SPOKES *The Lothian Cycle Campaign*

St. Martins Church, 232 Dalry Road, Edinburgh EH11 2JG 0131.313.2114 [answerphone] spokes@spokes.org.uk www.spokes.org.uk

If replying by email, please use... davedufeu@gmail.com

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Scottish Parliament Finance Committee - call for Evidence

www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/52574.aspx

Scottish Draft Budget 2013-14

"The Finance Committee has agreed to focus its scrutiny of the draft budget 2013-14 on ***whether spending decisions align with the Scottish Government's overarching Purpose of increasing sustainable economic growth.****"*

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A. Background [the basis for our responses to the questions]

A1. Government targets and current investment in cycling and active travel

The main theme of our response is that the Scottish Government invests a disproportionately low level of its transport budget in active travel - specifically in cycling infrastructure – and that this is incompatible with its overriding Purpose of increasing sustainable economic growth.

The government has set a target that 10% of all journeys should be by bike by 2020, compared to 1% at present[1]. This target is now incorporated as a milestone in the Scottish Government's Climate Change strategy, *Low Carbon Scotland*[2]*,* and it is also integrated into the obesity strategy[3].

Despite this hugely ambitious 10% target, which has now to be achieved within only 7-8 years, well under 1% of the transport budget is invested in cycling[4]. Transport Minister Keith Brown MSP frequently quotes the figure of £83m[5] having been invested in active travel in the current and previous Parliaments. It should be noted that this covers both walking and cycling and a period of 4-5 years. Given total transport spend of around £2bn p.a., this confirms a figure of around 1% for active travel as a whole - and thus well under 1% for cycling investment.

Cycling investment is very hard to pin down precisely, coming from several budget headings - and when it rises in some areas it is often cut by as much or more in others. For example, funding for the Smarter Choices project under the first SNP administration came largely from cutting funding to Sustrans. Similarly, new cycle funding under the Future Transport Fund is largely counterbalanced by cutting the element of the Sustainable Transport Fund going to cycling investment, and by a reduced Cycling, Walking, Safer Streets fund. In fact, annual total cycling investment under the current and previous SNP administrations has been less (even in cash terms) than during the last 2 years of the previous Lab/Lib administration.

A2. Role of Finance Committee

For several years the Parliamentary Committees (in various incarnations) dealing with transport have strongly recommended that the transport budget should allocate a bigger share to active travel[6,7]. Those Committees, however, never had the courage to state from where within transport this increase should come. As a result the Finance Secretary, and the Finance Committee, have been unwilling to adopt the recommendation. We urge Finance Committee now to seize this nettle, for the reasons given in our responses below, and to recommend firmly to government that the time has come to match its transport investment priorities with its active travel ambitions and its 2020 cycling target.

A3. How much should be invested in cycling and/or active travel?

Active travel should be allocated 10% of total transport spend according to the report *Action on Active Travel*[8] by the **Association of Directors of Public Health**, and supported by over 100 transport, medical and other professional, expert and interested bodies[9] ranging from the **Institute of Highway Engineers** to the **British Heart Foundation**. The 10% figure is also adopted by a range of Scottish national transport bodies in *Active Travel, Active Scotland*[10].

Whilst the above 10% figure refers to *active travel as a whole* **Spokes has estimated[11] the amount required, starting in 2013, to give at least some hope of reaching the government's 2020 *cycling* target, as around £20 per head of population a year - in other words £100m p.a., or around 5% of total transport spending** – which ties in well with the above organisations' call for 10% for active travel as a whole.

Whilst our calculation is clearly very approximate, and is open to debate, we repeat our long-standing and oft-stated criticism that the government itself, despite having set the 2020 target, has never provided a researched and costed path to reaching it, let alone a funded path. Even at a cursory reading, it is quite clear that CAPS[12] the *Cycling Action Plan for Scotland* is a collection of useful initiatives, not a costed and researched path to the 2020 target.

