

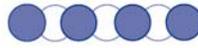
CLES Bulletin is a topical summary of an issue which has recently emerged. Its aim is to provide a pithy précis of the issue, thus creating a quick and easy to read document which directs to more detailed material, if required.

# CLES BULLETIN



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## Introduction

The new transport White paper, *The Future of Transport – a network for 2030*<sup>1</sup> was unveiled on the 20th July 2004 by Transport Secretary, Alistair Darling. It looks at the factors that will shape travel and transport over the next thirty years, setting out how the Government will respond to the increasing demand for travel. The White Paper offers a long-term strategy for the transport system (up to 2030) and offers details on levels of investment over the next 15 years.

This CLES bulletin will focus on the developments in the light rail sector, with Alistair Darling announcing at the same time as launching the White paper, that the proposed light rail schemes in Manchester, Leeds and South Hampshire will no longer be going ahead. This announcement has caused something of a storm in the press and this CLES Bulletin looks at the development of light rail in cities across the UK, the spiralling costs of the current schemes and the regeneration benefits that will be lost with the announcement that they will no longer be going ahead.

## Light rail in the UK<sup>2</sup>

There are a number of light rail schemes across the country that have been developing and expanding since the early 1980s, Newcastle, London, Manchester and Sheffield have all developed modern tram systems.

Britain's first modern light rail system was developed in Newcastle. The Tyneside public transport plan in 1973 set out proposals for the creation of a light rail transit system creating a network of electrified lines. The system was opened in 1980, Britain's first light rail system has been successful in assisting the regeneration of Tyneside and carries over 40 million passengers per year.

In London, a key issue in the proposed regeneration of the docklands area, east of the city, was public transport, and light rail was selected as a credible and affordable option in 1982. The 12-km initial line was

opened in 1987 and has since been extended to 22 km, carrying over 22 million passengers per year.

Greater Manchester Metrolink gained approval in 1988 and the system opened in 1992. Within four years it was carrying 13 million passengers per year. In 1997 a contract was awarded for a new 6.5km line to be built to Salford Quays and Eccles (phase 2). In April 2001, the Greater Manchester Passenger Transport Executive (GMPTE) issued the bid documents for phase three, which proposed a further three lines. The system now carries 18.8 million passengers a year.

Not all light rail schemes have had the desired impact, Sheffield's light rail scheme was approved in 1990, the system was opened in 1994-5, and was expected to carry 17 million passengers per year, but performance has been poor due to demographic changes, bus competition, fare structure and few traffic management priorities. The system carries around 11 million passengers per year.

Further light rail/tramway systems can be found in the West Midlands (Birmingham-Wolverhampton, 20 km) the London Borough of Croydon (28 km), and Nottingham, and schemes are under development in South Hampshire, Leeds, North Kent, Bristol and Edinburgh. The government has been supportive of light rail schemes since the early 1980s and existing systems have been expanding in recent years, since 2000 new lines have opened in Croydon, Tyne and Wear, Manchester and Nottingham.

## Rising costs

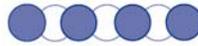
With the launch of the new transport White paper, *The Future of Transport – a network for 2030* this support for light rail has been put on hold. The announcement that three current schemes, in the final stages of development, in Manchester, Leeds and South Hampshire will now not get final approval has been taken with bitter disappointment.

Alistair Darling, the transport secretary, has withdrawn support for these schemes based on the escalating costs. Manchester's plans for the extension have been dogged by successive cost increases. The required central Government capital contribution has risen from £282 million in 2000 to £520m in 2002. In Leeds the public sector contribution was capped at £355m, but is now estimated at £500 million, and in South Hampshire, the

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<sup>1</sup> The Future of Transport – a network for 2030, Department of Transport, July 2004, <http://www.dft.gov.uk/strategy/futureoftransport/TransportStrategy.pdf>

<sup>2</sup> The History of Light Rail, <http://www.lrtta.org/mrthistory.html>



original £170m costing is now approximately £270m. In the Commons Alistair Darling said

*"No Government could accept these schemes as they are on the basis of these cost escalations. We cannot therefore approve them. We need instead to look urgently at how light rail could be made affordable, including the best approach for procurement. We will work with local authorities on the development of schemes, building on the recent National Audit Office recommendations....and in each case there's no certainty that costs won't rise further. The National Audit Office was right to raise concerns; looking back over the last 20 years it has cost more to provide light rail here than elsewhere in Europe".*<sup>3</sup>

However expensive rail projects are not completely off the agenda, in the same speech Alistair Darling announced a possible £10bn commitment to the London crossrail scheme, the same scheme that in mid-1990s foundered over funding.

