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CITY TRANSPORT

getting the connections right

Eddington and the future of urban transport investment

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Abstract

While the media focused on the Eddington Transport Study's support for road-user charging, it downplayed the bigger story: Eddington's radical proposal to re-prioritise Britain's £18bn annual transport budget around economic growth objectives.

This paper argues that Eddington's key recommendations – if implemented – would shift the balance of transport investment toward London, the Greater South East, and a few Northern city-regions. This shift, together with a long-term investment strategy and greater financial devolution, is critical to sustaining urban economic growth. Additionally, the paper challenges the Government to develop a transport policy that delivers Eddington's growth agenda without undermining long-standing social and environmental objectives.

But a number of big questions remain. Will the Lyons Inquiry allow cities to raise more revenue for transport investment? Will the Sub-National Review come up with the right governance arrangements? And will the Comprehensive Spending Review deliver the money needed to make Eddington's investment proposals work?

Introduction

The publication of the Eddington Transport Study in December 2006 prompted widespread media coverage – nearly all of it focused on Sir Rod Eddington's support for 'widespread road pricing' to combat Britain's worsening congestion.

Given the Transport Secretary's personal emphasis on the issue (Alexander 2006), most policymakers simply assumed road pricing was going to happen – until 1.8 million motorists recently signed an online petition against it.[1]

What the journalists missed was the other big story in the Eddington report: a radical blueprint to re-prioritise much of the £18bn[2] spent on transport projects in Britain each and every year.

The distribution of public money, whether in transport or other areas, is technical and hard to understand. So why are the Eddington Study's recommendations on transport investment new and important?

There's a strong steer in Sir Rod's foreword, where he states that: 'Looking forward, transport's key economic role is likely to be in supporting the success of the UK's highly-productive urban areas in the global marketplace' (Eddington 2006a: 11).

We think that three key arguments underpin this statement:

1. See http://petitions.pm.gov.uk/traveltax
2. Estimated by the Comprehensive Spending Review (http://csr07.hm-treasury.gov.uk), plus out-turn statistics cited in Public Expenditure Statistical Analysis 2006 (HMT 2006)

“Eddington’s recommendations could create a resource shift towards urban transport projects, which are increasingly seen as ‘smart investments’”

1. *Eddington sheds new light on the relationship between transport investment decisions and economic growth objectives.* The economic impact of transport schemes has been systematically underestimated for decades. Poor targeting and prioritisation, largely due to poor appraisal and short-term political decisions, have contributed to chronic under-investment in transport. Evidence of this has been put forward by practitioners and a range of academic experts, including KPMG (2003), Glaister (2004), and PTEG (2006). Eddington’s recommendations could create a resource shift towards urban transport projects, which are increasingly seen as ‘smart investments’ because they can achieve economic, environmental and social goals.

2. *Eddington moves the focus of transport policy away from brand-new infrastructure* – high-speed rail lines, maglev trains, and other shiny new ‘icons’ – concentrating instead on ways to improve the performance of the existing network. He argues that ‘dull’ interventions can offer much higher economic returns than high-profile, ‘iconic’ projects. This is a valid and important conclusion – but it cannot become an excuse for the Treasury to avoid investment in new infrastructure, particularly in London and the biggest conurbations, where congestion and over-burdened public transport networks need substantial improvement.

3. *Most importantly, the Eddington Study articulates a new, productivity-focused case for investment in urban transport infrastructure.* The Study is the latest Whitehall document to acknowledge the role of cities and city-regions as the ‘building blocks’ of the UK economy (following, for example, Parkinson *et al* 2006, HMT *et al* 2006). But it goes a step further, making an explicit call for transport resources to be focused on ‘growing urban areas and their catchments’ – Britain’s cities and city-regions.

Although transport policy has important social and environmental objectives, Eddington was asked to focus on the relationship between transport and GDP growth. His policy recommendations, in turn, have added a strong GDP bias to the prioritisation of transport investment.

Eddington’s recommendations – if implemented in full – would result in an investment shift toward big cities, and the Greater South East. But it is still far from certain whether this will happen. Eddington’s advice must survive the scrutiny of the Treasury-led review of sub-national economic development policy; the 2007 Comprehensive Spending Review; and tension between the Government’s diverse economic, social and environmental policy goals. Ministers must find a way to combine growth-focused investments with other policy goals, especially efforts to narrow the North–South divide and to reduce the UK’s carbon emissions.

Government faces a major challenge – promoting prosperity through GDP growth, while simultaneously promoting equity and measures to improve the environment.

