

How Birmingham City Council could fund annual investment in Active Travel of £10 per person

Introduction

Birmingham Friends of the Earth (BFoE) have produced this funding report as part of our 'Let's Get Moving' campaign. Let's Get Moving aims to raise awareness of the issue of air quality, and calls for an increase in funding for cycling and walking provision, in order to lower the very harmful levels of air pollution in Birmingham. This report aims to show Birmingham City Council could fund ambitious investment in walking and cycling.

Air pollution from traffic has reached a crisis point in Birmingham, and action is urgently needed to tackle the problem. Poor air quality contributes to around 520 premature deaths every year in the city.¹ Birmingham is one of 16 cities in breach of EU limits on Nitrogen Dioxide.² It is also one of 3 cities that will not solve this before 2030 at the earliest.³

The Birmingham Mobility Action Plan is a good starting point as a strategic plan for sustainable transport in the city, and is something we broadly support. However, the urgency of Birmingham's air pollution problem means funding is needed as soon as possible to increase the use of zero emission transport. As the main cause of poor air quality is traffic, redesigning streets and putting in more active travel infrastructure is key to tackling this by making our transport system less car-reliant.

The Let's Get Moving campaign calls for the council to set a more ambitious target for cycling journeys, to account for at least 10% of all journeys by 2025, as well as a commitment to an active travel investment fund of at least £10 per person per year for 10 years in order to achieve this. This is in line with the All Parliamentary Cycling Group Recommendations.

This report seeks to add the funding suggestions for funding active travel that we feel were perhaps lacking from the Birmingham Mobility Action Plan. This revenue could also be used to further other forms of sustainable transport outlined in the Birmingham Mobility Action Plan. However, as we have outlined elsewhere in this report, we feel that investment in active travel provides the best cost benefit ratio, so should be prioritised accordingly. We also argue that existing revenue streams spent less cost effective forms of transport, such as roads, should be redirected to walking and cycling.

Funding suggestion 1- Redirecting money gained from traffic enforcement fines

Introduction

Traffic enforcement fines, although often unpopular, could benefit the Birmingham community by being invested into socially and economically beneficial projects. In fact we feel that this is an opportunity being missed by Birmingham City Council Birmingham (and other councils) in not doing so, or at least not showing that they are doing so.

Birmingham City Council recouped £6.9 million more than it spent from parking in the 2013 financial year. This is up from £4,637,276 and £4,077,727 in 2007/8 and 2008/9 respectively, and parking charges in Birmingham City Centre are due to rise again in 2014.

Options

The above figures are regularly criticised by groups representing drivers. Jennifer Dunn, Policy Analyst with the Drivers Alliance and the Tax Payers' Alliance, said:

“For many councils parking fines have become a lucrative source of income. But while revenues are being made at the cost of the motorist, taxpayers haven't seen their council tax fall, or their local services improve. Motorists are being treated like cash cows, but the only people that appear to be benefiting are wardens and their bosses.”

¹ Table 1, Page 13: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332854/PHE_CRCE_010.pdf

² <http://www.birminghammail.co.uk/news/local-news/birmingham-low-emissions-zone-needed-fight-3318893>

³ <http://www.clientearth.org/201407102597/news/press-releases/uk-will-miss-air-pollution-deadline-by-over-20-years-fails-to-suppress-information-in-eu-court-2597>

Birmingham Friends of the Earth agrees with the assertion that all councils should publish an annual parking report to explain how much money is collected from drivers, and where that money is spent. However we do not believe that parking fines should be stopped or reduced.

There must however, be a clear justification for parking fines. The best justification for issuing parking fines is to fund alternative forms of transportation, so lessening the need for people to use, and therefore park, their cars in busy public spaces as well as freeing up the roads. To be successful in this, the strategy must be long term and must not be undermined by incentivising car use by other means.

