

Autumn Statement 2012

DeHavilland Autumn Statement Briefing: Transport and Infrastructure

Summary

The Government would switch money saved by capital investment into infrastructure investment projects, the Chancellor said today.

The Transport Secretary would set out plans to extend HS2 to North West and Yorkshire, he added.

There was also confirmation that a Northern Line extension to Battersea would take place while a similar extension to the Olympic Park could also be announced.

On roads, Mr Osborne said £1bn would be committed to improvements, including upgrading the A1 to Newcastle.

Turning to the replacement of “the discredited PFI”, system, Mr Osborne announced new measures to allow the public to share in the rewards of these contracts.

Annual infrastructure investment had gone from £29bn under the last Government to £33bn under the Coalition.

Labour Response

Responding to the Autumn Statement, Labour Shadow Chancellor Ed Balls said people could feel “the true scale” of the Government’s economic failure.

The UK economy was contracting and Government borrowing was revised up this year and the next. The national deficit was rising, not falling, he warned, adding that people already struggling to make ends meet were paying the price “while millionaires get a tax cut.”

He said the Chancellor had boasted during the announcement of the national infrastructure plan a year ago, but not one new road scheme had been built.

Mr Osborne was accused of failing on growth and the deficit, and “even with these changes, the average family is still worse off.”

“This Government is unfair, incompetent and completely out of touch,” he said.

In detail

Roads

Investing in the road network – The Government will invest £1.5 billion, of which £1 billion will be invested in this spending review period to improve the national road network and to accelerate the development and delivery of major road schemes, including:

- £378 million for upgrades to the A1 at Lobley Hill and Leeming to Barton; (f) (g)
- £127 million on a new link between the A5 and M1 and £30 million for dualling the A30 Temple to Carblake; (h) (i)
- £150 million of investment for improvement works to Junction 30 of the M25 starting in 2015; and £10 million on improvements works at Junction 12 of the M40 starting in 2013;

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- £270 million for priority national and local projects which will deliver significant improvements on the road network such as removing bottlenecks, enable housing and business developments, and help to provide improved access to Enterprise Zones; (b)
- £333 million for essential maintenance of our national and local road network; (c)
- £95 million to test an accelerated approach to the delivery of major road schemes with 4 pilot schemes; three managed motorways on the M1 Junction 28 to 31, M3 Junction 2 to 4A and M6 Junction 10A to Junction 13; and one conventional scheme A160/A180 Immingham improvement; (a)
- £42 million to develop the pipeline of potential Highways Agency road schemes for investment in the next spending review period; and (d)
- £42 million investment in the Sustainable Transport Fund for cycling infrastructure. (e) (2.26)

A5 in Northern Ireland – To support capital investment in Northern Ireland, the Government has agreed to allow the Northern Ireland Executive to defer up to £50 million of borrowing under the Reinvestment and Reform Initiative from 2012-13 to 2014-15. This will facilitate the Northern Ireland Executive's investment in the project to upgrade the A5. (2.27)

M4 in south Wales – The Government is engaging with the Welsh Government to explore funding options for improving the M4 in south Wales. Funding options are being considered alongside discussions on the recommendations of the Silk Commission and recent announcements on Welsh funding. The Government plans to issue an initial response to the Silk Commission in spring 2013. (2.28)

Fuel Duty

Fuel duty – In June 2012 the Government announced that the fuel duty increase planned for 1 August 2012 would be deferred to 1 January 2013. (2.89)

To support motorists and businesses with the high cost of fuel, the Government will cancel the 3.02 pence per litre fuel duty increase that was planned for 1 January 2013. The Government will move the 2013-14 increase planned for April 2013 to 1 September 2013. There will be only one fuel duty increase in 2013. For the remainder of the Parliament, subsequent increases will take effect on 1 September each year instead of 1 April. (2.90)

Head	£ million						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
Motoring							
17 Fuel duty: cancel January 2013 increase deferred from 2012 and delay future increases to September	Tax	-890	-1,640	-1,625	-1,715	-1,420	-1,465
18 Funding from underspends in 2012-13 through reduced reserve	Spend	+555	0	0	0	0	0

