



The 2009 *pteg* Funding Gap report

Introduction

This report analyses expenditure and population data from HM Treasury's Public Expenditure Statistical Analyses (PESA) 2009, published in June 2009¹. It focuses on comparing levels of transport spending between regions, particularly between London and the North of England and West Midlands where the six PTEs represented by *pteg* are based. It includes analysis of how levels of transport spending compare to levels of total public expenditure and spending on other key services across these geographical areas. A more detailed breakdown of transport spend in individual regions compared to London can be found at Annex 1.

The expenditure data used in this report covers current and capital spending by the whole of the public sector to deliver services. The PESA calculates figures for expenditure on services from departmental budgets (less transfers to other parts of the public sector and transactions that do not score as spending in the National Accounts) plus spending by local government² and public corporations³. Transport spending includes spending on national and local roads, local public transport and railways.

Please note that, throughout, spending figures for 2008-09 are plans. Data for all other years are National Statistics.

¹ HM Treasury (2009) *Public Expenditure Statistical Analyses 2009*, June 2009. Available from http://www.hm-treasury.gov.uk/pespub_index.htm

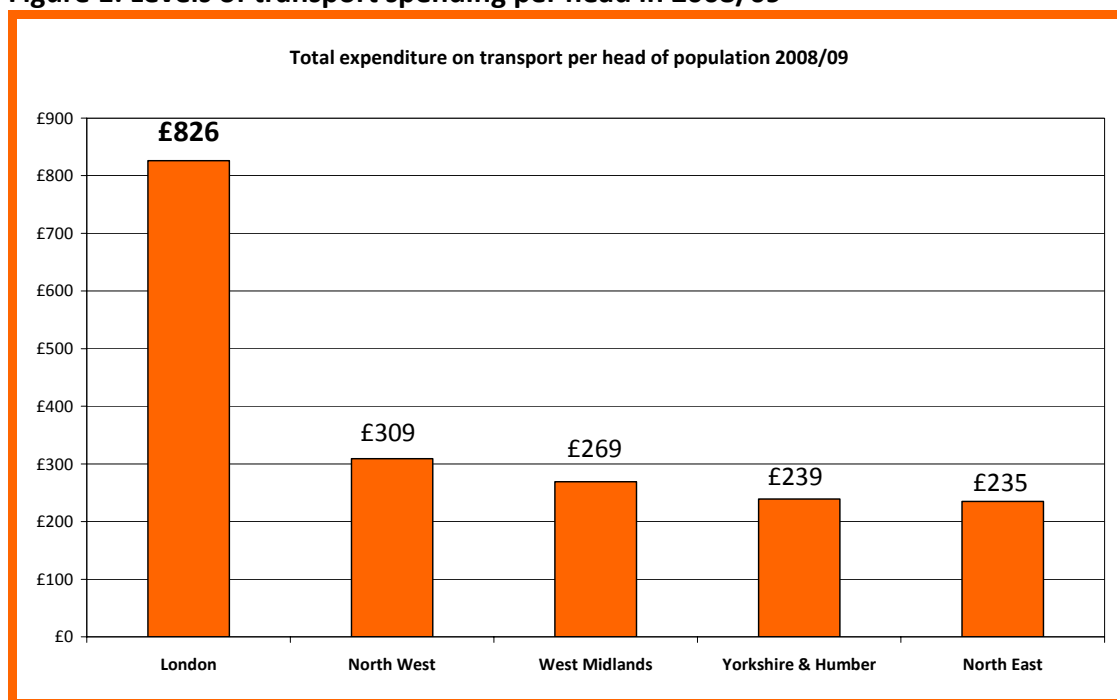
² Local government refers to all local authorities in the UK including Integrated Transport Authorities and Transport for London.

³ For transport, public corporations include the Civil Aviation Authority, Driving Standards Agency, London Regional Transport (LRT) (in 2000 Transport for London (TfL) took over all subordinate parts of LRT, except London Underground. In 2003 LRT was wound up and London Underground also transferred to TfL which is part of local government), Vehicle and Operator Services Agency, London and Continental Railways and GNER (between December 2006 and December 2007 only).

Comparing regional spending on transport

As the latest expenditure figures for 2008/09 show, spending per head on transport is considerably higher in London than in the North of England and the West Midlands (see Figure 1). A total of £826 is spent on transport for every Londoner, three times the spending per head on transport in the North of England and West Midlands (see Figure 4).