The remainder of this discussion paper – the first policy paper from our *City Transport* workstream – examines the Eddington Study’s conclusions, and their implications. The forthcoming sections:

- set out the policy context surrounding the Eddington Transport Study
- summarise Eddington’s key recommendations
- evaluate their meaning for Britain’s cities and urban areas
- set out the policy milestones ahead
- conclude with high-level recommendations for Whitehall and city-level policy-makers.

Transport policy: at a crossroads?

Over the past five years, a substantial amount of research has argued that shifts in policy and investment priorities are needed across the transport agenda.

“The UK transport system is not addressing the nation’s fundamental economic and business needs”

“Stakeholders across England argue that decades of underinvestment have left both intra- and inter-city transport networks in need of modernisation and expansion”

Independent research

Behind the newspaper headlines – which have overwhelmingly focused on road pricing[3], congestion[4], public transport quality[5], and individual travel costs[6] – research by think tanks and interest groups has questioned many of the assumptions on which transport spending decisions are based.

Taken together, these research reports and policy documents reflect a broad consensus: the UK transport system is not addressing the nation’s fundamental economic and business needs. Reforms are needed in order to get the most out of national and local transport infrastructure. Investment planning, the building of new infrastructure schemes, and the delivery of public transport all need to change.

Reports from a range of institutions argue:

- **Transport policy needs to be better integrated with economic objectives** (CfIT 2006, CBI 2005) and business location decisions (GVA Grimley 2006, BCC 2006).
- **Successive governments have under-counted the economic benefits arising from transport investment.** Numerous studies point to consistent under-counting, including SACTRA (1999), Glaister (2004), Graham (2005), Travers and Glaister (2006), Jarvis (2006), Independent Transport Commission (2006), and Roy (2006).
- **Agglomeration (‘critical mass’) matters.** Cities are geographical concentrations of people and businesses, and generate productivity benefits. Increasing a city’s effective density – the number of people within striking distance – would generate additional economic benefits, as quantitative studies by Graham (2005), Rice and Venables (2004), and Gibbons and Machin (2004) have shown.

Contributors to our recent *City Transport* seminars[7] have also underscored the need for action to address long-standing bottlenecks and deficiencies. Stakeholders across England argue that decades of underinvestment have left both intra- and inter-city transport networks in need of modernisation and expansion.

Central government

Whitehall and Westminster are now responding to widespread discontent with bus and commuter rail services, especially outside London. And they are seeking to respond to the argument that metropolitan areas outside the capital suffer due to under-investment, and a huge ‘funding gap’ (PTEG 2006).

The House of Commons Transport Committee last year urged the Government to enhance local bus powers (2006a), and to undertake large-scale changes to local transport planning and funding (2006b). Reforms were then trailed in the Local Government White Paper (DCLG 2006) and subsequent bus regulation proposals, which would allow major cities to choose from a range of options, including London-style franchising (DfT 2006a).

In recent years, the Department for Transport (DfT) has dedicated substantial resources to improving the way in which transport proposals are modelled and appraised (CfIT 2005, DfT 2005, Graham 2005). The ‘productivity’ strand of the Transport Innovation Fund, the largest resource pot for future transport schemes, now requires bids that incorporate ‘wider economic benefits’ – which go beyond travel-time savings (DfT 2006b). This is likely to favour large urban areas, where the economic benefits resulting from transport improvements are concentrated (Rosenthal and Strange 2003). A future paper – also part of the *City Transport* workstream – will examine the concept of ‘wider economic benefits’ in more detail, and address its implications for urban economies.

3. For example, ‘The road to nowhere’, *Independent*, 13 February 2007; ‘The Price of Pricing’, *Guardian*, 12 February 2007
4. ‘Rocky roads ahead’, *Guardian*, 2 December 2006
5. ‘The circus that came to Piccadilly Gardens’, *Financial Times*, 5 December 2006
6. ‘Rail fare increases draw protest’, Financial Times, 2 January 2007
7. These took place in Newcastle upon Tyne, Birmingham, Liverpool, Bristol and Reading. Reports are available at www.ippr.org/centreforcities

“Eddington’s focus sits uneasily with the Government’s long-standing commitments to territorial equality and reducing disparities within and between regions”

“Eddington’s final recommendations have an even more radical urban focus than many observers would have predicted”

What does the study actually say?

The Eddington Transport Study brings a large amount of evidence to the table. It includes two published volumes (Eddington 2006a, 2006b), ten in-depth academic research papers, and hundreds of submissions from interested parties.