### Regeneration benefits of light rail

Withdrawing support at such a late stage fails to consider the dependency on these schemes by existing regeneration programmes and the millions already spent in advance construction works. Each rejected

**Table 1 - Light Rail Ward Data from Index of**

Ward	Index of multiple deprivation (rank)	Income domain (rank)	Employment domain (rank)	
<b>Manchester Metrolink</b>				Top 10% UK deprived wards
Benchill	1	13	42	
Beswick & Clayton	17	57	67	
Central & Falinge (Rochdale)	52	112	50	
Woodhouse Park	64	184	148	
Baguley	240	444	491	
Newbold	252	174	308	
Hollinwood	307	194	631	
Northernden	640	592	589	
<b>Leeds Supertram</b>				
Burmantofts	444	273	573	Top 20%
City & Holbeck	378	356	397	
Harehills	429	202	509	
<b>South Hampshire Rapid Transit (SHRT)</b>				
Charles Dickens (Portsmouth)	601	413	1,206	
Paulsgrove (Portsmouth)	956	793	1,978	
Total Wards	8,414	Source: ONS online		

### Multiple Deprivation

scheme will be reviewed here, outlining the regeneration benefits and public spend that has been potentially lost.

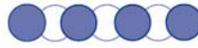
### Manchester's Metrolink

If you look at the areas the proposed extensions would have reached, you start to see the real economic benefits that have been lost. Table 1 below shows data from the index of multiple deprivation (IMD) for eight wards the Metrolink phase 3 extensions would have served that are in the top 10% of deprived wards in the country. Areas suffering with poor employment prospects and low incomes, like Benchill in Wythenshawe and Newbold in Rochdale are in desperate need of regeneration and Metrolink would have provided a much needed catalyst for further development.

The regeneration of Oldham and Rochdale for example is heavily reliant on the extensions and the majority of regeneration plans have been based around the proposed route. The area has a Housing Market Renewal (HMR) pathfinder and was awarded £53.5m by the Office of the Deputy Prime Minister (ODPM) in March this year. It is bidding for an additional £600m over the next 15 years and private sector investment was expected to raise this budget to £2.4bn over the proposed period<sup>4</sup>.

<sup>3</sup> Alistair Darling, 20<sup>th</sup> July, DfT Press release [http://www.dft.gov.uk/pns/DisplayPN.cgi?pn\\_id=2004\\_0093](http://www.dft.gov.uk/pns/DisplayPN.cgi?pn_id=2004_0093)

<sup>4</sup> Oldham Rochdale renewal in chaos after tram halted, Stuart MacDonald, Regeneration and Renewal, 30<sup>th</sup> July, p7.



The Metrolink expansion has been promised for a long time and the plans are almost a decade in the making, much of Manchester's recent renaissance has been based on the ever-increasing numbers of people that improved transport solutions will bring in to the city in the future.

In making this decision the Transport Secretary has set back the regeneration of Manchester as a whole. The vital link to the ever expanding source of employment surrounding the Airport will now not happen despite the cost of the advance works that have already been completed. Property demolitions have taken place, alterations to roads and buildings have been completed, schools and local companies have been relocated and demolition works were well underway. The cost of these advance works is estimated at £120 million.

In Manchester the fight goes on. Lord Peter Smith, Leader of Wigan Council; Councillor Richard Leese, Leader of Manchester City Council; and Councillor Roger Jones, Chair of the Greater Manchester Passenger Transport Authority (GMPTA) jointly expressed the determination of the people of Manchester when they said "we remain steadfast in our determination to bring an expanded Metrolink to the area, and will continue to impress upon Ministers the central importance of this scheme to our future economic success."<sup>5</sup>

### *Leeds Supertram*

The Leeds Supertram proposes to provide a 28km light rail network that will run along three major routes, into and around Leeds city centre (the city centre route). Leeds is a booming city region, job creation is at an all time high in the city. Over the next 10 years, £2.5bn of property development is planned in Leeds, largely based upon the promise of the good, modern transport links and easy access to the city that Leeds Supertram will provide. The scheme's benefits far outweigh its costs in terms of economic growth and regeneration, job creation and social inclusion.<sup>6</sup>

Leeds Supertram will assist in encouraging regeneration in inner city areas, by providing development opportunities for house builders, retailers, offices and industry and generating scope for increased employment. The proposed tram is at the heart of regeneration projects in some of Leeds poorest areas, the wards Burmantofts, City & Holbeck and Harehills would be served by the proposed tram, (see table 1). These three wards are amongst some of the UK's most deprived city wards and the scheme will be crucial in their regeneration. It will also provide people living in the less prosperous south and east areas of Leeds with easy access to jobs, education and healthcare across the city.

There has also been extensive advance construction works in Leeds, the inner ring road alterations have been completed, foundations for a flyover support have been constructed, a footbridge has been replaced with pedestrian crossing, and further crossings have been installed. A separate cycle lane has also been created. More than £30 million has already been spent, according to the Yorkshire Post<sup>7</sup>.

Leader of Leeds City Council, Cllr Keith Wakefield, and Chairman of Metro, the West Yorkshire Passenger Transport Executive stated, "...in our presentation to the Secretary of State we emphasised the transport, economic and regeneration benefits of the existing scheme to Leeds and the whole region and made it clear that the city would not accept anything less than a modern, rapid transport system...this is the first indication that affordability is the issue as opposed to the positive cost benefit ratio of the scheme."