A4. Economic impacts of cycling investment

Government consistently underestimates the economic benefits of cycling investment, and does not take seriously reports which analyse these benefits. Several evidence sources are quoted in *Active Travel, Active Scotland*, including...
"*The Eddington Transport Study, a major UK Government-funded study into links between transport and the economy, concluded* "**Some of the best projects are small scale, such as walking and cycling schemes**"[13]. *Active travel supports local economies by increasing and encouraging access to shops and services in our local centres."*

When health benefits to the economy are included, the economic benefits are even greater. For example...
"A recent review of investment in walking and cycling[14] examined the costs and benefits, including health effects, from infrastructure and promotion projects in the UK and abroad. The review found a median benefit to cost ratio (BCR) for all data of 13:1; for UK data, the median BCR was 19:1. Even projects with very modest levels of investment yielded extremely good value for money."

Finally, there is evidence[15,16] that investment in active travel creates more jobs, both during construction and maintenance, than does investment in 'big' transport, such as trunk road construction or widening, and that these jobs are more local.

B. Questions from the Finance Committee

Q1. To what extent do you consider Scottish Government spending decisions align with its overarching Purpose of increasing sustainable economic growth and how should commitment to this objective be reflected in the draft budget 2013-14?

It has never been fully clear whether '*sustainable economic growth*' refers to economic growth which is designed to continue, or economic growth which is compatible with environmental sustainability, or both. However from the content of the *Scottish Spending Review 2011 and Draft Budget 2012-13*, to which the Committee refers in its call for evidence, it appears that both meanings apply. Chapter 3 of the document states that *Transition to a Low Carbon Economy*, one of the 6 Strategic Priorities, "*will be central to maximising Scotland's sustainable economic growth rate.*" In our response we therefore assume that environmental sustainability is a core element of Sustainable *Economic Growth*.

In many respects (particularly renewable energy) Government spending decisions are well aligned with sustainability, but this is not the case for transport, particularly active travel. Nor does government take seriously the economic benefits of investment in active travel [A4 above] – either per se or in comparison with investment in 'big' transport.

We are particularly concerned over investment in conditions to foster bicycle use as a means of everyday transport. The government's bold target that 10% of all trips should be by bicycle in 2020 [A1 above] is a milestone in Low Carbon Scotland - but despite this role of the target in transition to a low carbon economy, and thus in sustainable economic growth, it has always been clear that there is no chance of meeting the target at current levels of investment [A3 above].

This level of investment – less than 1% of transport spending, set against a target to grow cycle use from 1% of all trips to 10% of all trips by 2020 – is a clear example of Scottish government spending decisions not being aligned with its objectives, including that of sustainable economic growth. To have a realistic hope of meeting the 2020 10% cycle-use target, budgets from 2013 onwards need to allocate roughly £20 per head to cycling investment [see calculation in A3 above and the associated endnote]. This represents £100m a year, or 5% of total transport spending.

Q2. The Scottish Government states in its economic strategy that *"The actions of the public sector are co-ordinated to maximise their economic impact."* What progress has been made in harnessing the public sector to support sustainable economic growth and how should this be reflected in the draft budget 2013-14?

With respect to the economic and other benefits of active travel, the actions of the public sector are not co-ordinated either within departments or between departments.

First, within transport we see massive disconnect between 'big transport' and active travel.

Small scale capital investment [specifically cycle projects] is likely to be more labour-intensive and to provide infrastructure in total for more people than large-scale, localised, capital-intensive schemes like trunk road widening [A4 above]. **For the equivalent of one small/medium £20m trunk road scheme in one part of Scotland, there could literally be *multiple cycle projects in every Scottish local authority*** *[see Q4 below]* **- creating more jobs during construction and maintenance including jobs suitable for unemployed young people, as well as providing safe and welcoming transport infrastructure for tens of thousands of people on everyday trips to work, shops, leisure and school**[17].

The government does not appear to have compared the impact on jobs and on infrastructural benefits of such alternative investment models: we recommend that the Committee calls on Ministers to provide this evidence, and to take it into account when making investment decisions.

For UK active travel schemes a benefit-cost ratio of up to 20 is common [A4 above]. In contrast, *Active Travel, Active Scotland* points out that "t*he Forth Replacement Crossing scheme, which is due to cost an approximated £1.45 billion to £1.60 billion, is reported to have a maximum BCR of only 2.03 (which includes wider economic benefits).*"

This is not to say that projects such as the Forth Crossing should not be pursued [though we have serious doubts] but that there is a big disconnect within Transport Scotland in terms of the relative priorities between active travel and 'big' transport.

