

# A call for information: Welsh Government draft budget proposals for 2015-16

## Sustrans submission to Welsh Assembly Finance Committee consultation

September 2014

### Introduction

We welcome this opportunity to comment on the indicative budget proposals of the Welsh Government for 2015-16. Sustrans is a leading UK charity enabling people to travel by foot, bike or public transport for more of the journeys we make every day. We work with families, communities, policy-makers and partner organisations so that people are able to choose healthier, cleaner and cheaper journeys, with better places and spaces to move through and live in.

In particular, we are keen to explore the issues of supporting legislation (notably the Active Travel (Wales) Act); preventative spending; and our own readiness for 2015-16 to be able to actively support the Welsh Government's aims and outcomes. We will also touch on how the 2014-15 Budget has impacted on public transport, cycling and walking.

### Impact of 2014-15 Budget and budgetary plans for 2015-16

When the fourth Welsh Government was formed after the 2011 elections, it produced an ambitious Programme for Government, providing a clear framework for dealing with many of the stark economic, social and environmental challenges facing Wales today.

Full implementation of the Government's promises, in relation to transport planning and other interlinked education and health policies, contained within the Programme for Government 2011-2016, had the potential to revolutionise Welsh life and rival the systems of the Netherlands and Denmark where sustainable transport plays a key part in economic, social and environmental policy and practice.

In particular, the Programme for Government stated:

*"Prioritise the objectives of the National Transport Plan to ensure that existing transport funding is used effectively, the level of resources enhanced and that future investment decisions are made against these overarching strategic priorities"*

It is against this statement that Sustrans Cymru looks to analyse the impact of the budget and future spending plans. However, it is also worth noting that in transport in particular there is significant structural change taking place, following the ending of funding for the Regional Transport Consortia and the ongoing development of the City Regions centred on the Cardiff and Swansea areas.

The 2014/15 budget saw:

- a 47.2% increase in the capital budget for Motorway and Trunk Road Network Operations

- a real terms cut in capital road safety budgets
- an almost 8% real terms cut in revenue for Sustainable Travel projects.

Notably, the draft proposals for 2015/16 continue along these lines, with plans to increase the motorway and trunk road budgets while sustainable travel budgets come under increasing pressure. Additionally, the Welsh Government has now committed itself to funding an M4 Relief Road, at an estimated cost of £1billion; the impact of this decision on the budget is as yet unknown.

In contrast to the increasing capital spend on road schemes, there is a complete contrast for the bus network, where changes in the Bus Service Operator Grant has seen further routes cut, resulting in a legal challenge to the Welsh Government from operators in relation to re-imbursing concessionary fares.

As the Sustrans 2011 study into transport poverty in Wales<sup>1</sup> highlighted, bus travel is a particularly important mode of transport for young people, those on low incomes, those seeking work and older people – and the impact of these reductions in bus services is likely to be felt hardest by these groups.

While the Welsh Government is to be commended for stepping in to save some key routes (for example in Ceredigion) and providing greater investment into services such as Bwcabus and TrawsCymru, overall Sustrans believes that current funding plans are likely to make bus travel less viable for many people across Wales, with a further cut to the Revenue Budget for Sustainable Travel proposed for 2015/16.

The Welsh Government does recognise this issue; the Equalities Impact Assessment (EIA) of the 2014-15 budget prominently features transport and access to employment, education and other services.

Sustrans particularly welcomed the EIA's acknowledgement of low levels of car ownership in many parts of Wales and therefore the resultant need to deliver a reliable and affordable transport system that provides equality of opportunity.

However, the impact of budget decisions means at best only slow progress is being made towards a transport system that will deliver these aims.

In addition to the recently announced M4 Relief Road, Transport Minister, Edwina Hart, also indicates support for the South Wales Metro, a package of measures to improve and enhance public transport in and around the Cardiff Capital Region. Given the size of the Welsh budget, there are legitimate questions about how both schemes can be funded; currently there is no transparency on this.

The Sustrans Cymru Access Denied report<sup>2</sup>, examines how many of the communities in Wales most impacted by transport poverty are in south Wales and the Valleys. In some authorities, over 30% of households don't have access to a car. Improvements to public transport would open up increased opportunities in education and employment, which are currently limited by lack of transport options. If the M4 Relief Road does go ahead (as is the Government's intention), future budgets need further clarity as to how funding will be made available for the South Wales Metro, and how other areas of Wales will be impacted by funding these two major schemes.

### **How robust is our ability to plan for future years**

Welsh Government transport budget streams related to our work - Safe Routes in Communities and Local Transport Fund - run on an annual funding cycle. This limits local authorities and Sustrans ability to plan for the future; and can limit the effectiveness of projects and also restricts which capital projects can be taken forward.