### *South Hampshire Rapid Transit (SHRT)*

Phase 1 of South Hampshire Rapid Transit (SHRT) comprises a 14 km light rail project linking Fareham, Gosport and Portsmouth. This scheme is the only one of the three rejected that has not started advance works. It was hoped that the construction works could start in 2005.

The costs of the SHRT system increased due to a number of factors outside the local authorities' control. Greater insurance premiums following 9/11, high construction inflation, an increase in public utility

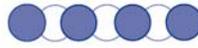
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<sup>5</sup> News Section, GMPTE website, [http://www.gmppte.com/news.cfm?news\\_id=1772740](http://www.gmppte.com/news.cfm?news_id=1772740)

<sup>6</sup> West Yorkshire Metro, <http://www.wymetro.com/ProjectsAndPlans/Supertram.htm>

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<sup>7</sup> Civic leaders in battle to revive Supertram dream, William Green, Yorkshire Post, <http://www.yorkshiretoday.co.uk/>



diversion work and the fact that the tunnel under Portsmouth harbour has to be deeper to accommodate the Royal Navy's new ships<sup>8</sup>.

Hampshire County Council's Leader, Councillor Ken Thornber stated, "...we cannot sit back. We've already left the Government in no doubt about the widespread commitment to South Hampshire Rapid Transit and how it represents good value for money, and underpins the transport strategy for the whole of South Hampshire. The social, environmental and economic benefits would far outstrip the costs."

The SHRT scheme would make a significant contribution to urban regeneration in the area through improved labour market flexibility and by attracting new investment.

In a regional context, the SHRT would serve one of the most economically deprived areas within the South East. The Portsmouth and Gosport areas have been specifically targeted as the focus for future investment. Table 1 identifies the most deprived wards in the Portsmouth area that would have benefited from the scheme (Charles Dickens and Paulsgrove). SHRT would serve the Portsmouth area, which has received £25m Single Regeneration Budget (SRB) funds, the highest in the region and the third highest allocation nationally.

There are a number of important planned developments within the area the proposed SHRT system would serve, including Fareham Town Centre Phase, Former HMS Daedalus, Priddy's Hard, Royal Clarence Yard and St George Barracks and Gunwharf. The Gunwharf development, for example, should create at least 2,000 jobs, which are accessible locally to residents of the Portsea area of the City, which currently has unemployment levels at least 10 times the national average. In addition, development of the new Pompey Centre Football stadium and retail complex, and the eventual development of the city centre north, will create a large number of additional jobs. The SHRT system would enhance access to these development sites and therefore increase their longer-term viability.

## Conclusion

Flows of people and flows of new people further reinforce the current renaissance of urban areas, a vibrant local economy needs an integrated transport system that connects people and places. Public transport networks are the lifeblood of towns and cities. In Greater Manchester, for example, the Metrolink has had economic benefits beyond the travel needs of those in work. The Centre for Economics and Business Research (CEBR) has revealed that Manchester as a whole has benefited from Metrolink as businesses spend more money in areas with better transport links, making the areas more attractive to new businesses, therefore increasing competitiveness and generating new business start ups.

Leeds is the largest city in Europe without a light rail or Metro system. Its European competitors have excellent public transport with integrated light rail, heavy rail and bus services. Leeds is a city growing at an incredible rate and modern transport solutions will be required to further the economic development of the city and the wider region.

Manchester, Leeds and Portsmouth have a number of developments that would greatly benefit from the connections a light rail scheme would bring, linking people with employment opportunities will help to regenerate deprived areas. Table 1 shows the areas that these proposed rail schemes would serve, these are amongst the most deprived wards in the country. Economic regeneration of these areas has been dealt a massive blow with the government's decision not to give final approval. These schemes are at such an advanced stage in their planning that many millions of pounds in public money has already been spent which will now have no benefit.

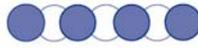
All three schemes will continue to be championed by their respective local authorities, years of planning and millions of investment will not be given up on lightly. The ODPM has also signalled they are unhappy with the Department for Transport's decision. A source at the ODPM told Regeneration & Renewal "we are seeking urgent discussions with the DfT". It is thought that the ODPM may ask DfT to consider overturning their decision in relation to the Manchester line to Oldham and Rochdale's Housing Market Renewal pathfinder<sup>9</sup>.

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<sup>8</sup> SHRT website, <http://www.hants.gov.uk/lrt/appraisal/index.html>

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<sup>9</sup> ODPM pushes for Metrolink u-turn, Ben Williams, Regeneration & Renewal, 30<sup>th</sup> July, p1



When funding decisions like this are taken by departments like the Department for Transport the wider impact of that decision should be balanced with the cost. Each scheme has demonstrated the cost to benefit ratio figures still make sense even at the higher than originally quoted prices. The implications of this latest decision on light rail will have massive repercussions for other departments within government charged with regenerating some of Britain's poorest areas. Transport is an essential part of any regeneration strategy and a better coordination of policy is needed to ensure these poor communities benefit as much as possible from public money spent on regeneration.

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