The Forth Crossing project in fact provides an excellent local example of this disconnect. This project costs many hundreds of millions, with very large sums on approach roads, and yet the government rejects any suggestion that this or the trunk roads budget should provide the £1m-£2m or so needed to complete a good standard cycle route from Edinburgh to the Bridges – a vital cycle tourist route from Scotland's capital towards Fife, Perthshire and the Highlands – and despite this having been highlighted by no fewer than three MSPs in the recent Scottish Parliament debate on cycling[18].

Second, between departments we also find a disconnect, particularly in terms of public health, transport and the economy. The government's own Obesity Strategy [see A1 above] estimates that obesity is costing Scotland between £475m and £1.4bn a year, and that by 2030 this will rise to between £0.9bn and £3bn. The Strategy also states, "*one of the most effective ways [to expend energy to maintain healthy weight in a busy day] is to reduce reliance on motorised transport, changing our means of everyday travel to walking and cycling.*" Yet only some 1% of transport spending is invested in walking and cycling combined.

In terms of *sustainable* economic growth there is a similar disconnect between active travel investment and the milestone in *Low Carbon Scotland* [A1 above] for 10% of all trips to be by bike by 2020.

****** Investing 10% of transport spending in active travel [A3 above] would thus have a major impact in improving coordination within the public sector to improve economic performance.***

Q3. The Scottish Government states that the aim of its economic strategy "*is not only to offer greater protection to the economy during periods of economic uncertainty, but to bring about a long-term, or structural, change in Scotland's sustainable growth rate*".[3] What spending decisions support such structural change in the long term and what spending priorities should be in the draft budget 2013-14?

A major objective for structural change should be to foster and support *local* industry and business activity rather than relying as heavily as now on big and politically sexy infrastructure investment. See question 4 below.

Q4. In its *Scottish Spending Review 2011 and Draft Budget 2012-13* the Scottish Government states that the Finance, Employment and Sustainable Growth portfolio "*contributes towards ensuring that we achieve balanced economic growth that provides the most disadvantaged in society with the opportunity to prosper. Equity, whether it be social, regional or inter-generational or a combination of these factors, is also seen as a key driver of economic growth.*"[4] What progress has been made in achieving these objectives and what spending priorities should be in the draft budget 2013-14?

Social equity: Concentration almost exclusively on 'big' investment/ infrastructure is likely to benefit the average and better off. In contrast, local/small-scale investment would be more likely *also* to benefit the disadvantaged – both in terms of jobs (you provide evidence of this in your question 8) and in the type of infrastructure built.

Regional equity: Heavy concentration on 'big' investment/ infrastructure inevitably benefits some areas far more than others, both in terms of jobs and of new infrastructure – with the central belt often a clear gainer.

In contrast, active travel investment distributes economic benefits across every part of Scotland, both in terms of jobs in construction and ongoing maintenance, and in terms of infrastructure provision for large numbers of people on their everyday local journeys. There is a remarkable table in Sustrans Scotland evidence[19] to the Scottish Parliament ICI Committee on the draft budget 2012-13, listing all civil engineering contractors who benefited from Sustrans investment during the previous 3 years [2008-11]. In just those 3 years, and despite the low investment total, contractors (including DLOs) were employed in 25 of the 32 Scottish Local Authorities, as follows...

Aberdeen – 3 contractors; Aberdeenshire – 1; Argyll & Bute – 8; Clackmannanshire -3; Dumfries & Galloway – 1; Dundee – 1; East Ayrshire – 1; Edinburgh – 3; Falkirk – 3; Fife – 1; Glasgow – 16; Highland – 8; Midlothian – 3; Moray – 2; North Ayrshire – 4; North Lanarkshire – 2; Perth & Kinross – 3; Renfrewshire – 14; Scottish Borders – 2; Shetland – 1; South Ayrshire – 1; South Lanarkshire – 1; Stirling – 6; West Dunbarton – 2; West Lothian – 2.

****** Investing 10% of transport spending in active travel [A3 above] would thus have a major impact in improving equity of employment and of local travel opportunities between all parts of Scotland.***

Q5. In its response to the Finance Committee's report on the spending review 2011 the Scottish Government stated that "*The National Performance Framework represents a common vision for the whole Scottish public sector and, as such, is fully integrated with our spending plans*".[5] How does the NPF impact on the spending decisions of the Scottish public sector and how should this impact be reflected in the draft budget 2013-14?

