



# Ideas for Investment

Raising funds for investment in sustainable transport



# Event agenda

<b>11:00</b>	Welcome
<b>11:05</b>	Summary of Transform's work on financing transport
<b>11:15</b>	Guest speakers <ul style="list-style-type: none"><li>• Sue Flack: Parking</li><li>• George Hazel: Land value capture</li><li>• Karen Barrass: Local climate bonds</li></ul>
<b>11:40</b>	Q&A with panel
<b>12:30</b>	Close

# Our speakers



**Sue Flack**

Transport consultant

*Parking*



**Dr George Hazel**

Director, E-Rail

*Land value capture*



**Dr Karen Barrass**

Founder, Climate Insights

*Local climate bonds*



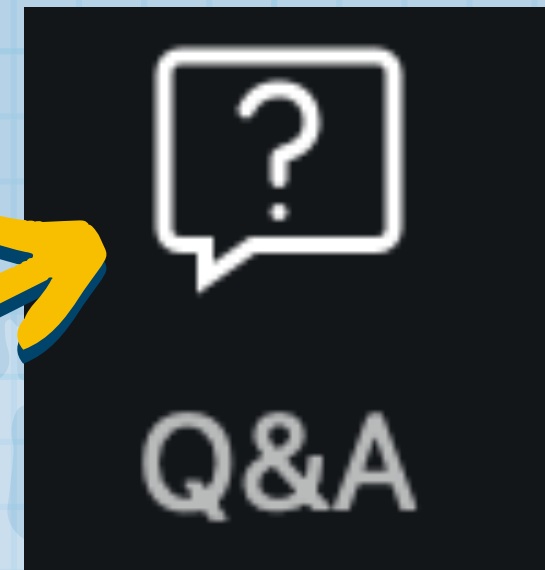
**George Lowder**

Chair, Transform Scotland

*Chairing*

# A note on Q&A

- Submit questions to the panel using Zoom's Q&A function
- Option to ask anonymously



# IDEAS FOR INVESTMENT

How to generate revenue for sustainable transport in Scotland

November 2024



transform  
scotland

# The context

**NEWS**

Home | InDepth | Israel-Gaza war | War in Ukraine | Climate | UK | World | Business | Politics | Culture

Scotland | Scotland Politics | Scotland Business | Edinburgh, Fife & East | Glasgow & West | Highlands & Islands | Alba

## Scotland's climate target unreachable says watchdog




PA MEDIA

Climate  
emergency

**BUS**

## Bus Partnership Fund pausing leads to criticism in Scotland

 **Paul Halford** | Published February 19, 2024

All Sections

**THE SCOTSMAN**

News Business Opinion Sport Arts & Culture Food & Drink Heritage Lifesty

Politics

### Exclusive: Active travel projects shelved as Scottish Government clamps down on public spending

News

## Urgent action taken to balance Budget

Published: 03 September 2024 15:33  
Topic: [Scottish Budget](#)

£500 million in savings to ease 'enormous' pressure on public finances.

Fiscal  
constraints

# Our work

How do we fund sustainable transport in a way that is:

1. Feasible

2. Fair

# Our proposals





# Example: Road pricing

## Scotland

### UK fuel duty receipts 2000-2024



Rapid decline in revenue as car fleet electrifies



# Example: Road pricing

## Iceland



- Problem: Growing EV uptake (60% of new car registrations) threatens fuel tax income
- Solution:
  - Straightforward, distance-based road usage fee
  - Electric car drivers pay a small fee of (<5p per mile)
  - Plan to extend to all vehicles
  - All road users pay their fair share

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# Parking

or there's more than one way to skin a cat!

Sue Flack

# Snowdonia/Eryri National Park

- New and improved bus services funded by partnership between National Park and local councils
- Bus services for tourists/visitors and local people
- Introduced at same time as increased parking enforcement and higher car parking charges, finding ways to use parking revenue to subsidise the new bus services
- Successful – other national parks could follow



# Nottingham Workplace Parking Levy

- Charges selected workplace parking places, and spends receipts on public transport (mostly NET tram)
- Receipts up to £10m pa, has levered in much more in grants and private investment
- 12 years successful operation
- Charge £550 per liable space (2024/5)
- Why has no other authority followed?