Figure 1: Levels of transport spending per head in 2008/09



Figures 2 and 3 further illustrate this imbalance. They show that although London accounts for just 15 per cent of the population in England (Figure 2), the city is set to receive 37 per cent of the transport spend in 2008/09 (Figure 3). It is the only region where proportion of transport spend allocated exceeds proportion of population, and it does so by a significant margin.

Figure 2: Percentage of England population living in each of the English regions

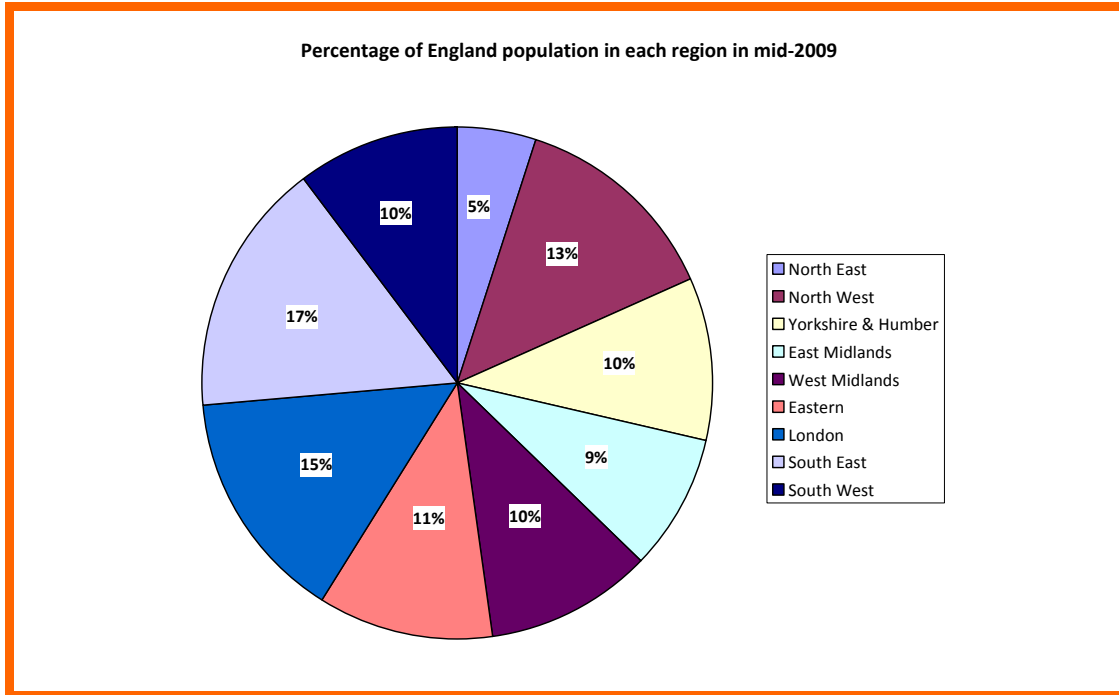
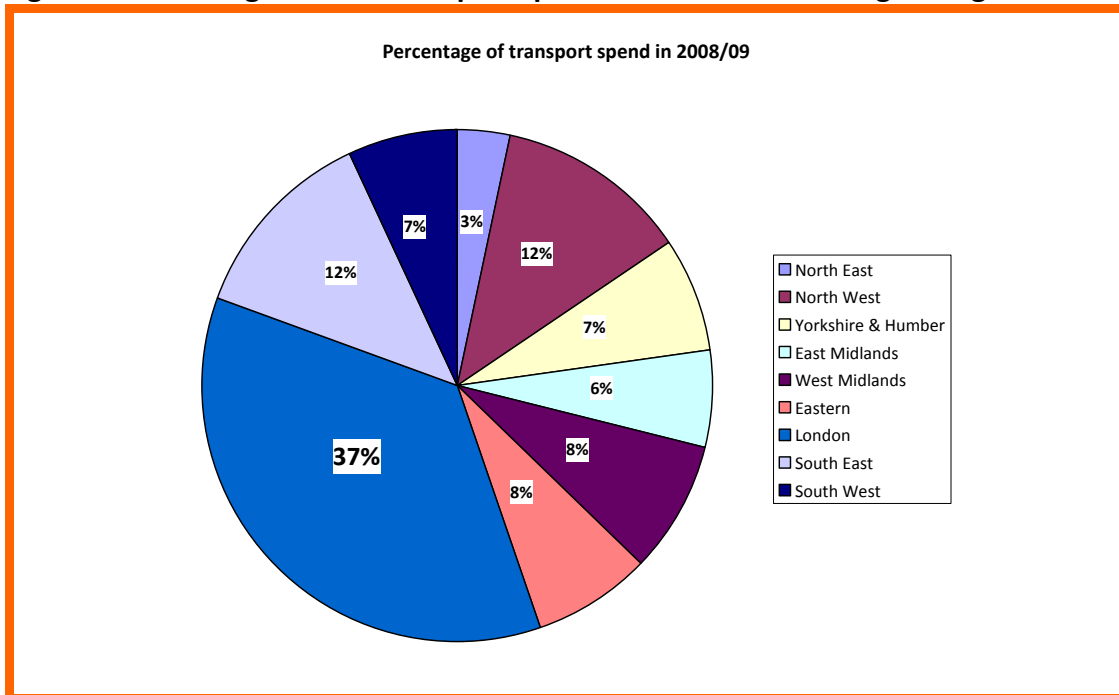