Sir Rod’s headline advice is clear: focusing transport investment on existing networks, especially within and between big cities, is the best way to underpin the growth of UK plc. He urges government to ‘prioritise action on those parts of the system where networks are critical in supporting economic growth, and there are clear signals that these networks are not performing’ (Eddington 2006a p6).

This conclusion is politically charged: Eddington is urging the Government to invest in success. By focusing on congestion – which generally arises in areas where economic performance is buoyant – Eddington is saying that national GDP growth requires us to spend public money on areas that are already doing well. This means the Greater South East and big city-regions in the North.

Eddington’s focus sits uneasily with the Government’s long-standing commitments to territorial equality and reducing disparities within and between regions (HMT 2004). Looking forward, the key issue is how Government combines its principles with Eddington’s recommendations – and how to manage the perception that it is using investment to ‘back winners’.

In total, Eddington makes five major recommendations. Interestingly, road user charging – the heart of the media story surrounding his report – is only a small element within a wider strategy that aims to boost the performance and reliability of the UK transport network.

Eddington’s five key recommendations:

1. Invest in existing networks
2. Target investment geographically
3. Target congestion and pinch-points
4. Give more weight to the economic benefits of investment
5. Reform sub-national delivery structures.

Eddington’s recommendations: an urban evaluation

In some respects, Rod Eddington’s urban focus is unsurprising. Gordon Brown requested a study on transport’s role in the national economy – and given that economic activity is concentrated in urban areas (ODPM 2006), a final report with a ‘cities tilt’ may well have been inevitable.

However, Eddington’s final recommendations have an even more radical urban focus than many observers would have predicted. Why?

First, Eddington has used existing and new evidence to show that cities are the places where high-value economic activity is clustered in the UK. His report bolsters recent efforts by the DfT to adjust the project appraisal process to include the wider economic, social and environmental benefits of transport investment (DfT 2005) – adjustments that substantially improve the case for many *urban* transport schemes.

Second, as noted above, Eddington has broken the taboo surrounding the geographic distribution of transport investment, arguing that ‘this is not about picking winners, but is about sustaining success’ (2006a: 16).

Third, the Eddington study lends its considerable weight to calls for a better local and sub-regional transport delivery system.[8] Passenger Transport Authority (PTA)/ Passenger Transport Executive (PTE) reform, bus regulation, and greater local financial flexibility are now firmly on the legislative agenda – beginning with bus regulation, which is due to be tackled in the 2007 Road Transport Bill (DfT 2006a).

On the following pages, we look at each recommendation in greater detail – setting out the likely consequences for cities and city-regions, and assessing what each recommendation means for different types of cities and city-regions.

8. See, among others, HoC Transport Committee 2006, Travers and Glaister 2006, APUDG 2007, GVA Grimley 2006, Marshall and Finch 2006, PTEG 2006.

“With a focus on existing networks, long-standing conventional priorities are more likely to get the go-ahead”

Recommendation 1: Invest in existing networks

Eddington says:

- Avoid ‘icons’ and *grands projets*. No high-speed North-South rail lines. Entirely new pieces of expensive transport infrastructure are unlikely to get the go-ahead.
- Prioritise performance enhancements on existing road and rail networks.
- Use transport investment to underpin productivity improvements – and especially GDP growth.

We say:

This has broadly positive implications for Britain’s cities. Eddington is making a pragmatic recommendation in the face of a tighter public spending round. His rejection of new national mega-projects shifts the focus towards improving, and in some cases extending, metropolitan transport networks. However, there is concern that the Treasury might use this logic to avoid major new investments (for example, Crossrail).

Positives

- With a focus on existing networks, long-standing conventional priorities – such as Birmingham New Street Station, the Manchester rail ‘hub’, Reading Station and road projects like the M62 – are more likely to get the go-ahead.
- It matches the concerns of urban business leaders, who prioritise reliability and network performance over increased speed (BCC 2006).

Negatives

- Cities where existing networks function relatively well – such as Liverpool – may worry that they are less likely to qualify for large-scale investment, despite long-standing transport improvement plans.
- The Treasury could use Eddington’s logic to avoid *additional increases* in Government transport investment in urban areas – though the experts say that substantial *new* resources are needed.