# Lambeth Kerbside Strategy

- Plan to convert 25% of kerbside space to non-parking uses including bike parking, parklets, rain gardens
- Aims to enable active travel, create places for people, increase climate resilience and reduce emissions and traffic
- Doesn't create revenue but does reduce existing implicit parking subsidy and transfer it to active travel



# Conclusions and recommendations

- Great potential for using parking revenue for sustainable transport but politically difficult – Nottingham only managed because of link with tram, Snowdonia because of focus on charging visitors (not voters!)
- Should be a principle in law that parking revenue of any type can and should be used for sustainable transport. Existing restrictions should be removed. Other countries are far more innovative eg Barcelona, USA, Paris
- Lambeth has a different approach that allows incremental parking reduction. Easier politically but without independent cash flow







# A New Funding Model for Transport Infrastructure

The Land Value Capture Model

Presentation at Transform Scotland  
Seminar – “How can we fund sustainable transport?”

26 November 2024

# Northumberland Line Project

## 5 New stations

Seaton Delaval, South Newsham, Bebside, Bedlington, Ashington

## E Rail Involvement

E-Rail instructed by Northumberland CC in 2017 to explore the fund raising opportunities as part of the proposed re-opening of the Ashington-Blyth-Tyne rail route

Contribution Agreements executed with landowners on 21 sites

Value expectation exceeds initial predictions

About 50% of the increase in land value will be collected, representing £30m - £40m (20% - 25% of capital cost).



# Contribution Agreements (CA)

**This is NOT a TAX;** it is a sharing of the wealth created and therefore landowners and developers have shown themselves willing to co-operate.

- Each CA is tailored to individual property and owner
- The CAs are built into title of the land
- Landowners, private and public can participate
- The contribution is only made where a positive increase in market value is achieved
- Payment becomes due when both transport project is delivered, and planning consent has been granted
- The CA is time controlled – typically 5 – 20 years depending on the anticipated project delivery timeframes

# Ongoing work & LVC opportunity across UK

- Since successfully deploying our method on the Northumberland Line we have completed 16 LVC surveys on projects across the UK
- We have surveyed over a 150 miles of new or reopened rail lines that could deliver over 65 new railway stations.
- The 16 studies alone indicate over £800m in LVC contributions could potentially be captured from landowners through our innovative methodology.
- We are currently negotiating contributions from private landowners on the behalf of Transport Promoters, to support funding and delivery of important new rail schemes.





# The Independent Transport Fund

## Key points:

- Dedicated solely to the project
- Set up and then managed by E-Rail
- CAs are registered in the title and lodged with the Fund
- When land is sold the fund manager calls for the funds and disburses to the project
- Fund manager monitors and reports to Promoter and all CA landowners
- Promoter has step in rights

# Summary & Key Points

- No new legislation required
- Start process early as possible to maximise LVC funding
- The impact can be included in and helps the business case
- Promotes sustainable development around public transport nodes
- Liaise with officials in planning, transport, finance, economic development through each stage
- E-Rail enters into CA's on all agreed sites with the landowners
- Seen as a partnership between public and private sectors
- Promoter always retains control
- Funds are released as value created

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# **Financing Sustainable Transport – Climate Bonds**