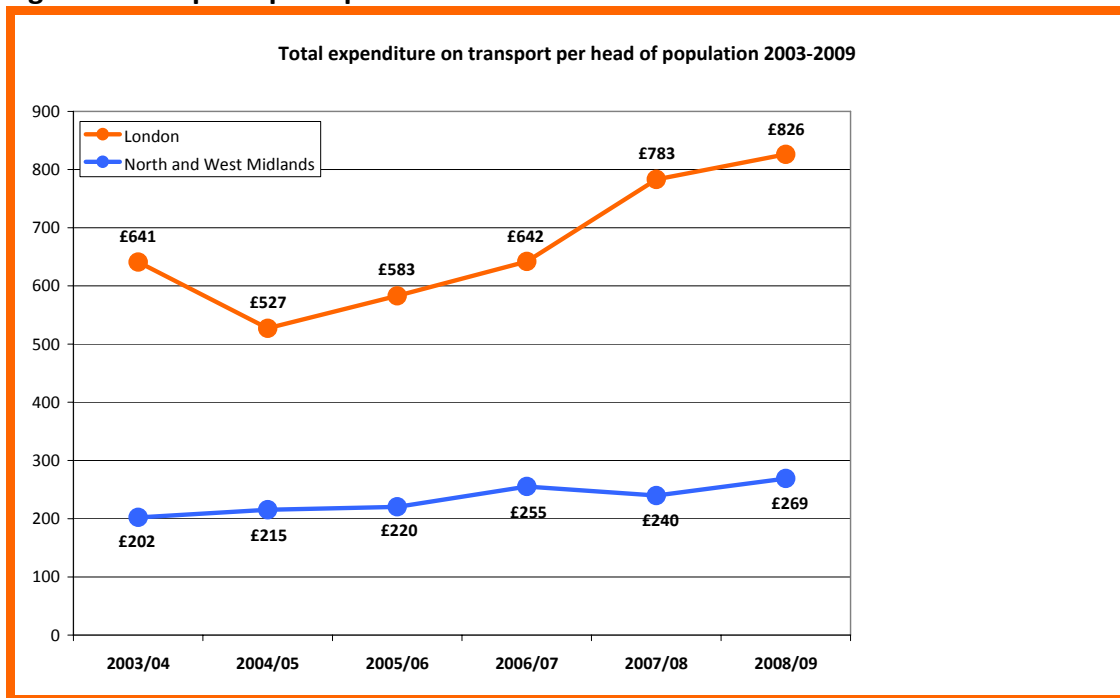
Figure 3: Percentage of total transport spend allocated to each English region



This regional disparity is not limited to the 2008/09 statistics. A look back over the figures for the preceding five years show a wide and continuing funding gap between London and the North of England and West Midlands. The chart below shows transport spending in the North and West Midlands growing slowly between 2003 and 2009, unable even to reach levels of £300 per head. Spending in London meanwhile has risen sharply since 2004, to over £800 per head, representing a rise

over 5 years of 57 per cent. Transport spending per head in the North of England and West Midlands rose just 25 per cent over the same period.

