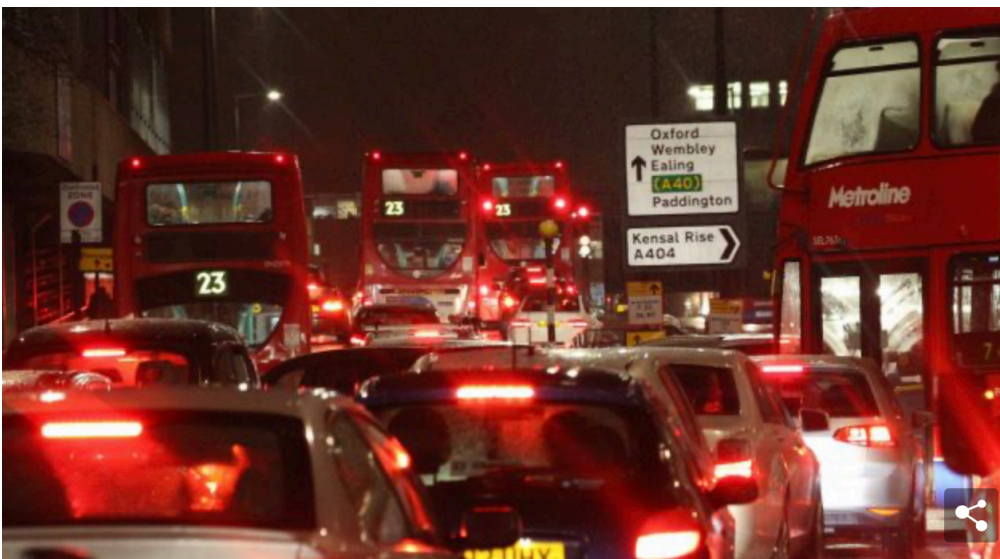


Personal mobility, productivity and growth

14 March 2023

Access to cars have given people independence and control and also access to opportunities. It is closely linked to our quality of life. Modern cars are much safer, bigger, and costlier - for most people it is the second most expensive asset after their homes. However, while cars are great at an individual level, they also have another aspect - they create external effects (called externalities¹ by economists) on others such as congestion, pollution and accidents. Car dependence creates sprawl which is wasteful and makes delivery of public service expensive for everyone. It is not sustainable.



Source : Daily Mail,
Drivers waste 30 hours
a year in traffic jams.

Public transport is the answer towards greater sustainability. It means buses, trains, trams and light rails. It makes cities liveable and city centres viable. Even in the US, the traditional strong hold of the car industry, policy makers are looking at public transport not as a desirable but an essential investment to rejuvenate the local economy and improve quality of life².

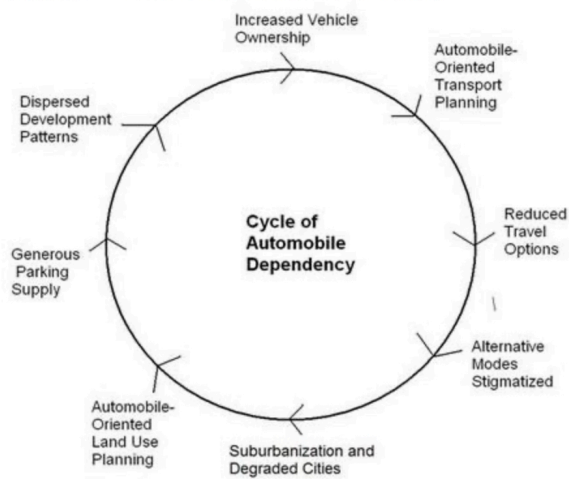
However, we are experiencing a reverse trend in the UK. While British have a similar level of personal mobility to the other comparable European countries, the share of private modes is higher here. Only 13% of all trips made in 2018 were done using a public mode, and these figures include London which has a very high ratio of public transport usage, this means that the picture outside of London is bleak.

Outside of London and perhaps West Midlands, people have no choice but to rely upon cars for personal mobility.

¹ External effects are felt by those who are not participants in the production or consumption of an activity and the effects are often unpriced.

² USD 112Billion of US Infrastructure Bill will be invested in Public Transport.

The alternatives to cars that the Europeans enjoy simply do not exist in the UK or are completely unattractive. Buses are infrequent, provide poor service, there are no light rail systems, or trams connecting mid-size towns with each other and with another conurbation. The services in rural areas are as good as non-existent.



The proliferation of cars is completely unsuitable for our small island with its ancient streets and narrow roads, and lack of sufficient parking spaces. As we all know, car dependent personal mobility is a very inefficient use of space. Fast forward a few years and the situation will be simply unmanageable.

Those who cannot drive for whatever reason, are cut off from the labour market and indeed from accessing other necessities of life. This is not

conducive for productivity and growth.

There needs to be a complete rethink on how we plan and deliver public transport to the various parts of the UK. And we should be looking at the entire value chain including manufacturing the buses, trains and various other parts here locally and upskilling the local workforce to deliver projects and services.

We should be devising alternative commercial models to make this attractive for private sector work in partnership with the Government to happen.

The Government has the most important role to play to kickstart the process.

By Sanjay Jamuar

Impact investing : Private Debt / Private Equity for public infrastructure.

UK Infrastructure risk and return profiles

	Characteristics	Examples
Higher Risk/Return	Private ownership (Market risk) <ul style="list-style-type: none"> Competitive markets, although high barriers to new entrants Exposure to market/volume risks Investor requires higher returns reflecting greater cash flow volatility 	Transport: Most airports and ports Commercial waste Cable and mobile phone networks
	Private ownership with targeted support <ul style="list-style-type: none"> Business operates in private sector but under strong government-led market framework Competitive but high barriers to entry 	Electricity generation
	Public contract/concession for service delivery <ul style="list-style-type: none"> Procured by public sector, under EU-led process Largely social infrastructure/waste programme Public-sector revenue stream – limited market risks Active secondary market for mature operating assets 	PPP/PF2 (Public-Private Partnership) social infrastructure such as schools and hospitals Local authority waste management
	Regulated private ownership <ul style="list-style-type: none"> Monopoly businesses providing essential services Independent regulation of return and duty to ensure stability for investors 	BT Openreach Electricity, gas and water transmission and distribution networks Some airports, rolling stock
Lower Risk/Return	Private ownership with regulated cash flows and government support (semi-gilt) <ul style="list-style-type: none"> Strong government support Financing raised in capital markets at near gilt 	Transport for London (TfL) bonds

UK Infrastructure funding models

Financing		Energy	Comms	Transport	Waste	Water	Funding
Upfront investment made by public capital	Public industry				Commercial Waste Operations by Local Authorities	Scottish Water	Paid for by taxpayer
	Conventional capital procurement			Most Roads	Municipal Waste Facilities	Most flood and Coastal Defences	Paid for by taxpayer
Upfront investment made by private Finance	PPP/PFI			M25 Widening	Municipal Waste Treatment	Northern Ireland Water PFIs	Paid for by taxpayer
	Economically Regulated Private Industry	Electricity Networks	BT Openreach	Gatwick / Heathrow		England & Wales Water & Sewerage	Paid for by user
	Other Private Industry	Electricity Generation	Cable Networks	Most Airports / Ports	Commercial Waste Disposal		

- Sourced from Gov.uk