The main indicator relevant to our case is to "*increase the proportion of journeys to work made by public or active transport.*" In terms of active travel, whilst there has been good progress in some areas, notably Edinburgh [thanks largely to local authority effort] the overall Scottish picture remains very disappointing, with no indication that we are anywhere like on track to meeting the government's 2020 10% cycle use target. Government needs to give a far stronger political lead, backed up by financial incentives commensurate with targets and objectives.

****** Investing 10% of transport spending in active travel [A3 above] is the only realistic hope of moving towards the 2020 target and thus supporting this NPF indicator.***

Q6. In its response to the Finance Committee's report on the spending review 2011 the Scottish Government stated that its broader work was "*focused on ensuring that our ambitions for a decisive shift to preventative spend are realised across all areas of service delivery.*"[6] What progress is the Scottish Government making in realising this objective and what spending priorities should be in the draft budget 2013-14?

Investment in active travel is a highly effective means of preventative spend in terms of public health – see comments on the government's *Obesity Strategy* under Q2 above. Similarly, the Spending Review pointed out that "*Helping to tackle climate change is an exemplar of preventative spend*" - and indeed the RPP includes the government's 2020 10% cycle use target as a formal 'milestone' towards meeting climate change objectives.

Yet to the best of our knowledge, despite the above, no specifically preventative spend funding has gone into active travel. Furthermore, investing around 1% of transport funding in active travel is hardly ***a decisive shift to preventative spend*** in the area of service delivery which is transport.

****** Investing 10% of transport spending in active travel [A3 above] would be a major contribution to preventative spend in the area of transport delivery.***

Q7. The Scottish Local Authorities Economic Development Group recently stated in evidence to the Finance Committee that "*Quality, sustainable employment should be the outcome of all skills and employment measures.*"[7] What priorities should be in draft budget 2013-14 to realise this objective?

See Q8 below.

Q8. Small businesses represent 93% of the Scottish private sector [8] and are more likely to employ people with low or no qualifications than large businesses.[9] What spending priorities should be in the draft budget 2013-14 to support public-private partnership to improve the employability of and create sustainable employment opportunities for individuals experiencing high levels of multiple deprivation?

Investment in active travel is more likely to be spread equitably than investment in 'big' transport. This applies *within* populations, where relatively low-skilled staff can be employed – and trained – on cycle facility construction and maintenance. It also applies *between* populations and areas, as explained in our Q4 response – and that response also shows the highly effective local-area public-private working resulting from active travel investment.

In contrast, 'big' transport investment, such as trunk road widening or construction, is concentrated geographically, and generally maintained by large consortia rather than local businesses, thus providing employment which is much less evenly spread.

****** Investing 10% of transport spending in active travel [A3 above] would be a major contribution to improved public-private partnership at very local level in every part of Scotland.***

Appendix: How would 10% of the transport budget be used and administered for active travel investment?

We suggest that the bulk of active travel funding would be administered through the government's existing Sustainable and Active Travel team, who have already innovated[20] to make more effective use of the existing very limited funding.

Whilst there is growing expertise and experience in cycle facility and other active travel provision in Scotland, it may still be at a too low level to make effective use of 10% of the transport budget in the first year. We therefore suggest the following for the first year, to rise rapidly to the full 10% [£200m] as expertise builds up, and with the uses below to be modified in subsequent years if necessary, in the light of experience...

◆ **£20m p.a. - to roughly triple the existing Cycling, Walking, Safer Streets fund** [perhaps to be renamed *Cycle/Walk* only[21]] ensuring basic active travel work in every council. Cycling officers in most Scottish local authorities have many more schemes in preparation than can currently be funded.

◆ **£20m p.a. - to nearly triple the existing allocations to Sustrans, Cycling Scotland, Bike Station**, etc. Sustrans reports that it already has many more high-quality funding bids from local authority and other partners than it can currently meet.

◆ **£40m p.a. - a new bidding fund**, quality-assured and open to bids over a certain level by any relevant body, such as local authorities, Transport Partnerships, ScotRail, BWB, business bodies, multi-partner projects and so on. This would enable enthusiastic councils and others with ideas, plans and expertise, to progress rapidly with substantial projects to raise cycle use. At present there is no realistic funding source for large scale cycle infrastructure projects, other than slow incremental construction over a period of years.