Though we have not had it confirmed by Birmingham City Council, councils tend to use any money they gain in parking fines on the maintenance of highways and other transportation costs, though they are not necessarily obliged to.⁴

For example, Westminster council made profits of £33m in 2003, which went towards funding the construction of the Hungerford foot bridge over the Thames and the creation of a £60m vehicle access point to Paddington station. All of London's boroughs direct parking proceeds go towards the Freedom Pass - a £200m free public transport scheme for older and disabled travellers. Furthermore, Manchester City Council's £1.3m profit from parking last year went on a free Metro Shuttle city-centre bus and the cost of maintaining "public realm" areas, such as Cathedral Gardens and Exchange Square.⁵

The amount recouped in Birmingham is comparable to the £11.8 million surplus in Nottingham, where there is a Workplace Parking Levy (WPL). The WPL enables the council to charge some firms for parking spaces, though Nottingham uses all of that income to fund their tram system. The idea is that a better public transport system will reduce the need for people to use cars, so providing economic and environmental benefits in the medium and long term, and gradually the income from parking fines will go down year on year.

With the controversy caused by the WPL in Nottingham, BCC may not wish to introduce a similar scheme. We also note the opposition to the measure from the Birmingham business community. However, such revenue streams are the only way to create the much needed step change to our transport system, the Workplace Parking Levy already raises over half of the income of the Nottingham Metro, which could still go a long way to improving alternative transport infrastructure.

We believe the detail of how the highway maintenance contract with Amey is spent should be much more publicly available. However it would appear that it is not being spent on cycling and walking infrastructure, as the majority of funding for those improvements are drawn from funding grants from central government, such as the Cycle City Ambition Grant.

The economic benefits and returns on investment of cycling infrastructure are well detailed in the All Party Parliamentary Cycling group report and should be put at the forefront of the minds of all councils around the country when making decisions around transport investment. In the UK, estimates indicate that just a 20 per cent increase in current cycling levels by 2015 can save £107m through the reduction of premature deaths; a £52m reduction in NHS costs; £207m benefits in congestion, and £71m benefits in pollution reduction.

The BCR (Benefit to Cost Ratio) of cycling and walking investment is recognised by the UK government as being regularly over 10:1 whilst the DfT considers 2:1 as being a good return on investment. In fact a recent government report says "All of the studies in the UK and beyond report economic benefits of walking and cycling interventions which are highly significant, and these average 13:1. For UK interventions, the average figure is higher at 19:1."⁶

Put simply, investing in walking and cycling is the cheapest and most cost-effective form of investment in transport.

⁴Links to examples of how parking fines are being used on roads and highways:

http://www.burytimes.co.uk/news/10911023.Bury_pays_2_million_in_parking_fines_and_charges_in_2013/

http://www.yorkpress.co.uk/news/10998405.Council_s_budget_shortfall_reduced_but_2m_still_needed_to_be_cut/

<http://www.glossop.com/news/2013/08/council-explains-how-parking-fine-money-is-spent/>

<http://www.taxpayersalliance.com/parkingfines.pdf>

⁵Links to further examples of use of parking fines for sustainable travel.

<http://www.theguardian.com/environment/2005/feb/09/society.publicfinances>

⁶ http://www.injuryresearch.bc.ca/docs/3_20100527_171503ValueforMoneyAnEconomicAssessmentofInvestmentinW.pdf

Conclusion

We suggest that the large proportion of the surplus money gained from parking fines in Birmingham be ringfenced by Birmingham City Council for investment in cycling and walking schemes in the city, since this is the type of investment which provides the best Benefit Cost Ratio for the local economy.

The reduction of investment in the driving network will be offset by the fact that improvements in the active travel network will encourage people away from using cars. The road network will therefore not need as much upkeep or improvement. Critics of parking fines may also be less likely to put pressure on the council, if they can see the money being used wisely and for their potential benefit.