Rural fuel rebate – Following the successful implementation of the rural fuel rebate pilot scheme for island communities, the Government will consider whether to seek European Union approval to support an extension of the scheme to remote parts of the UK that are likely to display similar cost characteristics to the islands. (2.91)

Company car tax – The Government will consider the case for providing time-limited incentives through company car tax to encourage the purchase and development of ultra-low emission vehicles, while ensuring that all company cars are subject to a fair level of taxation. The Government will continue to seek the views of car manufacturers and motoring groups ahead of Budget 2013. (2.92)

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Rail

Supporting the Northern Line extension to Battersea – The Government will provide UK Guarantees to allow the Mayor of London to borrow £1 billion at new preferential rates to support the Northern Line extension to Battersea, subject to due diligence and the agreement of a binding Funding and Development Agreement with developers, the Mayor of London and partner authorities before the end of 2013. (2.30)

The Government recognises the pressures faced by businesses and passengers as a result of rising public transport fares. The Government will limit the average increase in regulated rail fares and Transport for London fares to the Retail Prices Index plus 1 per cent for two years from January 2013, which will benefit over a quarter of a million annual rail season ticket holders. (1.150)

Aviation

Airport operational freedoms – The Airports Commission has been set up to identify and evaluate how to maintain the UK's position as Europe's most important aviation hub in the short, medium and long term. In the interim, Heathrow is currently trialling operational measures to improve the punctuality and resilience of the airport. The Government will bring forward the timetable for public consultation and final decisions on making these measures permanent, subject to successful completion of the trial. (2.127)

Air Passenger Duty

	£ billion						
	Outturn			Forecast			
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Air passenger duty	2.6	2.9	2.9	3.1	3.3	3.6	3.9

Private Finance

Infrastructure UK (IUK) – The Government will strengthen the mandate of IUK and increase its commercial expertise to boost the delivery of growth enhancing infrastructure projects across government. As part of this new role, IUK, together with an enhanced Major Projects Authority, will undertake a detailed assessment of Whitehall's ability to deliver infrastructure, building on existing work. This assessment will be completed by Budget 2013. To ensure the assessment is as thorough as possible, it will be led Paul Deighton as his first duty as Commercial Secretary to the Treasury, working closely with the Minister for the Cabinet Office and the Chief Secretary to the Treasury. (2.129)

UK Guarantees – As announced in July 2012, the Government will provide up to £40 billion in guarantees to ensure that priority infrastructure projects in England, Scotland, Wales and Northern Ireland can raise the finance they need despite challenging credit market conditions. To date, projects with a capital value of around £10 billion have been prequalified as eligible for consideration of a guarantee and the Government will provide a UK Guarantee to support £1 billion of Greater London Authority borrowing to finance the construction of the Northern Line extension. (2.123)

Planning

Reform of the planning system – The Government introduced legislation in October 2012, including new powers to appeal the affordable element of unviable section 106 agreements and tackle poorly performing planning authorities. The Government will shortly set out its response to Lord Matthew Taylor's review of planning practice guidance. (2.147)

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Streamlining planning consents – The Government published a consultation in November 2012 on streamlining the list of planning consents which sit outside the Development Consent Order process, amending secondary legislation to update and streamline the list of prescribed consultees, and establishing new arrangements to improve coordination and communication between the Planning Inspectorate, applicants and other consenting bodies in order to make the overall consents process more efficient. (2.148)

Environmental impact assessments – The Government will consult on updated guidance on conducting environmental impact assessments by Budget 2013, and will consult on raising screening thresholds set out in the Town and Country Planning (Environmental Impact Assessment) Regulations 2011 later in 2013. (2.149)

Supplementary publications

- *National Infrastructure Plan* [Click to view](#)
- *A new approach to public private partnerships* [Click to view](#)
- *Standardisation of PF2 Contracts* [Click to view](#)

Stakeholder responses

British Vehicle Rental and Leasing Association were critical of changes to company car tax saying “the government will just make it more expensive for businesses to run greener fleets. There is no logic to it.” [View source](#)

Commenting on changes to fuel duty, the **Institute of Directors** said that the “Chancellor should be congratulated for making life easier for all of us to get on with the task of getting Britain growing again” [View Source](#)