“Eddington would put an end to ‘dividing the spoils’, and focus resources on measures that tackle urban congestion”

Recommendation 2: Target investment geographically

Eddington says:

Britain’s transport investment budget should focus on three types of areas:

- ‘Growing urban areas and their catchments’ (city-regions)
- Key inter-urban corridors (road and rail)
- International gateways (airports, ports, access)

We say:

Potentially a major win for London, the South East and big city-regions where existing transport networks are strained. Eddington would put an end to ‘dividing the spoils’, and focus resources on measures that tackle urban congestion.

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Positives

- Supports concentration of investment in major urban areas where existing networks are not coping with demand. This will boost London and the Greater South East, where overcrowding and congestion are legendary – but also large city-regions like Manchester, Leeds and Birmingham.
- Supports continued investment on the West and East Coast main lines, plus initiatives to tackle black-spots like the Transpennine rail line, M62, A1, and A14.
- Would improve surface access to airports and ports, in places like Liverpool, Birmingham and Bristol.[9]

Negatives

- Unclear whether 'growing urban areas and their catchments' refers only to the largest city-regions, or also to smaller urban areas experiencing growth-related problems (for example, Reading, Cambridge).
- Unlikely to deliver better links to small cities that do not serve a major 'gateway' function – such as Norwich, Exeter or Carlisle.

"Routes that access employment areas – such as major arterial roads and commuter rail routes into city centres – are likely to receive increased attention"

Recommendation 3: Target congestion and 'pinch-points'

Eddington says:

- Use investment to address constraints created by growing demand and capacity limitations.
- 'Invest in success' to ensure that successful areas do not lose their competitive advantage.
- Deploy 'widespread' congestion-focused road pricing to make more productive use of the national road network.
- Use packages of improvements to deal with road and rail 'pinch-points'.

We say:

A mixed bag. Focusing investment on congestion could help successful cities, where the 'black spots' and pinch-points are usually found. Places as diverse as Leeds, Cambridge and Bristol stand to benefit from additional investment. But where there is less congestion – for example, Liverpool – councils will be less keen. And Eddington muddles the timeline for deeply unpopular road pricing policies (Bird and Morris 2006) even further.

Positives

- Routes that access employment areas – such as major arterial roads and commuter rail routes into city centres – are likely to receive increased attention.
- 'Investing in success' and tackling congestion will prevent growing urban areas from 'overloading', as Dublin has done. This is important for the longer-term economic health and stability of places like Bristol, Manchester and Birmingham.

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9. See City Transport seminar reports at www.ippr.org/centreforcities

Negatives

- Bad news for cities that had hoped to use transport infrastructure investment (for example, trams) as a catalyst for area regeneration or economic revival, rather than congestion-busting or GDP growth.
- Lack of clarity about how 'congestion-focused road pricing' would work. There are big questions about geographic scale, local versus national road pricing, and who gets the revenues.

"Unless the balance of funding shifts, local transport authorities will continue to base proposals on available central funding pots – rather than the best possible transport schemes"

Recommendation 4: More weight to economic benefits of investment

Eddington says:

- Add wider economic benefits – especially agglomeration benefits – to cost-benefit analysis of transport projects.
- Improve 'option generation', with more solutions considered for each transport problem. No political decisions: clear, evidence-based prioritisation of resources.

We say:

Helpful for big city-regions – if notoriously complex appraisal procedures can capture the wider benefits that result from transport investments (DfT 2005, CfIT 2005). Evolving models suggest that the investment case for urban road and rail projects improves substantially when wider economic, environmental and social benefits are included. This could make urban transport schemes far more attractive to the Treasury. But a major focus on GDP effects – the biggest 'extra' benefit resulting from transport investment – could cut across local social and environmental objectives.

Positives

- Supports road/rail schemes that improve access to city centres with high-value business activity.
- Furthers the case for an appraisal system that includes GDP/agglomeration benefits – which are highest in cities.
- Improved 'option generation' could bring forward better, cost-effective, and more economically-useful transport solutions.

Negatives

- 'Option generation' is a double-edged sword – without the capacity to generate more detailed appraisals, cities could get less investment. This could mean more spend in London and the South East.
- Eddington does not make a strong enough link between option generation and the transport funding system. Unless the balance of funding shifts, local transport authorities will continue to base proposals on available central funding pots – rather than the best possible transport schemes.
- Potential disconnection between Eddington and local authorities, who argue that non-quantifiable effects (for example, perceptions, environmental impacts) are as important as wider GDP benefits.