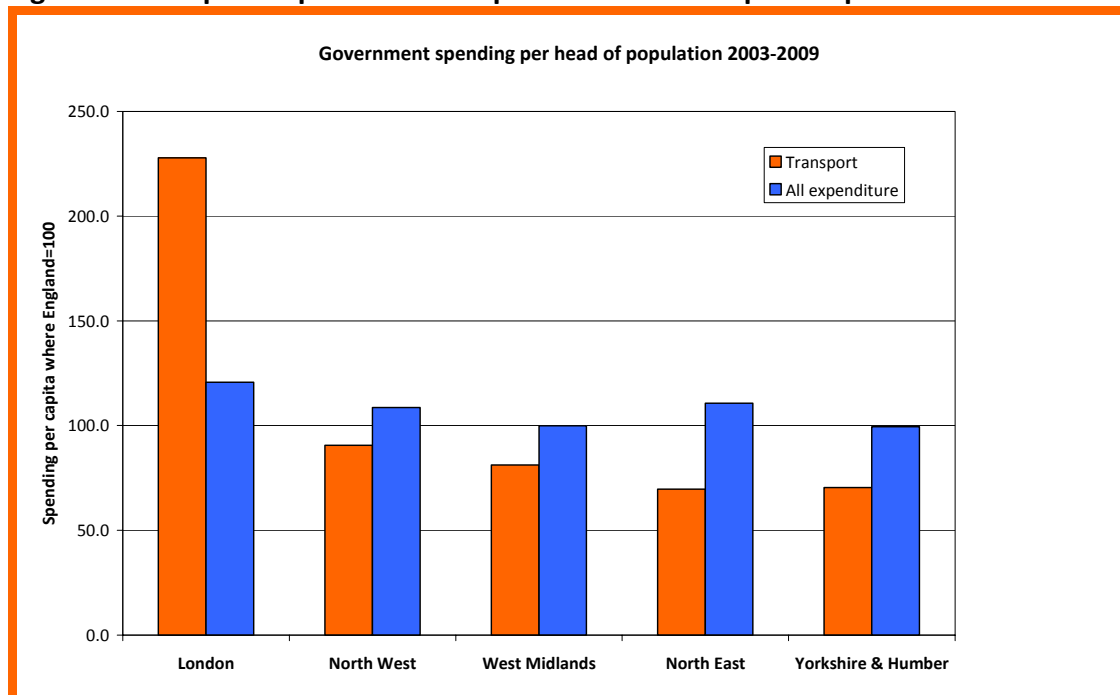
Figure 4 Transport spend per head over time



Comparing transport spending with other key public services

Whilst the funding gap in transport spending between London and the North and West Midlands is very pronounced, the same is not true for public spending as a whole, as Figure 5 illustrates. The large disparity in transport spending over time (shown in orange) is, once again clearly visible, however, levels of overall expenditure (shown in blue) vary much less between London and the Northern regions and West Midlands.

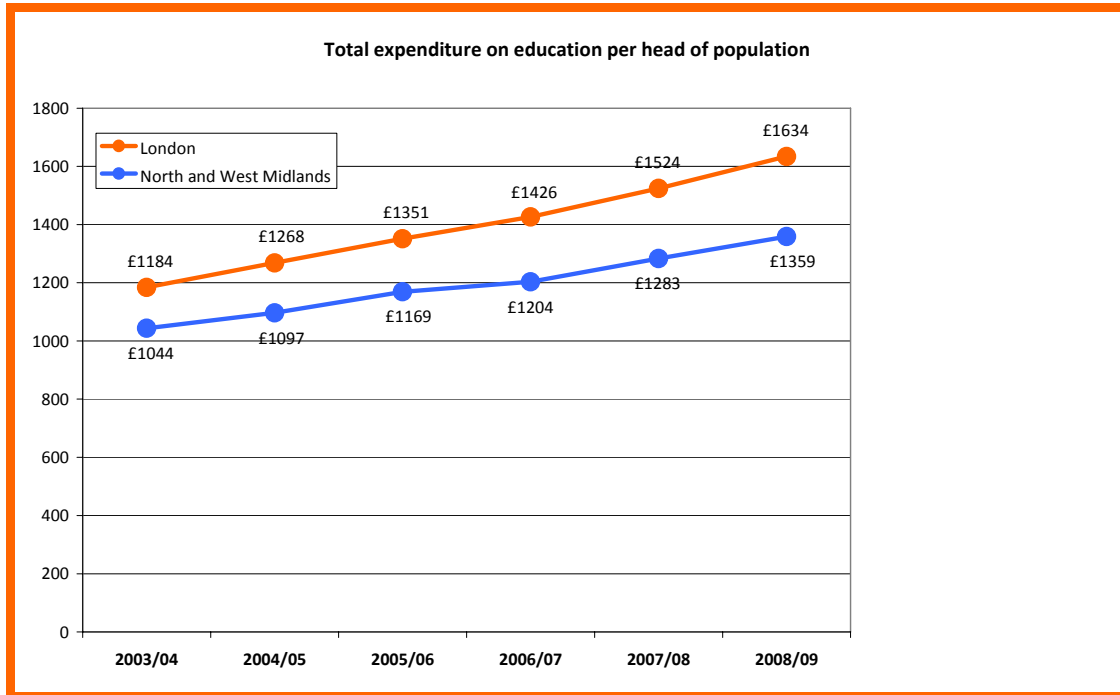
Figure 5: Transport expenditure compared with overall public spend⁴