For example, the new Local Transport Fund (which succeeded the regionally administered transport grants via the Transport Consortia) is an annual budget, and relies on all schemes being completed within the financial year. However, many schemes (even cycle routes of a short distance) require pre-works, land negotiations, and community consultation, which make them difficult to take from concept to completion in a year. Larger, more complex projects pose an even greater difficulty with the annual funding cycle significantly limiting those schemes that can be taken forward. In our opinion the requirements of the new Active Travel Act will necessitate a longer term funding approach in order to deliver well planned networks and bring about change.

Annual funding cycles also pose Sustrans a challenge in delivering our smarter choices programmes. Although programmes like our schools work are set up on a three year basis, recently they are only renewed annually within the three years. This poses significant operational challenges and potentially limits the outcomes of the work as projects take time to become embedded to be fully effective, this is more difficult to achieve if we are not aware, often until February or March, whether the project will continue from April. In other situations, significant budget alterations have been experienced during the contract term, significantly altering the original scope of the project. Annual funding uncertainty also effects staff morale and retention, with corresponding breaks in continuity of project delivery if people leave.

A package of Welsh Government funded sustainable travel promotion projects come to an end during the 2014-15 financial year and there is no clarity over their continuation. Schemes such as Personalised Travel Planning (which has been run in Cardiff, Pontypridd, Caerphilly and Mon a Menai) have shown successful results<sup>3</sup> in reducing single occupancy car journeys while increasing levels of public transport use, cycling and walking, meeting Programme for Government ambitions. The proposed cuts to the sustainable travel revenue budgets leave programmes like this facing an uncertain future, despite their low-cost and effectiveness.

Other projects currently funded but with no indication of whether this will continue in the 2015-16 budget include support for schools and workplaces to promote and encourage sustainable transport.

It would be useful to have greater transparency about future funding programmes (particularly sustainable transport revenue projects) as without this it is difficult for Sustrans to plan our resources and capacity for making grant applications and subsequent project delivery. Gaps between programmes also mean that skilled and experienced staff are lost to the organisation – being a charity we do not have funds to retain staff to bridge these gaps.

In summary, annual funding cycles provide challenges both to operational functionality, staff retention, project planning and achieving outcomes.

## **Supporting legislation**

In October 2013, the Welsh Government passed world first legislation in the Active Travel (Wales) Act; placing a legal duty on local authorities in Wales to plan and deliver a comprehensive network of routes for cycling and walking – providing the safe space necessary to encourage people to leave the car behind for everyday journeys; while providing an improved transport network for those without access to a private car.

Duties relating to the Act have – at the date of this submission – not yet been commenced. However, through the 2014-15 Local Transport Fund £300,000 of preliminary funding has been made available towards helping local authorities produce their Existing Route Maps as required by the Act.

Currently the Welsh Government spends around £10million a year on schemes which largely feature infrastructure changes benefitting conditions for walking and cycling. This equates to £3.30

per head of population – and this has remained consistent with the new Local Transport Fund replacing the previous regional funding arrangements that were delivered through the Regional Transport Consortia. Countries that see high levels of active travel such as the Netherlands and Denmark have spent between £15 and £20 per head per annum, over the course of a generation. This is a mixture of capital funding and revenue funding, from both national and local government. The Get Britain Cycling report from the All Party Parliamentary Group on Cycling at Westminster<sup>4</sup> recommended in 2013 that funding is increased to £10 per head of population and this should continue to increase towards £20 per head of population over 10 years. In Wales the £10 per head of population would equate to approx. £30million a year, a threefold increase on current funding levels. The ambitions of the Active Travel Act are challenging and therefore need significant and sustained investment. Successful implementation will bring long term financial rewards, as we outline below under the preventative spending heading.

The draft budget proposals for 2015-16 do not show a shift towards reprioritising capital transport spending towards sustainable and active travel. Sustrans view is that the new legislation will improve arrangements by virtue of the processes in network planning that Local Authorities are required to undertake, however, to reach its full potential a shift in funding priorities to support walking and cycling is crucial. The cost of not investing in a cycling nation will be most starkly borne out in health spending, where tackling obesity costs the Welsh NHS £73million a year<sup>5</sup> and diseases linked to physical inactivity cost even more. Diabetes UK Cymru estimates type 2 diabetes will cost the Welsh NHS £1billion a year by 2025.<sup>6</sup>

A mix of capital and revenue funding will be needed to fully support the legislation, with the ‘duty to promote’ a crucial part of maximising the potential of the legislation. The proposed cuts in revenue funding for Sustainable Travel are, therefore, a concern for funding these schemes going forward. It is difficult to see how the overarching aim of the Government, to create a cycling nation where Wales has “some of the best cycling infrastructure in Europe” can be realised without a significant increase in funding levels.