Funding suggestion 2 - Low Emission Zone / Congestion Charge

Introduction

Both a Low Emission Zone and Congestion Charge can be environmentally and financially beneficial, depending on the exact design and pricing strategy.

According to the Birmingham Mobility Action Plan, Birmingham City Council has been considering the possibility of applying a Low Emissions Zone (LEZ) for the city core following similar concepts adopted in London and other cities. We would argue that any Low Emission Zone is not only a way of cutting harmful emissions, but also of funding alternatives to fossil fuel motor cars, thereby treating the cause as well as the symptom.

We also argue that any Low Emission Zone should not be limited to just the City Centre, and are pleased to see recent announcements that the City Council may be looking into a conurbation-wide Emission Zone, but these also need to be in tandem with Low Emission Zones in other areas.

Alan Andrews, lawyer with Client Earth, told the Birmingham Mail: "We need a system in all the cities in the UK where we have this pollution to have zones banning the most polluting diesel vehicles unless they meet certain modern, clean emissions standards. There are more than 50 low-emission zones in Germany while here we have only one."⁷

Congestion Charges

The London Congestion Charging scheme saw total revenues over the first three and a half years of £677.4 million, with TfL reporting a surplus over operating costs of £189.7 million. Net revenue per year was up to £123million in 2006/7. With the London Congestion Charge, users either pay a set fee per day for every day that you drive in the congestion charge area, no matter how many times they cross.

The London scheme was not originally designed to be directly linked to emissions of CO₂ or air quality. However the scheme did introduce a Greener Vehicles discount 100g of CO₂ per km, abolished in 2013. It was replaced with Ultra Low Emission Discount, which is electric or hybrid of vehicles with less 75g CO₂ per km with Euro Standard 5 emissions vehicles or less.

In terms of air quality the London Charge had a slight reduction in emissions, but they have since then increased. This is because the scheme is targeting congestion rather than specifically air quality. However such a scheme could have elements specifically aimed at reducing air quality as well as congestion. E.g. the London Congestion Charge had the Greener Vehicles Discount and now the Ultra-Low Emission Discount, as well as Ultra-Low Emission Zone. These are very much more targeted at improving emissions.⁸

The Milan Area C congestion charge, which replaced the city's more controversial Ecopass LEZ in 2012, generates 13 million euros per year in net revenue. In Milan, it's 5 euros a day, but electric or hybrid vehicles, public utility vehicles, police and emergency vehicles, buses and taxis are exempted from the charge. Petrol or diesel vehicles older than Euro 3 are banned. Also residents have 40 free entries of the area per year, and after that pay 2 euros a

⁷ <http://fleetworld.co.uk/news/2013/Nov/Workplace-Parking-Levy-and-Core-Low-Emission-Zone-feature-in-Birmingham-transport-vision/0434011523>

⁸ <http://www.thegreencarwebsite.co.uk/blog/index.php/2013/07/01/london-tightens-congestion-charge-exemptions/>
<http://www.tsu.ox.ac.uk/research/uktrcse/UKTRC-w2-ctonne.pdf>
<http://www.newscientist.com/article/dn13809-london-congestion-charge-did-not-improve-air-quality.html#.VFPfYIXpaRs>

day. These resources were used to increase service on the Milan Metro, on surface public transportation network, and to finance the extension of the BikeMi bike sharing scheme.⁹

Low Emission Zones

As opposed to congestion charges, Low Emission Zones specifically target vehicles based on how polluting they are. This has the advantage of being in accordance with the polluter pays principle, and not charging greener vehicles.

One potential problem with LEZs compared to a straightforward congestion charge, is that the revenue generated will decrease as the scheme becomes more successful. However as this happens there will be greater financial benefit in the form of savings in health, congestion, local economy. Both types of scheme have the potential to be flexible in terms of parameters and pricing, to the point where both the aims of reducing congestion and to improving air quality can be achieved, whilst generating income to further tackle these problems.