Recommendation 5: Reform sub-national delivery structures

Eddington says:

- Britain needs a long-term approach to transport investment planning at national level, with greater certainty around funding commitments.
- A reformed sub-national 'delivery system' is required – both for infrastructure investment and the day-to-day delivery of transport.
- Powers and resources need to sit at the right geographical level.
- Big city-regions require bus franchising, similar to London's system.
- Major infrastructure projects require a streamlined planning process – with decisions taken by a new Independent Planning Commission.

"The proposals for Major Infrastructure Projects could undermine cities' decision-making powers if the threshold for 'strategic' transport projects is set too low"

We say:

Good news for major city-regions, which require strategic transport authorities that cover functional economic areas (Marshall and Finch 2006; see also CfIT 2006). Eddington seems to agree – urging the Government to consider the case for reform, alongside the introduction of bus franchising in urban areas. However, institutional reforms were not part of Eddington's remit – will the Government take his proposals forward?

Positives

- Clearer long-, medium- and short-range planning at national level would offer cities and city-regions more stability and greater confidence in relation to transport investment priorities.
- Opens the door to a wide-ranging reform of the existing PTA/PTE system, with greater powers and greater integration of transport, land-use planning, and economic development functions.
- Supports recent Government proposals for stronger local control over bus services (DfT 2006a).
- Strong support for local financial flexibility, which would help local transport authorities to deliver infrastructure (see also APUDG 2006, CfIT 2006).

Negatives

- No steers for the Lyons Inquiry and the Sub-National Review – which will make decisions on local revenue-raising tools.
- The proposals for Major Infrastructure Projects (MIPs) – including the establishment of an Independent Planning Commission (Barker 2006) – could undermine cities' decision-making powers if the threshold for 'strategic' transport projects is set too low. For more, see Nathan (2007).

What if Eddington were implemented tomorrow?

If Rod Eddington's recommendations were to be implemented in full, investment resources would likely shift towards big city-regions and the Greater South East. However, all urban projects would still have to be carefully justified – with Whitehall granting its blessing to select 'packages' of small, cost-efficient network improvements and a limited number of large schemes.

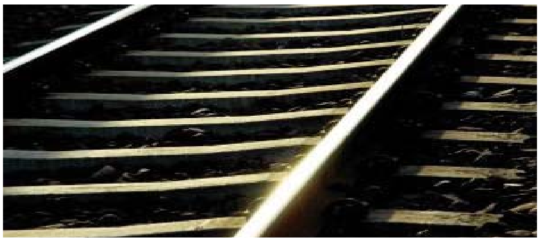
But if Eddington were implemented, some of the schemes so vigorously promoted by city leaders would not happen. Better cost-benefit appraisal would likely rule out 'prestige' projects such as tram schemes, which usually do not deliver larger economic benefits than cheaper bus-based alternatives (National Audit Office 2004, Short and Kopp 2005, Hass-Klau *et al* 2000).

In the existing transport funding system – where short-term political decisions have dominated – many less-than-viable schemes have been built, in part because government, rather than the promoter, has shouldered the real costs. In a post-Eddington world, a number of high-profile past projects – such as the Sheffield Supertram – might not pass the new, stronger productivity tests.

Improved 'option generation', as Eddington refers to it, would require cities to think harder about their priorities, step up their capacity for economic analysis, and take on more of the financial risk associated with transport investment.

But there is still no clear method for cities to appraise the wider economic benefits of transport investment. And GDP-focused appraisals cannot capture some of the non-quantitative economic benefits associated with transport schemes – such as the perception and investment effects of new heavy- and light-rail links (GVA Grimley 2006, Llewelyn Davies 2003).

Better measures, and clearer techniques for capturing a range of benefits, are still needed. Critically, stakeholders require a better understanding of transport economics – especially the meaning of key concepts like agglomeration, which will be the subject of our next *City Transport* paper. We have started work – together with the Leeds City-Region – to test out new ways to measure the agglomeration benefits associated with specific transport schemes.



An 'Eddington-friendly' large project

Manchester Rail Hub:
A major pinch-point on the local and national transport network around Piccadilly station (see JMP Consulting 2005 for more). Capacity issues around Manchester city centre negatively impact critical rail links between Northern cities. New infrastructure here would achieve three key goals:

- Increased capacity on commuter rail routes into Manchester city centre – relieving congestion, and supporting agglomeration economies there.
- Improved capacity and performance for east–west inter-city rail services, which link the key urban centres of Liverpool, Manchester, Leeds and Sheffield.
- Additional train pathways to Manchester Airport – the North of England's most important international gateway.

