneration Study**

2.20 The Government is to commission a new National Infrastructure Committee (NIC) report, to consider how to maximise the benefits of infrastructure policy and investment for towns in England.

2.21 **A66**

2.22 £135m of development funding was announced to accelerate start of construction of the A66 Trans-Pennine upgrade.

2.23 **Transport taxation**

2.24 Transport related taxes were either frozen or announced to rise in line with RPI including:

- Fuel Duty - Frozen for the eleventh consecutive year;
- Air Passenger Duty – To increase in line with RPI from April 2022; and
- Vehicle Excise Duty – To increase for cars, vans, and motorcycles in line with RPI from April 2021, but frozen for heavy goods vehicles (HGV) with the HGV levy suspended for another 12 months from August 2021.

2.25 **Global Centre for Rail Excellence**

2.26 The government will match fund up to £30 million, subject to business case, towards the construction of a rolling stock and infrastructure testing complex in Wales. The Global Centre for Rail Excellence would support innovation in the UK's rail industry, including the testing of cutting-edge, green technology.

3 FORTHCOMING NATIONAL TRANSPORT STRATEGIES

3.1 Following the Budget a number of key transport strategies and reviews are expected to be published by Government.

3.2 **Union Connectivity Review**

3.3 In October 2020 the government appointed Sir Peter Hendy, Chairman of Network to review how the UK government can level up transport infrastructure and improve connectivity between Scotland, Wales, Northern Ireland and England.

3.4 TfGM responded to the Review's initial call for evidence emphasising the importance of links between Greater Manchester and North Wales and Scotland, the unique potential of Manchester Airport and its importance to Welsh and Scottish passengers, the need for investment in freight including rail freight along strategic corridors, and that trans-national links should be considered in the context of the places they pass through and connect with, not in isolation.

3.5 On 10th March an interim report was published announcing £20m to explore projects including improved rail connectivity between the north coast of Wales and Manchester and Merseyside, significantly faster rail links from England to Scotland, and options to enhance the West Coast Main Line.

3.6 The review is also assessing the feasibility, cost and timescales of constructing a fixed link between Northern Ireland and Great Britain.

3.7 A final report will be published in summer 2021.

3.8 **National Bus Strategy**

3.9 On Monday 15th March 2021 the Prime Minister announced the National Bus Strategy which will see the Government invest £3 billion in England's bus services.

In addition to "hundreds of miles of new bus lanes", changes will include simpler bus fares with daily price caps, more services in the evenings and at the weekends, integrated services and ticketing across all transport modes, and all buses to accept contactless payments. Furthermore, the Government will also introduce "Next stop" announcements to make travelling more accessible, and a consultation on new regulations for wheelchair users.

3.10 **Integrated Rail Plan**

3.11 The government is currently developing an Integrated Rail Plan (IRP) for the Midlands and the North. The plan will consider how best to integrate HS2 Phase 2b and wider rail plans in the north and Midlands, including Northern Powerhouse Rail (NPR) and the Transpennine Route Upgrade. Importantly, it is expected to set out the parameters for HS2 Phase 2b and Northern Powerhouse Rail.

3.12 The plan has been informed by a Rail Needs Assessment (RNA) undertaken by the National Infrastructure Commission (NIC) which was published in December 2020. The approach taken by the NIC caused significant concern across the North with the proposed options constrained by a fixed budget leading to the recommendation that a choice must be made between improving national or regional connectivity, when both are required and intrinsically linked. The IRP is expected to be published later this year.

3.13 **Williams Review White Paper**

3.14 The Williams Rail Review was established in September 2018 to look at the structure of the whole rail industry and the way passenger rail services are delivered. It was set up following the failure of the May 2018 rail timetable and will make recommendations for reform that prioritise the interests of passengers and taxpayers.

3.15 The review was expected to recommend new mechanisms for city regions such as Greater Manchester to have greater control and/or influence over local rail services and stations. However, publication of the Review has been subject to a number of delays. The review is now being updated in light of the impact of the pandemic and a white paper is expected to be published in the near future.

3.16 **Transport Decarbonisation Plan**

3.17 The Transport Decarbonisation Plan will set out how the government will meet the challenge to reduce transport emissions to ensure it achieves its net zero target for transport emissions by 2050. The Plan was due to be published last year, but is now expected later in 2021.