It was reported recently that Birmingham may be looking to introduce measures such as diesel vehicle charges and low emission zones in a drive to cut air pollution, following the news that Birmingham, along with London and Leeds, would not meet EU air pollution limits until 2030. BFoE believes any revenue from a Low Emission Zone/Congestion charge should be spent on cycling and walking as there needs to be a solution on offer to justify an extra tax. As already stated we also believe that any Low Emission Zone should be conurbation-wide.

Such a Low Emission Zone could have a negative effect on hauliers and freight companies. This can be countered by charging less at night, to encourage use of the roads by hauliers when air pollution levels are much lower. The other way of ensuring goods can still be delivered into the city, would be to have freight drop-off area for lorries, and for goods to be distributed round the city using smaller less polluting vehicles.

Paris and Amsterdam have schemes where trucks and canal boats, drop-off freight at terminals around the city, and smaller vehicles – electric vans and bicycles – transport it the rest of the way. The London congestion charge did incorporate elements of charging lorries if they were dirty emitting vehicles. Charging vehicles is something a Birmingham or West Midlands low emissions zone could incorporate and combine with proposals for freight consolidation centres in the BMAP.

Conclusion

We believe a Low Emission Zone is not only beneficial in tackling Birmingham's poor air quality, it could also raise significant revenue to tackle the underlying cause of the problem. We feel that a Low Emission Zone follows the polluter pays principle, and so is the better option to tackle poor air quality. Such a Zone must be at least conurbation-wide and eventually form part of a national network of such Zones. However, charging can only be part of the solution, and can only be used if the revenue is used to fund active transport.¹⁰

Funding suggestion 3 - Planning Gain Levies

Introduction

Birmingham Friends of the Earth believe that planning gain could be partly used to fund the sorts of active travel improvements that we are advocating. This is particularly the case if the revenue comes from developments which will have a negative impact on air quality.

Planning gain refers primarily to the increase in the value of land which results from development on, or planning permission being granted, for that land. This increase in land value mainly accrues to the owner of the land, but a levy or tax may be applied to divert some of the planning gain to the public sector. In England and Wales, such arrangements are currently negotiated between the developer and the council, and take place under the terms of Section 106 of the Town and Country Planning Act 1990.¹¹

⁹ http://www.tmleuven.be/expertise/seminar/20111205_Milano_Martino.pdf

¹⁰ <http://www.eltis.org/discover/case-studies/area-c-milan-pollution-charge-congestion-charge-italy>

¹¹ <http://www.sciencedirect.com/science/article/pii/S0967070X11001284>

¹¹ http://www.pas.gov.uk/3-community-infrastructure-levy-cil-/journal_content/56/332612/4090701/ARTICLE

Section 106 arrangements usually come in the form of financial donations to local authorities by developers to offset some of the externalities of the development, such as the effect on traffic levels, on schools, on air quality and many other effects on the local environment.

The Community Infrastructure Levy (CIL) is a levy that local authorities can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want.¹²

Options

A number of local authorities have now implemented CIL, including Newark and Sherwood District Council, which was the first in England to publish a preliminary draft charging schedule.¹³ Others followed, such as London Borough of Redbridge which brought CIL into legal force in its area in January 2012.¹⁴

The most significant proposal to date has been that of the Mayor of London to charge CIL across the whole of London, a power which only exists in the capital city. The Mayor's CIL is specifically intended to assist in the funding of the Crossrail project.¹⁵ Many other local authorities are now proceeding to develop charging schedules. This means that an increase in business rates for those companies closest to, and standing to benefit most from, the scheme will part fund Cross rail.

In Havering borough, for example, the CIL charge will be £20 per square metre. This charge is non-negotiable and will apply to certain planning applications approved after 1 April 2012. The Council is responsible for collecting these monies on behalf of the Mayor.¹⁶

Birmingham Friends of the Earth believes that the council has undervalued the potential for these sorts of arrangements to deliver all sorts of environmental benefits. More strategic targeting of the money made from Section 106 agreements and CILs could deliver better returns on investment for both the environment and the economy. Using this stream to fund cycling infrastructure would be just about the most effective investment.