**Dr Karen Barrass**

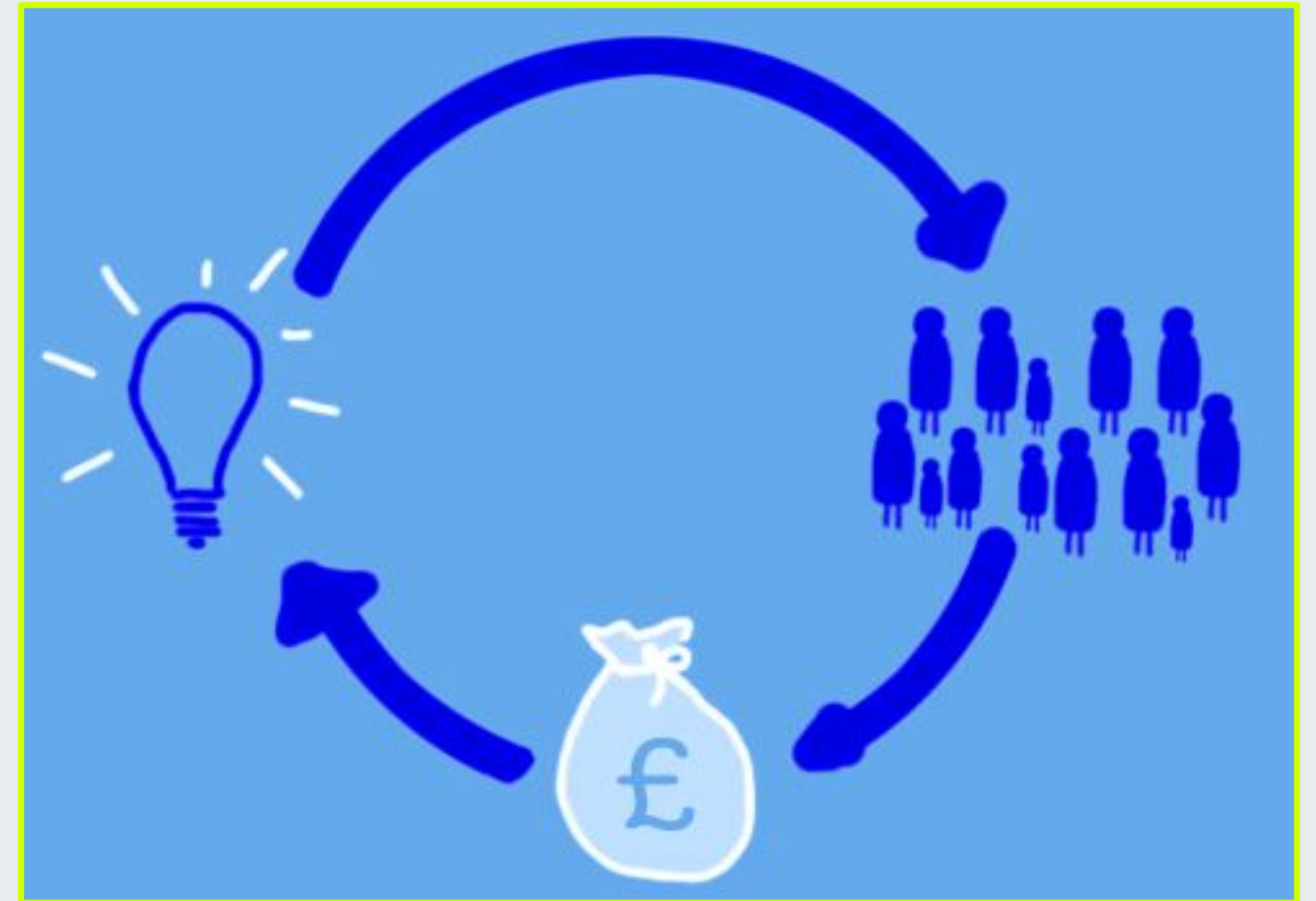
**26/11/2024**





# CLIMATE BONDS

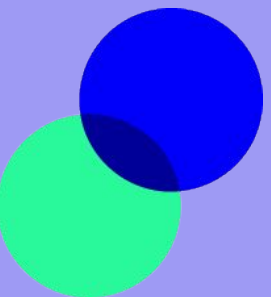
- Council Climate Bonds/Local Green Bonds/Community Municipal Investments
- Abundance Investment – Regulated debt instruments/fixed income securities – Ring-fenced crowdfunding
- Since 2020 several LAs raised over £6 million for emission reduction projects. 2000+ investors
- Potential for peer-to-peer loans (not bonds) – ISA eligible – tax free
- £5 minimum



# PROJECTS

- West Berkshire/Islington – EV Charging
- Warrington – Electric Buses
- Lewisham – Investment in cycle infrastructure

*Bin lorries/minibuses – fleet investments*



# INVESTING

- Competitive interest rates
- Public v personal benefit – access
- Mobilise residents and institutional investors (LA pension funds)
- Portfolio/partnership approaches
- Flexible – broader focus – jobs and skills for example
- *UKIB/National Wealth Fund – £4 billion for local authority infrastructure projects: Mass transit and zero emission buses in West Yorkshire and Greater Manchester*

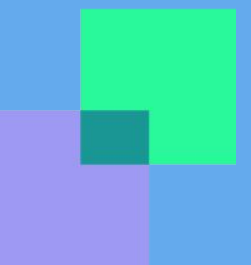


# RECAP

- Debt instruments issued by LAs to raise funds directly from the public, by crowdfunding or other means, for projects aimed at reducing emissions.
- Since 2020 LAs have raised funds for transport projects including Warrington's electric buses.
- Potential equity considerations re. income/access.
- Potential for Scotland – feasible – more assessment and partnership scoping required.



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**THANKS FOR LISTENING!**