A similar picture can be observed when levels of spending in individual key policy areas are compared. In education, for example, as Figure 6 shows, although levels of spending per head are higher in London, levels of spending in the North and West Midlands have increased along a similar trajectory with less sense of the gap widening so significantly over time as it does in the case of transport (see Figure 4).

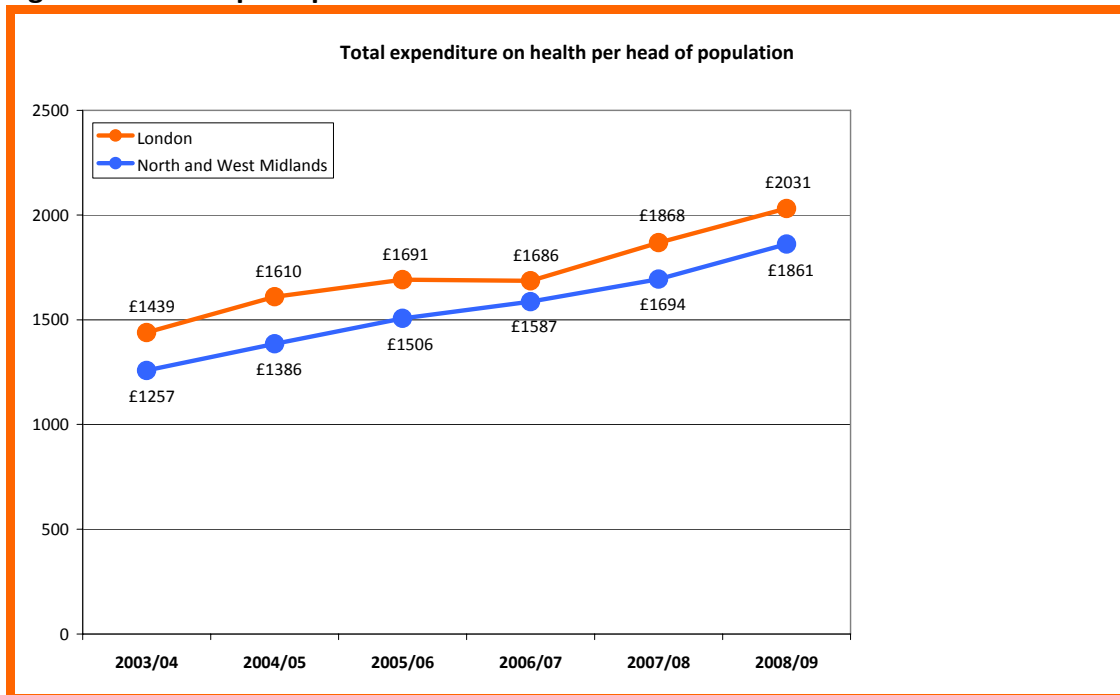
⁴ Cumulative per capita expenditure on all public services and on transport (for the years 2003/04 to 2008/09 inclusive) have been scaled against expenditure for England (public services compared with public services, transport compared with transport) as 100.

Figure 6: Education spend per head over time



The funding gap in health spending between London and the North and West Midlands is narrower still, as Figure 7 shows. In 2006/07 the health funding gap dropped to its lowest point over the 6 year period with spending per head in London just 6 per cent higher than that in the North and West Midlands. Contrast this with transport spending that year – over 150 per cent higher in London than in the North and West Midlands (see Figure 4).