Dave du Feu
for Spokes
23 August 2012

ENDNOTES

1 Scottish Transport Statistics No.30, 2011 [table 11.1] http://www.transportscotland.gov.uk/strategy-and-research/publications-and-consultations/j205779-00.htm

2 *Low Carbon Scotland*: Report on Policies and Proposals http://www.scotland.gov.uk/Publications/2011/03/21114235/0

3 Scotland's Obesity Strategy: Preventing Overweight and Obesity in Scotland - A Route Map Towards Healthy Weight http://www.scotland.gov.uk/Publications/2010/02/17140721/0

4 *Cycling in Scotland*, SPICe briefing 12-24 *http://www.scottish.parliament.uk/parliamentarybusiness/49045.aspx*

5 http://www.heraldscotland.com/mobile/news/transport/bid-to-boost-active-school-travel-failing.18073073

6 Former TICC committee http://archive.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-07-vol2-06.htm#annk

7 ICI Committee report at http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/45089.aspx#anni

8 *Action on Active Travel*, Association of Directors of Public Health, April 2008, March 2009 and 2010 update at http://www.adph.org.uk/ourwork/policy/activ/

9 Signatories to *Action on Active Travel* http://www.adph.org.uk/files/ourwork/policies/Take_Action_on_Active_Travel_sigs_June_2010.pdf

10 *Active Travel, Active Scotland* http://www.transformscotland.org.uk/GetFile.aspx?ItemId=563

11 **Cycling England**, whose Chief Executive **Philip Darnton** gave evidence to Parliament's Transport, Infrastructure and Climate Change Committee in 2010, conducted extensive research (based on the English cycle demonstration towns and on European experience) into the minimum funding required to achieve significant and ongoing growth in everyday cycle use. The evidence from the English towns suggested that **a minimum of £10 per head per annum, invested consistently over the years**, could hope to double cycle use every 3-4 years. http://webarchive.nationalarchives.gov.uk/20110407094607/http://www.dft.gov.uk/cyclingengland/cycling-cities-towns/

On the most optimistic assumptions, therefore, £10 per head of investment across Scotland (i.e. £50m yearly, or 2.5% of total transport spending) from 2013 could perhaps raise cycle use from its present roughly 1% of all trips to 10% by around 2023. In order to instead meet the target by the intended 2020, a much more rapid growth rate will be required. Given also that there is a lag from funding allocation to actual investment, and then to its impact on users, it would seem likely that around £20 per head (£100m yearly, 5% of the transport budget) is necessary from 2013 on.

12 *Cycling Action Plan for Scotland, CAPS* www.scotland.gov.uk/Resource/Doc/316212/0100657.pdf

13 The Eddington Transport Study webarchive.nationalarchives.gov.uk/20090104005813/http:/www.dft.gov.uk/about/strategy/transportstrategy/eddingtonstudy/

14 Davis, A. (2010) *Value for Money: an economic assessment of investment in walking and cycling* — http://www.apho.org.uk/resource/item.aspx?RID=91553

15 Pedestrian and Bicycle Infrastructure: A National Study of Employment Impacts, Garrett-Peltier, Heidi. *www.peri.umass.edu*

16 Sustrans confirms that *all* its projects are delivered by local civil-engineering contractors or local authority DLO's. Much of the National Cycle Network maintenance is also delivered by small contractors, including small farmers in remote areas.

17 In their 2008-2011 performance analysis Sustrans estimate that 27.2m trips on the Scottish National Cycle Network were on short links (under 1.5 miles) to and from the Network. Sustrans also estimates that 35% of Network trips are commuting trips: this equates to 14m trips in 2010. www.sustrans.org.uk/assets/files/rmu/Scotland%20KPI%20report%202011.pdf

18 SP Debate on Cycling, 29 March 2012 http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=6941

19 Sustrans evidence to SP ICI Committee on draft 2012-13 budget http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/Written_evidence_from_Sustrans.pdf

20 Spokes submission to SP ICI Committee on 2012-13 draft Scottish budget http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/Written_evidence_from_SPOKES.pdf

21 Some supposedly 'safer streets' schemes have been detrimental to cycling (e.g. one-ways); whereas if the fund was renamed "cycling/walking" then those street schemes which genuinely benefit cycling and walking would still be covered.