



Spending Review 2011 and Draft Budget 2012-13

RACCE Committee call for views¹

Evidence paper from Transform Scotland

Wednesday 19 October 2011

1 Introduction

- 1.1 Transform Scotland is the national alliance for sustainable transport, bringing together organisations from the private, public and voluntary sectors. We campaign for a more sensible transport system, one less dependent on the car, the plane and road freight, and more reliant on sustainable modes like walking, cycling, public transport, and freight by rail or sea. We are a membership organisation bringing together rail, bus and shipping operators; local authorities; national environment and conservation organisations; local environment and transport campaign groups; and individual supporters.
- 1.2 We welcome the opportunity to present our evidence for the Committee's attention. As our organisation's interest is in the promotion of sustainable transport, our comments are primarily limited to matters relating to transport. We intend to raise more detailed comments on the transport spending proposals in the Draft Budget and Spending Review with the Infrastructure and Capital Investment Committee.
- 1.3 We are a member of Stop Climate Chaos Scotland (SCCS), assisted in the preparation of its evidence, and as such are fully in accordance with the views that SCCS has presented to the RACCE Committee. For the avoidance of doubt, we will repeat some of the evidence contained in the SCCS submission.

2 Our views

2.1 The Draft Budget fails miserably to fund the Government's climate change ambitions for reducing emissions from the transport sector

- 2.1.1 Transport is the second largest emissions sector and, crucially, the one where recent trends have continued to see increases in emissions. So it is critical that urgent action is taken to reverse trends in the transport sector. Unfortunately, what we see in the Government's plans represents a dismal failure on its behalf to act upon its rhetoric on climate change. Transport is the basket case of climate policy — and yet the Government has decided to cut funding for areas which would deliver emissions reduction.
- 2.1.2 We are fully in accordance with, and endorse, the commentary presented in the SCCS evidence paper:

The draft budget for 2012-13 provides at most 6% of the funding for transport measures required by the RPP. This 6% figure is probably generous. We have looked at all the budget lines which could fund items in the transport section of the RPP: Vessels and Piers; Support for Freight Industry; Support for Sustainable and Active Travel; Travel Strategy and Innovation; Warm Homes and Future Transport Funds.² We have, in an attempt to analyse the budget as positively as possible from a climate change perspective, assumed that the entirety of these budget lines will be spent on RPP measures. Together, these budget lines add up to just £30.65m, as compared with a required spend of £487.5m as set out in the RPP. This is a reduction of more than 25% compared with the £41.2m in the current 2011-12 budget.

The picture is not much better when considering the entire three year spending review period. Of the £1,226m required by the RPP to be spent on transport measures, only £120.35m is allocated by the Government's spending plans, a mere 10%. The £69m³ for low carbon transport stated in the spending review is even lower than we calculated above, so despite our attempts to analyse as positively as possible, evidently not all spending from the relevant budget lines will go to RPP measures.

The RPP includes both the public and private funding required for relevant activities, so clearly not all funding is expected to come from the Government. However, in the case of transport, it is totally unrealistic to expect the over 90% funding shortfall to come from the private sector, especially in the absence of any regulatory polices designed to secure private investment.

In addition to the above concerns, the few specific RPP transport measures in the previous year's budget have been vastly reduced or cancelled in the draft 2012-13 budget:

- *The 'Sustainable and Active Travel' fund is slashed by more than a third, and with new demands made on it leaves only £5m to fund Sustrans, Cycling Scotland, Energy Savings Trust and other sustainable transport initiatives;*
- *There is no commitment to fund the 'Cycling, Walking, and Safer Routes' fund;*
- *The Freight Facilities Grant is cancelled – for decades this has been critical in moving freight from road to rail.*

To support local jobs, improve health and boost the economy, the Government should increase investment in paths for cyclists and walkers. Active travel infrastructure is typically built by small civil engineering contractors and local authorities, with the materials used sourced locally. In contrast, the main contracts for many of the Government's road-building programmes, including the Second Forth Road Bridge, are being given to foreign construction companies.

The focus on road-building undermines the Scottish Government's own ambition to get people across Scotland to reduce their own carbon footprints, as set out in its Public Engagement Strategy. It is unreasonable for the Government to focus investment of public funds in carbon-intensive areas while asking people to do the opposite and make changes in their own lives to help reduce emissions.

It is irresponsible for the Government to significantly cut funding for sustainable and active transport, instead of increasing these budget lines at least in line with the requirements of the RPP. To have any chance of meeting Scotland's climate targets, the budget and spending review must see a major increase funding for low carbon transport, including a significant proportion of the £487.5m required by the transport proposals in the RPP for 2012-13.