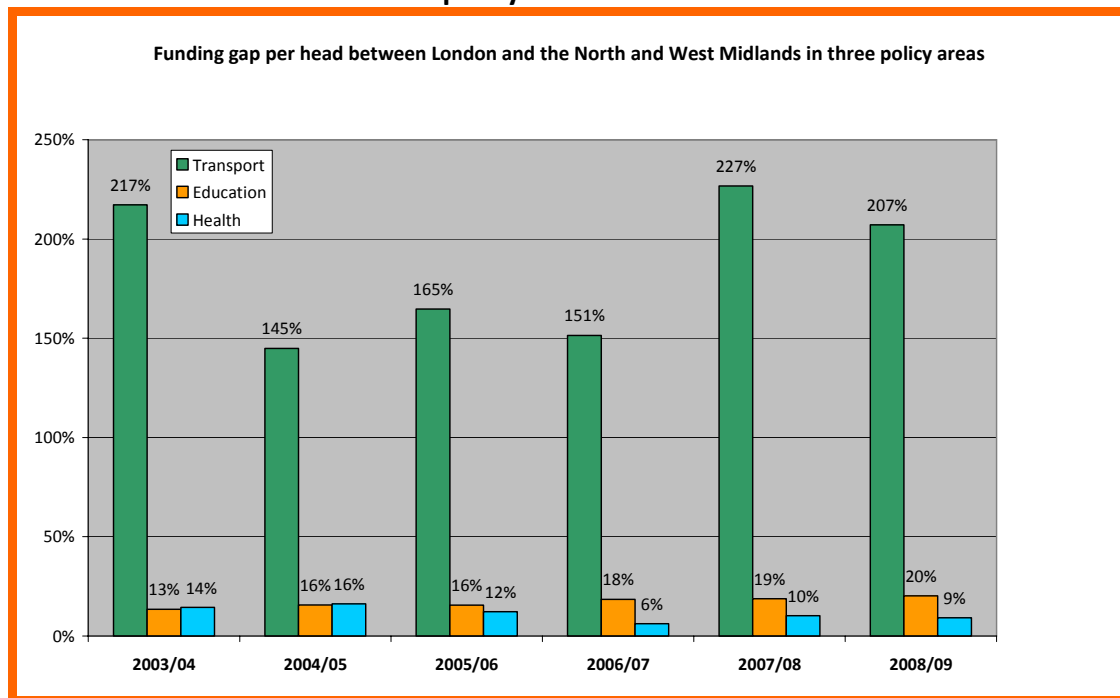
Figure 7: Health spend per head over time



As the figures show, it is not the case that all areas of spending are significantly higher in London than in the North of England and West Midlands. Although expenditure on other key policy areas in the capital is higher than in the North and West Midlands, the disparity between the two areas is nowhere near as pronounced as it is for transport.

The chart below summarises the extent of the funding gap per head each year between London and the North and West Midlands for transport, education and health, further illustrating the extent to which transport differs from other policy areas. The latest figures show, for example, that transport spending per head is over 200 per cent higher in London than in the North and West Midlands in 2008/09 whilst education spending is 20 per cent higher per head and health spending just 9 per cent higher.

Figure 8: Degree to which public spending in London is higher than in the North and West Midlands across three policy areas



Annex 1: Public spending on transport in individual regions compared to London

Below are a series of charts showing transport spending per head of population in selected individual regions compared to London, offering a more detailed breakdown of the data for the North and West Midlands provided in Figure 4, above.

Figure A1 provides a summary of transport spend per head in each of the Northern regions and the West Midlands compared to London over time. Figures A2 to A5 show the same data in more detail for each individual region.

Figure A1: Transport spend per head over time, Northern regions and West Midlands vs. London