Smaller 'Eddington-friendly' projects

- Active Traffic Management schemes: use of new technologies and hard shoulders to improve traffic flow on congested urban motorways, following the example of the M42 in the West Midlands.
- Rail capacity improvements: additional train carriages; platform lengthening; signal optimisation. This is critical on crowded commuter services into many big urban centres – not just London and the South East.

“Long-term investment planning must go beyond the existing ten-year funding ‘guideline’, and provide more certainty and clarity”

Next steps

So what happens next?

The small ‘Eddington implementation team’, sited in the Treasury and the DfT, will need to show Ministers how their growth-focused approach will help the Government to achieve other, long-standing policy goals.

But Eddington’s call for reprioritising resources is not enough. *New, additional investment* in transport infrastructure is required if Britain’s cities are to perform better. Despite the current fiscal picture, the Treasury should take note.

Recommendations for central government

1. *Implement Eddington carefully*: use the Sub-National Review of Economic Development, and the Comprehensive Spending Review, to square Eddington’s growth-focused analysis with other policy objectives.
2. *Concentrate investment resources:* resist the temptation to ‘pepper-pot’ limited transport investment resources across the UK. Money spent in cities is most likely to add to the national bottom line.
3. *Commit further resources to transport:* Despite a tighter public spending climate, the Treasury must commit additional resources to transport. Eddington’s conclusions cannot be used as an excuse to avoid *further increases* in transport investment in the medium-to-long term. Ministers must admit that the Transport Innovation Fund, alone, is insufficient.
4. *Lead by example:* if the Government wants a more robust approach to transport investment, and better ‘option generation’, it must lead the effort to develop methodologies that capture the ‘wider economic benefits’ of transport investment. Additional research, working with cities and experts, is required.
5. *Improve long-range planning:* transport investment needs do not match administrative fiscal cycles. Important projects like Birmingham New Street Station are ‘approved’, but unfunded, in Local Transport Plans. Long-term investment planning must go beyond the existing ten-year funding ‘guideline’, and provide more certainty and clarity – especially if large-scale increases in overall funding are unlikely.

“The Government must tread very carefully, and develop a response that draws together Eddington’s growth focus and its own long-standing commitments to redistribution and the environment”

Recommendations for cities and city-regions

1. *Support Eddington’s focus on urban areas:* major city-regions and business leaders should support Eddington’s calls for strategic, concentrated transport investment, which would focus resources on improving access to city cores and employment centres.
2. *Drop tram dreams:* cities must draw a line under past funding battles with the DfT – and accept the fact that showpiece transport projects are unlikely to catalyse economic growth and/or regeneration on their own.
3. *Re-examine investment priorities:* cities and city-regions need to think about short-lists of key projects that would pass ‘Eddington tests’ (urban focus, geographical scale, high benefit-to-cost ratios, target congestion). The ongoing revision of key planning documents – such as City Region Development Plans and Regional Economic Strategies – provides an important opportunity to do this.
4. *Press for revenue-raising powers for transport:* greater local funding of transport priorities will 1) create new funding possibilities, and 2) generate schemes that provide better value for money.
5. *Improve appraisal capacity:* local transport authorities must work harder to analyse the wider benefits of transport investment – especially the economic benefits – and require new capacity and skills to do so.

The Eddington Transport Study should prompt a major shift in UK transport policy – with greater investment focused on schemes that promote economic growth. This could help release the growth potential of Britain’s largest city-regions.

But there is a long way to go before Eddington's recommendations become reality. The politics around the transport investment agenda is fraught with questions about 'picking winners' and the geographic distribution of public funds. Eddington's economic objectives have distributional consequences, for both people and places.

The Government must tread very carefully, and develop a response that draws together Eddington's growth focus and its own long-standing commitments to redistribution and the environment. There is a strong case for making transport investment 'more economic', but there is also a danger that the Treasury could interpret Eddington as an excuse to avoid major new transport investment, which would be fatal for Britain's growing cities.

Finally, a point on financial devolution. Most resources remain centrally-controlled. And governments are known for changing policy priorities, and resource allocations, at very short notice. Greater control over spending and revenue-raising powers (Marshall and Finch 2006) would help Britain's big city-regions areas to address local transport needs in addition to national economic goals. Cities have a lot to play for over the months and years ahead.

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The **Centre for Cities** is an independent urban research unit based at ippr, the Institute for Public Policy Research. We are taking a fresh look at how UK cities function, focusing on the economic drivers behind city growth – investment, enterprise, innovation, skills and employment.

This paper is part of our rolling series of discussion papers which will be posted on our website www.ippr.org/centreforcities

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