### **Approach to preventative spending**

The National Health Service in Wales spends over £1million a week on tackling obesity and health issues caused by obesity, and an even greater sum tackling preventable diseases caused by physical inactivity and sedentary lifestyles, for example Type 2 Diabetes. If delivered to its full potential over the next 20 years, we believe that the Active Travel Act could save the Welsh NHS half a billion pounds.<sup>7</sup>

In our response to the Welsh Government’s consultation on the Public Health White Paper, we highlighted the health benefits of spending on active travel.<sup>8</sup> There is significant potential for change due to the number of shorter journeys made on a regular basis by people in Wales and the fact that currently only 34% of urban journeys 5 miles or under are made on foot or by bike<sup>9</sup>; and tackling our sedentary and physically inactive lifestyles will have significant health benefits.

However, currently the budget for active travel comes almost exclusively through the Economy, Science and Transport portfolio within Welsh Government, with very little through Health despite the clear health benefits.

The 2015-16 draft Budget sees a proposed freeze for Public Health and Prevention (a real terms cut). In England, public health spending (which has now been devolved to local authority level) has been used to fund initiatives designed to increase walking and cycling, for example a move to 20mph speed limits in Liverpool.<sup>10</sup>

We support the current Health Minister, Mark Drakeford, in his approach to prudent healthcare and recognise that there are spending pressures on the NHS. However, increased support for public health and prevention through the NHS will be necessary to ensure we are able to save significant money further down the line. This includes pooling funding across departments to support the ambitions and the delivery of the Active Travel (Wales) Act.

## Contact Details

Sustrans Cymru  
123 Bute Street  
Cardiff  
CF10 5AE

Tel: 029 2065 0602

Email: [sustranscymru@sustrans.org.uk](mailto:sustranscymru@sustrans.org.uk)

Head Office  
Sustrans  
2 Cathedral Square  
College Green  
Bristol  
BS1 5DD

Tel: 0117 926 8893

Email: [policysubmissions@sustrans.org.uk](mailto:policysubmissions@sustrans.org.uk)

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Registered Charity No. 326550 (England and Wales) SC039263 (Scotland)  
VAT Registration No. 416740656

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<sup>1</sup> Access Denied: Transport Poverty in Wales, Sustrans Cymru 2011

[http://www.sustrans.org.uk/sites/default/files/images/files/Access%20Denied\\_eng.pdf](http://www.sustrans.org.uk/sites/default/files/images/files/Access%20Denied_eng.pdf)

<sup>2</sup> Ibid.

<sup>3</sup> Between September 2011 and December 2012, we targeted 63,000 households in a Personalised Travel Planning project across Cardiff and Penarth. In total, more than 275,000 pieces of travel information were distributed. Interim results suggest an 8% decrease in single occupancy car journeys and a trebling in relative levels of cycling.

<sup>4</sup> Get Britain Cycling: All Party Parliamentary Group on Cycling, 2013

<http://allpartycycling.files.wordpress.com/2013/04/get-britain-cycling1.pdf>

<sup>5</sup> <http://www.itv.com/news/wales/2013-03-18/wales-cant-cope-with-obesity-crisis/>

<sup>6</sup> National Assembly for Wales; Health and Social Care Committee

[http://www.assemblywales.org/NAfW%20Documents/final\\_report-e-4.pdf%20-%2024062013/final\\_report-e-4-English.pdf](http://www.assemblywales.org/NAfW%20Documents/final_report-e-4.pdf%20-%2024062013/final_report-e-4-English.pdf)

<sup>7</sup> Jarrett et al; Effect of increasing active travel in Wales on costs to the National Health Service 2012

<http://www.ncbi.nlm.nih.gov/pubmed/22682466>

<sup>8</sup> Sustrans Cymru submission to Welsh Government consultation on Public Health White Paper 2014

<http://www.sustrans.org.uk/sites/default/files/images/files/2014-05%20Public%20Health%20White%20Paper.pdf>

<sup>9</sup>

[http://www.sustrans.org.uk/sites/default/files/images/files/policy/Key%20statistics/Key\\_Wales\\_Statistics\\_Data\\_Sheet\\_V1-31\\_07\\_2014.pdf](http://www.sustrans.org.uk/sites/default/files/images/files/policy/Key%20statistics/Key_Wales_Statistics_Data_Sheet_V1-31_07_2014.pdf)

<sup>10</sup> NHS Part Funds 20mph Limits in Liverpool

[http://www.20splentyforus.org.uk/Press\\_Releases/NHS\\_Part\\_Funds\\_20mphlimits.pdf](http://www.20splentyforus.org.uk/Press_Releases/NHS_Part_Funds_20mphlimits.pdf)