

## TRANSPORT AND THE ECONOMY

*This paper outlines the linkages between transport and economic development citing recent work commissioned by central government on this topic.*

*The paper introduces the current transport strategy review highlighting in detail the proposed weightings proposed to be placed on the objectives.*

*The linkages between the transport objectives and economic development strategy are highlighted, with the conclusion that the transport strategy and economic development strategy are complementary with a shared aim to develop a sustainable economically successful city well placed to respond to the economic challenges faced now and in the future.*

### **Considerations**

*That the committee note the contents of the report and offers their insight on the subject identifying actions needed to strengthen the linkages between transport and economic development.*

### **Background**

The relationship between transport and the economy has been recognised throughout history. The securing and development of trade routes has been critical in the development; expansion and sustainability of many civilisations ancient and modern. Locally you need only look as far as V4 Watling Street or the Grand Union canal and the Rail industry at Bletchley and Wolverton to see how transport over time has helped shape the local area. Today the linkages with transport and MK are as strong as ever with a transport network that is the envy of many which has sustained economic growth in the area for close to 50 years.

More recently (2006) a significant study into the links between transport and the economy was commissioned by the Department of Transport and HM treasury. This work, led by Sir Rod Eddington concluded that

- There is clear evidence that a comprehensive and high-performing transport system is an important enabler of sustained economic prosperity....
- Transport cannot of itself create growth: it is an enabler that can improve productivity when other conditions are right

He identified seven main linkages by which transport improvements had an impact on economic growth. These were:

- **Improved business efficiency**, notably by travel time savings, improving journey time reliability and travel quality;
- Stimulating business **investment and innovation** by supporting economies of scale and new ways of working;
- **Agglomeration economies** which bring firms closer (in space or time) to other firms or workers in the same sector;
- Improved **labour market efficiency**, enabling firms to access a larger labour supply, and wider employment opportunities for workers and those seeking work;
- Increasing **competition** by opening access to new markets, principally by integration of world markets;
- Increasing **domestic and international trade** by reducing trading costs, and
- Attracting **globally mobile activity** to the UK, by providing an attractive business environment and good quality of life.

Eddington concluded that the UK's existing transport network was largely complete in terms of its coverage and that the greatest benefits from transport investment were likely to come, domestically, from focusing on reducing congestion and relieving bottlenecks on road and rail networks; and, globally, from increasing international connectivity.

He estimated that, if left unchecked, the rising cost of congestion would cost the UK economy an extra £22 billion per annum by 2025.

### **Changed economic conditions**

Eddington reported prior to the economic downturn which hit the UK and rest of the world from 2008. Therefore the analysis presented in 2006 has been challenged in terms of its current validity. The conclusion of this challenge found that,

*'despite the lower rates of GDP and transport growth, Eddington's analysis that well targeted investment in transport remained an important contributor.... and whilst different economic conditions may lead to short-term variations in the scale of the relationship between transport investment and economic growth, the underlying linkages remain.*

*The fundamental relationship between transport investment and growth therefore remains consistent with the Eddington Study's findings.*

### **Centre for Cities report**

The recent centre for cities report (2012) has identified Milton Keynes as well placed to support the creation of jobs and growth, in the shorter term. The emphasis with the work undertaken by the Eddington review is therefore of key relevance to the Milton Keynes area.

### **Milton Keynes - Transport & the Economy.**

The committee will be fully aware of the development of Milton Keynes with the new city planned with a guiding principle of '*ease of movement*' Milton Keynes has a

great deal to celebrate in terms of delivering economic growth. It has to be recognised that a major part of the continued growth is based on a high quality set of transport networks. The Grid roads deliver high capacity transport routes for motorised vehicles. The Redways provide segregated links for pedestrians and cyclist covering most of the urban area. The west coast mainline – one of the nation's key rail corridors serves our area and this is soon to be added to by the East West rail project, linking MK to all four points of the rail compass.

There are fast links to regional airports via the national rail and motorway networks. There are plans to extend the local canal network, and whilst this may only add a marginal increase in the ability to carry freight, its benefit in supporting the leisure economy should not be overlooked.

