Spending Round 2013

The Spending Round (SR) published on 26 June is designed to cover the first year after the next General Election (2015-16). Unlike the previous Comprehensive Spending Review (CSR) it only covers a single year – hence the different terminology.

Headlines for rail and bus passengers

The Department for Transport (DfT) budget includes:

- a 5.5 per cent real-terms increase in capital provision for transport infrastructure
- a 9.3 per cent reduction in resource expenditure.

Government continues to invest in transport infrastructure – this is still seen as one of the catalysts for economic growth – while trying to reduce operational costs. While details of the capital schemes have been identified (see below) there is much less on where the savings will come from. The review talks generally of 'efficiency savings'. Some will undoubtedly come from DfT administration costs but how or where this might have an impact on passengers remains to be seen.

Transport for London has also reached a six-year settlement with the Government for 2015-2021. This includes some capital schemes (e.g. electrification of Gospel Oak to Barking) as well as funding for feasibility studies for Crossrail 2. It also includes a commitment to devolve West Anglia suburban rail services to the Mayor and Transport for London.

There is no mention of southeastern suburban services being similarly transferred – though given the vocal opposition from Kent politicians this is no great surprise.

Local government grants/funding is to be cut by 10 per cent. This is a particular issue for us in terms of funding for local bus services. We do not know the real impact yet but the 10 per cent cut has been met with dismay by many in the local government sector who have expressed fears about being able to provide core services in general. Our work on the impact of bus cuts and our toolkit for consulting with passengers are designed to help local authorities in this process.

One of the main sources of bus funding is BSOG – Bus Service Operators Grant. This used to be paid direct to operators but the Government's *Green Light for Better Buses* publication in 2012 stated that this would be paid directly to local authorities instead. This would be ringfenced (i.e. for use for buses) but only for a transitional period – government's default position being that any money paid direct to local authorities be un-ringfenced to ensure maximum flexibility.

The *Green Light* document said that the decision to ringfence for a transitional period would be reviewed at the next Spending Review. There's no obvious mention of this that I can see so perhaps it is more relevant to the next Comprehensive Spending Review rather than this one-off version. Needless to say there are some obvious risks for bus passengers if BSOG funds were to be un-ringfenced.

Capital projects

Additional details of some of the capital infrastructure schemes were given on 27 June in a document called *Investing in Britain's future*.

Road and rail schemes feature strongly:

Rail schemes listed are:

- Build High Speed 2 (HS2). A 'funding envelope' of £42.6 billion (in 2011 prices) for construction costs and £7.5 billion for rolling stock together with a strong cost control framework.
- Confirmation of the schemes mentioned in HLOS/Periodic Review: e.g.
    - complete Crossrail
    - complete Thameslink
    - Northern hub: better east to west links including trans-Pennine electrification
    - a direct east-west rail link between Oxford, Bicester, Aylesbury, Milton Keynes and also through opening the Bedford to Oxford line
    - electrifying the network on the Great Western line and the Welsh valley lines and a new 'Electric Spine' between Yorkshire, the Midlands and the south
    - replacing diesel trains on the Great Western Line to Wales and East Coast Main Line to Scotland
    - carry out a funding and financing feasibility study for Crossrail 2

While this is about investment there is a fleeting mention of fares and the way that efficiency savings have helped keep fares at RPI+1 rather than the planned +3 per cent increases for 2012-14. Indeed, it refers to this as 'putting money back in passengers' pockets' with some of us being £200 better off over the three-year period - an interesting interpretation of events. There is also no mention of the end to above-inflation increases (i.e. RPI rather than RPI+1).

Road

There is no explicit mention of bus and coach – other than a listing of some schemes that are already committed (e.g. Manchester cross-city bus, South Yorkshire Bus Rapid Transit North).

There are a number of road schemes listed to help tackle congestion 'hot spots' and £10bn for repairing roads (£6 billion to help local authorities repair the local road network and over £4 billion for the Highways Agency for the national network). While not specific to bus and coach there ought to be some benefits for passengers arising from this.

Devolving authority

The *Investing in the future* document also looks at devolving budget and authority. It says that Local Economic Partnerships (LEPs) will have greater control over "the key local economic levers of skills, transport and housing". They are backing this up with a Single Local Growth Fund (SLGF) in which transport will feature heavily. In addition to over £800 million of local major transport funding transferred to the SLGF in 2015-16, a further £300 million from other transport funding streams will be included, providing £1.1 billion of funding to support investments in local transport projects.

In addition, there will be a further commitment of over £5 billion of transport funding from 2016-17 to 2020-21, to enable long term planning of priority transport investments in local areas.

So while there are few mentions of individual bus schemes there are clearly funds available. It is also clear that LEPs – and their strategies - will be increasingly important in determining how this money is spent.

June 2013