Overall, when public money is invested in infrastructure, there is rarely any levy on local landowners, despite landowners potentially seeing enormous gains as their properties become worth more with increasing demand. A good example is the extension of the Jubilee Line in the 1990's in London. It cost the taxpayer 95% of £3.5 billion to build and yet land values within 1000 yards of the 11 new stations went up by £9 billion. This was essentially a £9 billion gift to landowners.¹⁷ While transport infrastructure improvements in the West Midlands will not increase land values to the same extent, there will still be a benefit.

We would encourage BCC to democratise and standardise the Section 106 arrangements, with local community stakeholders having a larger say, and take a more statistical approach toward charging for the impacts of externalities. Given the generally 'closed' nature of S106 agreements we would prefer to see CIL used, as this is an open published schedule of rates, which gives developers and communities certainty as to their respective costs and benefits that will accrue from new development.

Our recommendation would very much be to use this funding to improve transport infrastructure, in particular investment in walking and cycling, due to the high cost benefit ratio outlined above. We also believe that any development which will have a negative impact on air quality, should have a greater proportion of the revenues from CIL or a S106 agreement used for active travel and other forms of sustainable transport.

Conclusion

¹² http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal_content/56/332612/4090701/ARTICLE
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6313/1897278.pdf

¹³ <http://www.newark-sherwooddc.gov.uk/cil/>

¹⁴ https://www2.redbridge.gov.uk/cms/planning_land_and_buildings/planning_policy_regeneration/local_development_framework/community_infrastructure_levy.aspx

¹⁵ <https://www.london.gov.uk/priorities/planning/mayoral-community-infrastructure-levy>

¹⁶ <https://www.havering.gov.uk/Pages/ServiceChild/The-Mayor-of-Londons-Community-Infrastructure-Levy.aspx>

¹⁷ http://www.andywightman.com/docs/Mitchell_Vickers_Jubilee.pdf

BFoE believes that it is only right that businesses that would benefit from better active travel, or push developments that will worsen air pollution, should contribute to active transport infrastructure. However all developments will need new transport links in some form. Therefore all developments should contribute on some level to active transport infrastructure through CIL.

We believe people could support these if the benefits are obvious and the planned infrastructure is sure to provide a good return on investment, which walking and cycling infrastructure will easily achieve.

In Summary

We believe that these suggestions show Birmingham City Council how it could fund such an active travel commitment in the long term. Some of these solutions might already be under consideration, or be used to fund other investment. If the latter is the case we would argue two things, that use of these revenue streams should be better publicised, and that cycling and walking provides a significantly better cost-benefit ratio than other transport spending, particularly roads.

Furthermore we would also argue that it is not just about spending more money, but about spending differently. It is also a question of priorities as to how transport investment is spent, and for what purpose Birmingham City Council bids for money from central government. Existing transport spending in Birmingham, particularly that spent on roads, should be redirected to active travel. We believe that if sufficiently prioritised, Birmingham City Council could fund a significant proportion of £10 per capita in cycling from known existing revenue and funding streams.

We hope that the ideas outlined above show how such a funding commitment is possible. We look forward to seeing Birmingham City Council implementing them and funding active travel at £10 per year for at least 10 years.

Steps:

- The large proportion of the surplus money gained from parking fines in Birmingham be ringfenced for investment in cycling and walking schemes.
- Publish an annual traffic enforcement report to explain how much money is collected and where that money is spent, or if this is already done, it should be better publicised.
- Secure an intelligently designed conurbation-wide Low Emission Zone, which uses its revenue to fund active transportation.
- New developments should make contributions to active travel infrastructure through better and stricter Community Infrastructure Levies.
- Redirect existing revenue streams to sustainable transport funding, in particular walking and cycling.