## **Challenges**

In 1999 the council produced its Sustainable Integrated Transport Strategy (SITS). The council in this ground breaking report recognised that to continue to develop our transport network in the way it had '*always*' done needed careful consideration. Faced with continuing growth and recognising that the resources needed were limited (whether it be funding or the environment) Milton Keynes began to look to delivering transport solutions which best met the needs of its citizens which at the same time supported the areas economic and environmental aspirations. Its vision developed in 1999 has stood the test of time and has only recently been revised within the new transport strategy and vision. It stated that

*'to open up Milton Keynes by making it a place where everybody can afford to move around conveniently, where economic, social and cultural life can flourish, whilst damage to our environment is minimised.'* (SITS 1999)

The current Transport Strategy and vision (2011) has evolved from the SITS and now presents the opportunity for the council to focus on the longer term linking the strategy to the council's core strategy and economic development strategy. In doing so helps set the foundations for continuing growth and development of the city.

The vision within this strategy is,

*By 2031, Milton Keynes will have the most sustainable transport system in the country, increasing its attractiveness as a place to live, work, visit, and do business. There will be a real transport choice to satisfy individual preferences and encourage more sustainable travel behaviour. The transport system will provide fast and efficient movement of people and goods, and will be accessible for all. Everyone will have access to key services and amenities, including employment, health, education, retail and leisure.*

*Transport, including the unique grid road and Redway networks, will be fully integrated into new developments and regeneration areas to support more sustainable communities. Connectivity to local towns, major cities, and international transport gateways and networks will be first class; and Milton Keynes will embrace new technology, being an exemplar for the latest developments in information technology, fuel technology, and new forms of transport.*

*The council will work in partnership with all sectors and the wider community to deliver the transport vision and strategy.'*

This vision, and the strategy which supports it has received widespread support from members of all main political parties and the wide range of stakeholders involved in the strategy development

The key objectives of the strategy are to:

- 1. Provide real and attractive transport choices to encourage more sustainable travel behaviour as Milton Keynes grows.**
- 2. Support the economic growth of the borough through the fast, efficient and reliable movement of people and goods.**
- 3. Reduce transport based CO2 emissions to help tackle climate change.**
- 4. Provide access for all to key services and amenities in Milton Keynes, including employment, education, health, retail, and leisure.**
- 5. Improve safety, security and health.**
- 6. Contribute to quality of life for all Milton Keynes residents, strengthening linkages between communities.**
- 7. Establish a development framework that embraces technological change, in which Milton Keynes can continue to grow, pioneer and develop.”**

## **Transport Strategy Review**

We are now looking to review the strategy and are currently consulting. The outcome will be reported to cabinet in April and full council in June. The focus of the review is on three key areas

1. The evidence base upon which the strategy is based
2. Integration with the Bletchley Transport strategy, and
3. Prioritising investment in schemes and initiatives which best support the agreed objectives

### **1. Evidence base**

In summary, the evidence base developed since the publication of the strategy continues to support the strategy. The basis of this assessment has been through robust transport forecasts developed using a sophisticated state of the art transport model based on locally collected data and the plans contained within the core strategy.

The committee may wish to review the transport strategy consultation document attached to this report as annex 1. This provides background details to the evidence base.

### **2. Integration with the Bletchley Transport Strategy**

The recommendation within the review is to fully integrate this strategy into the main strategy and vision.

### **3. Prioritising Schemes and investment**

This area maybe of key interest to the committee as it is proposed that investment into schemes and initiatives is being proposed based on weighting the 7 objectives

identified above. The proposals contained within the consultation document are as follows

**Table 1 Transport Objective Weightings**

<b>Objective</b>	<b>Theme</b>	<b>Weighting</b>
<b>1. Provide real and attractive transport choices to encourage more sustainable travel behaviour as Milton Keynes grows</b>	<b><u>Economic</u></b>	<b>24%</b>
<b>2. Support the economic growth of the borough through the fast, efficient and reliable movement of people and goods.</b>	<b><u>Economic</u></b>	<b>12%</b>
3. Reduce transport based CO2 emissions to help tackle climate change.	<b><u>Environment</u></b>	<b>24%</b>
4. Provide access for all to key services and amenities in Milton Keynes, including employment, education, health, retail, and leisure	<b><u>Social</u></b>	<b>8%</b>
5. Improve safety, security and health.	<b><u>Safety</u></b>	<b>24%</b>
6. Contribute to quality of life for all Milton Keynes residents, strengthening linkages between communities.	<b><u>Social</u></b>	<b>4%</b>
<b>7. Establish a development framework that embraces technological change, in which Milton Keynes can continue to grow, pioneer and develop</b>	<b><u>Economic</u></b>	<b>4%</b>