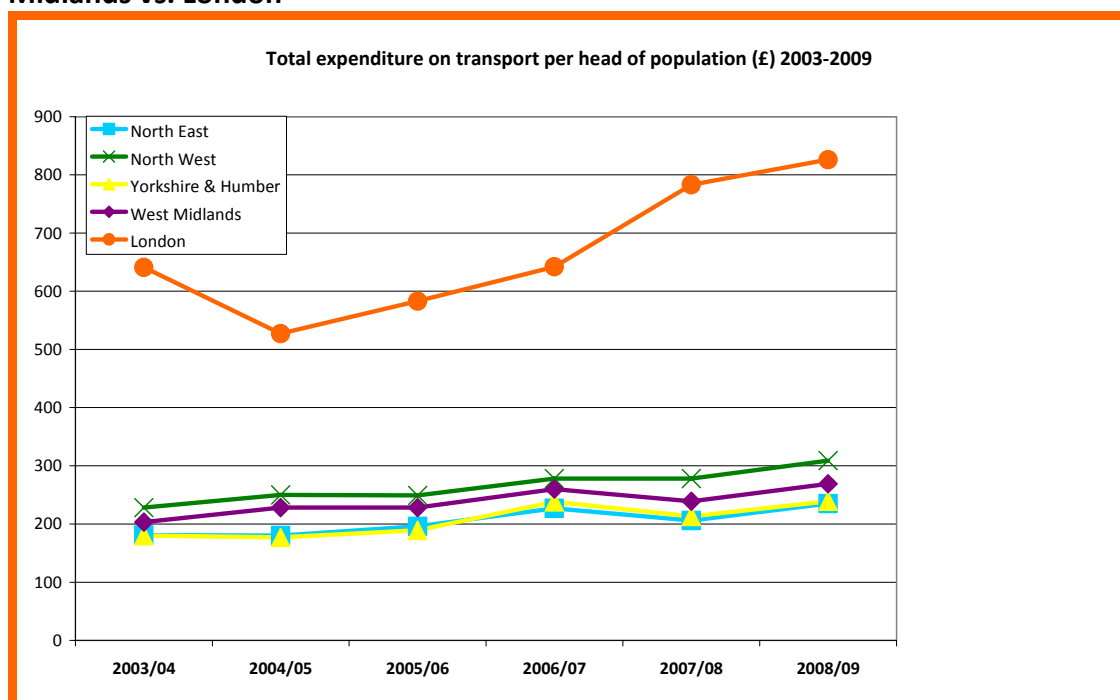


Figure A2: Transport spend per head over time, North East vs. London

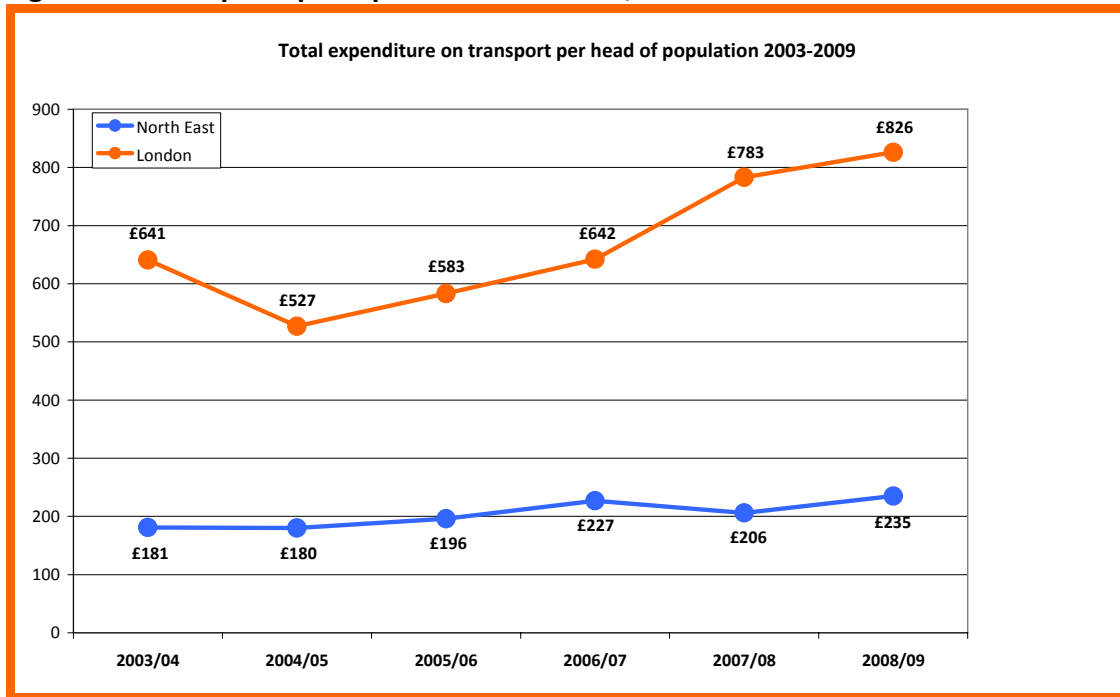


Figure A3: Transport spend per head over time, North West vs. London