2.1.2.1 We do not accept that funding is unavailable to meet the Scottish Government's RPP plans for transport. The Spending Review sets out large increases for spending on new, polluting road-building at the expense of the most sustainable modes. While the large trunk roads budget sees a further increase of 25%, the already modest budget for sustainable and active travel has been cut by 25%.⁴

2.2 We are critical of the removal (or threatened removal) of funding from key areas

2.2.1 'Sustainable and Active Travel' budget / 'Cycling, Walking & Safer Streets' (CWSS) budget

2.2.1.1 We note the report of the Scottish Parliament's then Transport, Infrastructure and Climate Change Committee's *Report on its Inquiry into Active Travel* (2009), which concluded, *inter alia*, that "active travel has huge potential to benefit the health of the people of Scotland as well as contributing to meeting Scotland's ambitious climate change targets" but that this won't be achieved without "ambitious increases in resources."⁵

2.2.1.2 We note that the Draft Budget instead reports a significant reduction in the 'Sustainable and Active Travel' budget, while the 'Cycling, Walking & Safer Streets' (CWSS) budget is indicated as being "tbc". This latter fund has proved essential in allowing Sustrans Scotland to receive match-funding from local authorities for delivery of cycle infrastructure. Should ringfencing be removed from fund, or its scale reduced, then we would see no prospect of delivery of the targets contained in the Government's *Cycling Action Plan for Scotland*.⁶

2.2.1.3 We understand that detailed evidence on this area has been submitted by a number of our member groups. We would flag to Committee members the evidence submitted by Spokes, the Lothian Cycle Campaign, and the evidence due for submission by Living Streets Scotland and Sustrans Scotland, amongst others.

2.2.2 'Support for Freight Industry' budget

2.2.2.1 We are deeply concerned by the decision to close the Freight Facilities Grant (FFG) scheme. This fund, which has been in operation since 1974, has been successful in delivering modal shift from road to rail and sea. The budget saving seems trifling in comparison with the benefits. Since 1997 alone, 37 awards of FFG, totalling £68.9 million (including funding of £10.9 million from DfT) have been made to projects in Scotland – taking over 33 million lorry miles off Scottish roads annually.

2.2.2.2 We understand that detailed evidence on this area has been submitted by a number of our member groups. We would flag to Committee members the evidence submitted by the Rail Freight Group, amongst others.

2.3 We are disappointed that the Scottish Government has made no progress in implementing a meaningful carbon assessment mechanism to the Budget process

2.3.1 We see absolutely no progress in the *Carbon Assessment of the 2012-13 Draft Budget*.⁷ Its methodology is essentially useless as it tells us nothing about 'second-round' emissions (see p.3, paragraph 4). As such, sustainable transport spending is calculated as being emissions-generating (see the tables on p. 17) rather than, as would be expected for (most of) this type of intervention, emissions-saving. The analysis presented is so limited in scope that the document could be used to make a case (albeit a ludicrous one) for closing down bus and rail services – *ignoring their wider role of reducing journeys by private car* – on the basis that they generate emissions.

2.3.2 We do not understand why there has been no progress on applying the carbon assessment mechanism. In the RPP, the Government presents more rounded calculations of the impact of applying various policy interventions. The Government has also published the *Carbon Account for Transport* which, whilst itself somewhat crude and open to criticism, at least does also present figures on the expected emissions impacts of a series of transport projects.

3 Summary

3.1 The Government has manifestly made no effort to fund the transport component of its own climate change action plan (the RPP). It is perverse for the Government to draw up plans to tackle climate change and then not to fund and implement them.

3.2 In order for the Government's climate change targets to be met, all of the transport Proposals in the RPP must be funded. Funding is available: if the Government can afford a 25% increase in spending on new, polluting road-building across the period of the Spending Review, then it will not be credible for it to then claim that funds are not available to meet its climate change commitments for the transport sector.

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¹ <<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/42831.aspx>>

² We've assumed 50% is for transport in any given year

³ Scottish Spending Review 2011 and Draft Budget 2012-13, p23 under "Prioritising low carbon spend"

⁴ The overall spend on 'Motorways and Trunk Roads' increases from £557.6m to £700.2m over the course of the Spending Review period, while the spending for 'Sustainable and Active Travel' decreases from £25.1m to an average of £18.7m over the three-year period of the Spending Review.

⁵ <<http://archive.scottish.parliament.uk/s3/committees/ticc/reports-10/trr10-04.htm>>.

⁶ We further note that the RPP, by contrast, suggests a significant increase in spending on 'Cycling and walking infrastructure investment'.

⁷ Scottish Government (2011) Carbon Assessment of the 2012-13 Draft Budget. Available at <http://www.scotland.gov.uk/Resource/Doc/358384/0121134.pdf>