Construction Products Association welcomed the £5 billion of additional capital investment over the next three years but said that there is little evidence that this will have much impact, as the industry is currently contracting by more than double that amount every year. [View Source](#)

Confederation of British Industry said that “The Government now has everything to prove by delivering. Businesses need to see the Chancellor’s words translated into building sites on the ground” [View Source](#)

Institution of Civil Engineers was “pleased that Paul Deighton’s first duty as a Treasury Minister will be to produce an assessment of Whitehall’s ability to deliver infrastructure and look forward to contributing to this review” [View Source](#)

Road Haulage Association said that “Today’s Autumn Statement has brought us good news. It is encouraging to know that the Road Haulage Association has a voice that is listened to” [View Source](#)

Airport Operators Association claimed that the Government is “disregarding the will of the people” and renewed industry calls for the Treasury to commission an economic impact-assessment of APD” [View Source](#)

Association of British Travel Agents stated that the “Government needs to focus every effort on driving growth. Tourism is a sector that the Prime Minister has previously outlined as a key growth opportunity and yet once again the Government has announced a rise in APD” [View Source](#)

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Local Government Association said that it “is vitally important that a large portion of the money made available for schools and transport infrastructure finds its way to the local areas which can use it most effectively” [View Source](#)

Automobile Association (AA) said that “Chancellor Osborne’s decision to cancel the 1 January fuel duty hike avoids a New Year’s headache and a long hangover for all drivers and is very much welcomed by the AA” [View Source](#)

Politician Response

Labour MP Louise Ellman said the announcement for investment in transport was welcome but asked the Chancellor to give assurances that the money was additional capital spending. [View Source](#)

Sir Alan Beith expressed concern about no announcement had been made on the dualling of the A1 north of Newcastle. [View Source](#)

Cheryl Gillan welcomed proposals on the extension on infrastructure expenditure, but sought assurances that transport policy was fully integrated. She asked if the Chancellor would look at HS2 connectivity and airport hubs. [View Source](#)

Alliance MP Naomi Long asked if the Government would commit to reviewing the impact of Air Passenger Duty on the economy and businesses. [View Source](#)

DUP MP Sammy Wilson asked if the Government would if borrow more to invest infrastructure project, instead of paying an increasing welfare budget. [View Source](#)

Labour MP Dr Roberta Blackman-Woods said not one single infrastructure project had been delivered, and asked why she should believe the funding announced today would be productive. [View Source](#)

Conservative MP James Morris asked if the PF2 scheme would aid priority infrastructure projects. [View Source](#)

Politician Press Releases

John Lamont - UK Government commitment to upgrade A1 puts pressure on SNP [View Source](#)

John Baron - welcomes measures to boost growth in Autumn Statement [View Source](#)

Tom Blenkinsop - Autumn Statement proves 'nation has suffered two years of shambolic economic policy' [View Source](#)

Tweets

[Chris Heaton-Harris @chhcalling](#)

Labour's 3p fuel duty increase, due in January, cancelled altogether. Good news for motorists in Daventry & across the country.

[Robert Halfon MP @halfon4harlowMP](#)

Well done to my colleagues and [@FairFuelUK](#) for amazing campaign : fuel duty rise not postponed: scrapped !!!

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[Stephen Crabb MP@SCrabbMP](#)

Excellent! 3 pence Fuel Duty increase "scrapped altogether". Good news for families and businesses in rural areas like Pembrokeshire.

[Cheryl Gillan MP@CherylGillanMP](#) Interesting response from Chancellor to my question of airport connectivity for [#HS2](#) looks like Heathrow still on the books for 3rd runway

[Julian Huppert@julianhuppert](#) Deficit down a quarter, continuing down. exports up, 1.2 million more private sector jobs. Investment coming into UK [#autumnstatement](#) [#fb](#)

[BALPA @BALPAPilots](#) Disappointed in Chancellor's pension tax relief plans. No way to encourage pension saving. [#autumnstatement](#)

[Better Transport @CBTransport](#) CBT's snap response to the Chancellor's statement [http://www.bettertransport.org.uk/media/05-dec-autumn-statement ...](http://www.bettertransport.org.uk/media/05-dec-autumn-statement...) [#as2012](#)