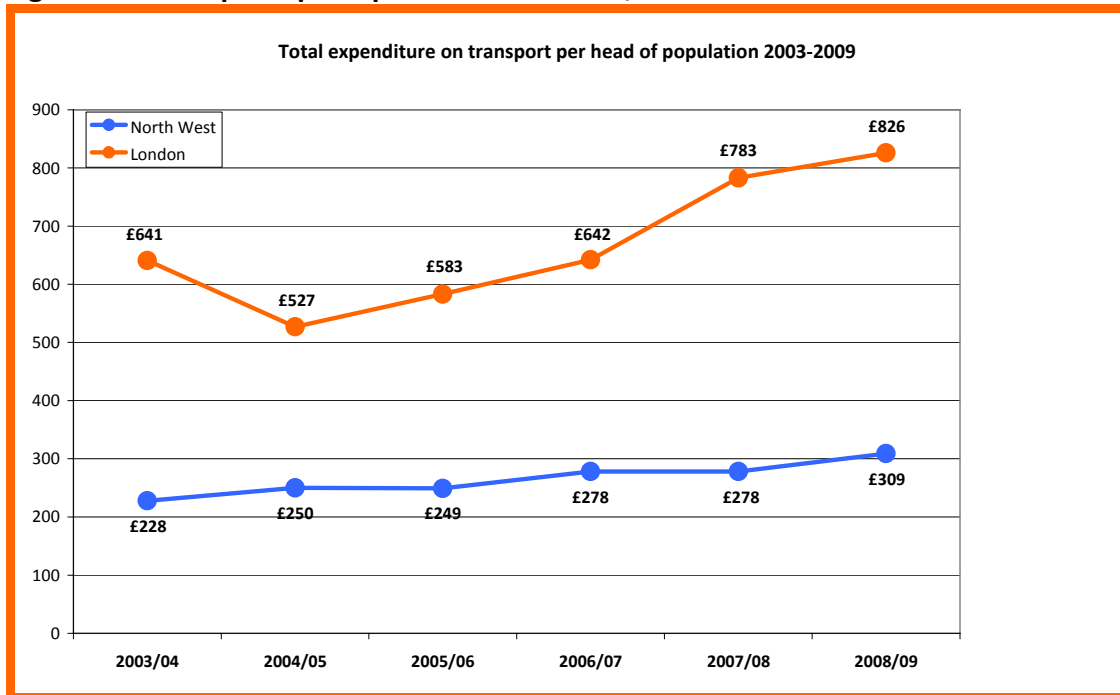


Figure A4: Transport spend per head over time, Yorkshire and Humber vs. London

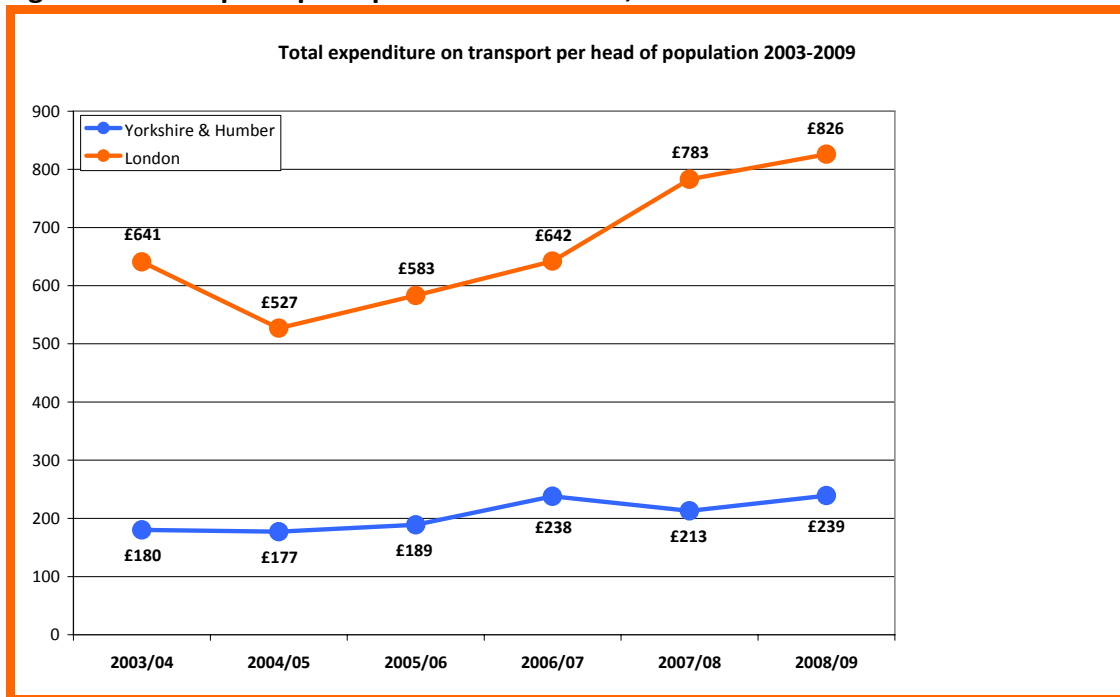


Figure A5: Transport spend per head over time, West Midlands vs. London