The emboldened objectives above are the ones which align best to supporting economic theme. The rationale as to why this assessment has been made is described below

**1. Provide real and attractive transport choices to encourage more sustainable travel behaviour as Milton Keynes grows**

As MK continues to grow in line with the core strategy Milton Keynes development could be hampered by increasing congestion leading to a lack of efficient mobility. It is suggested that this would reduce Milton Keynes' economic advantage. To mitigate the worst impact of this the strategy points to promoting alternative means of transport that offer users a real choice. This could be improved buses but equally could be the development of other forms of mass public transit. Encouraging and supporting more people to walk cycle or work from home will also militate against the worst impacts of congestion.

It should also be recognised that within MK there are some significant areas where car ownership is low. There are also sizable numbers through age (young and old) who choose not or cannot drive. By diversifying our transport offer the economy of MK can benefit by providing greater mobility to all its citizens enabling more people to contribute to our economic development

**2. Support the economic growth of the borough through the fast, efficient and reliable movement of people and goods.**

This directly supports economic activity and aims to maintain the advantage MK has over many other areas in providing and providing high quality transport networks

**7. Establish a development framework that embraces technological change, in which Milton Keynes can continue to grow, pioneer and develop.**

This objective looks to continue to support MK's record and reputation of innovation and being at the forefront in supporting and delivering change.

## Other Objectives

It should be recognised that the objectives which cover the **Social, Environment** and **Safety** themes also have links to economic development, particularly

### **4. Provide access for all key services and amenities in Milton Keynes, including employment, education, health, retail, and leisure.**

This has clear synergy with the rationale to objectives 1 and 2 above

Objectives 3, 5 and 6 support Milton Keynes as a place to live and through this support continued sustainable growth. It is important to recognise that more people living in MK helps economic growth through their economic activity within the area.

## Links to the Council's Economic Development Strategy

The council's economic development strategy was adopted in 2011 and supports six priorities. These are identified below with the linkages to the transport strategy objectives identified.

### **1 Diverse and competitive knowledge based economy:**

Create an environment that will foster business and employment growth within a diverse, more knowledge based and competitive economy by encouraging innovation, enterprise and skills improvement.

Links to

<b>Establish a development framework that embraces technological change, in which Milton Keynes can continue to grow, pioneer and develop</b>
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### **2 Economic regeneration:**

Improve access to training and job opportunities, especially for those with no skills or low skill levels, to provide greater opportunities for individuals to obtain sustainable employment.

Links to

<b>Provide real and attractive transport choices to encourage more sustainable travel behaviour as Milton Keynes grows</b>
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### **3 Skills and learning:**

Improve the overall skills and qualifications profile of the resident population through education and training provision, to ensure that the skills of the resident population are able to meet the needs of employers, especially in relation to higher level skills and the development of the University Centre Milton Keynes.

Links to

<b>Provide access for all key services and amenities in Milton Keynes, including employment, education, health, retail, and leisure.</b>
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### **4 Business support:**

Encourage business growth through focused interventions such as support for innovation, assistance for start-up's and ensuring an appropriate range of commercial space is available.

Links to

**Establish a development framework that embraces technological change, in which Milton Keynes can continue to grow, pioneer and develop**

***5 Articulating a compelling 'MK Offer':***

Promote Milton Keynes as a premier location for inward investment and as a visitor destination.

Links to

**Provide access for all to key services and amenities in Milton Keynes, including employment, education, health, retail, and leisure**

**Improve safety, security and health.**

**Contribute to quality of life for all Milton Keynes residents, strengthening linkages between communities.**

***6 Enabling infrastructure:***

Create, maintain and improve the appropriate infrastructure for growth, especially in relation to transport and digital infrastructure.

Links to

**Provide real and attractive transport choices to encourage more sustainable travel behaviour as Milton Keynes grows**

**Support the economic growth of the borough through the fast, efficient and reliable movement of people and goods.**

**Conclusion**

The links between transport and economic development is clear and has manifested itself clearly in Milton Keynes over its successful development.

The council has developed complimentary strategies covering Planning (Core Strategy); Economy (Economic Development Strategy) and Transport (Transport Strategy & vision). The current review of the transport strategy provides an opportunity to reflect on the priorities set for each objective.