
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 8 January 2014

Subject: Impact of Small Infrastructure Investment

Report of: John Holden, Deputy Director, Research - New Economy

Summary

This report presents additional evidence collected on the economic impact of small infrastructure projects in follow up to the work presented in October 2012 that analysed the difference between the impact of such schemes on youth employment, jobs and apprenticeships compared to regional growth fund grants/loans targeted at small and medium enterprises.

Recommendations

It is recommended that Scrutiny members:

- note the contents of the paper and the potential positive economic and fiscal impact that small infrastructure projects can have;
 - note the potential to bring forward small infrastructure projects that can help grow the economy, including through the recently established Clean Manchester Fund, where they meet the Fund criteria;
 - agree that in certain circumstances the economic benefit of some of the schemes being considered under the Council's Clean Manchester Fund initiative could make a real economic impact. Therefore, on a case by case basis, this impact should be borne in mind when eligible schemes are being considered.
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Wards Affected: All

Contact Officers:

Name: John Holden
Position: Deputy Director, Research, New Economy
Telephone: 0161 237 4127
E-mail: john.holden@neweconomymanchester.com

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1 Introduction

- 1.1 In October 2012, a report analysing the difference between the economic impact of Regional Growth Fund (RGF) grants and loans targeted at small & medium enterprises; and minor infrastructure projects (such as alley gating schemes and maintenance of roads) was presented at the Economy Scrutiny Committee.
- 1.2 Because of the available evidence, there were significant caveats on the analysis as it compared distinctly different forms of investment which target a range of (economic and non-economic) outcomes. It was only possible to look at small infrastructure generally without using any case studies while RGF impacts were considered using government projections rather than realised benefits, making it difficult to draw any meaningful conclusions.
- 1.3 The October 2012 report concluded that because of the fundamental differences between the objectives of each, and the investment criteria utilised to implement them, each channel of investment had to be considered in isolation. This update report therefore examines the impact of small infrastructure investments only. It first provides case study evidence of the economic impacts of small infrastructure schemes undertaken in other places and then considers how projects such as these fit within the recently launched Clean Manchester Fund.

2 Impact of Small Infrastructure Investment – Case Studies

- 2.1 In this section, the evidence regarding economic and wider social impact of three forms of small infrastructure projects are considered: alley-gating; highways repairs; and graffiti cleaning.

Alley Gating

- 2.2 Alley-gating is a crime prevention measure which involves the installation of lockable gates across alleys, by denying access for those without keys. It is suggested that even though it is predominantly a crime reduction initiative, alley gating can also increase community confidence, improve the aesthetic appearance of an area, improve the social capital and reduce levels of worry and fear about crime and anti-social behaviour.
- 2.3 In terms of economic costs, within the last twelve months (Nov 2012 – Oct 2013), 15,190 burglaries were reported to Greater Manchester Police, of which 4,800 were in Manchester local authority district. This represents a direct 'response' cost of £100m in Greater Manchester and £35.5m in Manchester district. Direct costs in combination with wider social and economic costs total £286m across Greater Manchester and £90m in Manchester^{1;2}.

¹ The Economic & Social Costs of Crime against Individuals and Households, 2003/2004.

² Integrated Offender Management Value for Money Toolkit. September 2011.

- 2.4 Three noteworthy empirical evaluations exist that assess the impact of alley-gating. The first³ evaluates 3178 alley-gates in Liverpool. It reports a 37% reduction in burglaries after installation, strong diffusion of benefits and limited displacement (800–1200 metres). Cost/benefit analyses further show a return of £1.9 for every £1.0 spent on gating within 12 months of installation.
- 2.5 The second⁴ study addresses non-quantitative effects such as improved relationships between neighbours or reduction in anxiety levels via a series of pre/post-installation structured interview questionnaires from Cadoxton, Barry, in South Wales. Three questionnaire waves, issued randomly to 100 residents of the gated area, took place: prior to gate installation, and six months and two years after. After six months, 21% of respondents believed crime had fallen. Two years later, 52% of respondents perceived that crime had fallen.
- 2.6 More locally, in Oldham, research⁵ on 164 alley-gate schemes installed between February 2006 and February 2007 found that ‘alley-gating’ significantly reduced burglaries in schemes protected by them and in the immediately surrounding area. Of the 120 crimes, 74% (89) occurred before gating and 26% (31) occurred after gating. Statistical tests indicate that alley-gates significantly reduced the risk of burglary to the residences they protect.
- 2.7 These studies suggest that alley-gating has been an effective crime prevention measure as well as cost-effective in three different places, reducing the incidence of burglaries and qualitatively changing resident perceptions. Manchester City Council does not currently have a budget for alley gating. Recent schemes have only been funded through cash grants where planning consent was already in place and residents have been asked to contribute to the costs of schemes. More recently, alternatives have been developed in Rusholme and Moss Side where using Cash grants, residents have cleared litter, improved re-cycling and made alleyways green and attractive, without incurring the costs of an alley-gating scheme. This will be reviewed to check whether the improvements are sustained.

Highways repairs

- 2.8 The additional cost of highway damage is not limited to local highway authorities. There is a wider cost to the economy arising from potholes, including costs to highway users and business, through the increased number of accidents and subsequent compensation and insurance claims. In addition, traffic disruption through repairs leads to further costs to the economy through delayed journey times.

³ Bowers, K. J., Johnson, S. D. and Hirschfield, A. (2004). Closing off opportunities for crime: An evaluation of alley-gating. *European Journal on Criminal Policy and Research* 10, 285–308. <http://link.springer.com/article/10.1007/s10610-005-5502-0#>

⁴ Rogers, C. (2007). Alley-gates: Theory and practice – A perspective from urban South Wales. *International Journal of Crime Prevention and Community Safety* 9, 179–200. <http://www.palgrave-journals.com/cpcs/journal/v9/n3/abs/8150045a.html>

⁵ Heywood, J., Kautt, P., and Whitaker, A. (2009). The Effects of ‘Alley-Gating’ in an English Town. *European Journal on Criminology*. 6 (4), 361-381 <http://euc.sagepub.com/content/6/4/361.abstract>

- 2.9 The cost of poor road conditions to the economy through accidents, disruption, increased user costs and vehicle wear and tear, is not known with any certainty. However, research has estimated that, on average, businesses affected by poor road conditions lose over £8,000 a year on vehicle damage and increased fuel costs. A third of businesses also lose about £15,000 each per year because the condition of local roads reduces their competitiveness⁶. The 2011 Asphalt Industry Alliance survey⁷ of local highway authorities estimated the wider economic impact of poor road conditions and concluded that it is costing the economy and small and medium enterprises – which contribute up to 60% to the economy in some regions – £4.1 billion in England and Wales, an estimated potential cost of £43 million in Manchester district.⁸
- 2.10 Another factor to consider in determining spend on road refurbishments is that it is generally more cost-effective to do proper refurbishments as opposed to short-term repairs that do not address the root of the issue and have the potential to cost more in the long-run. However, it has to be recognised that all local authorities have vastly reduced resources available to them to conduct such refurbishments/repairs.

Graffiti

- 2.11 A study⁹ into the costs and wider issues of Graffiti for the London Assembly estimated that the total cost of graffiti in London to be over £100 million per annum. This report identified expenditure by London Boroughs and transport companies of approximately £13 million per annum. This figure rises to £23 million if all the etched glass on the underground is replaced, but does not include costs to businesses, utilities, rail companies and homeowners.³
- 2.12 Costs go beyond just removal costs and include damage to economic development and loss of capital values to people's homes. The report is unable to identify accurately these additional costs, but it estimates that when they are taken into account, the cost of graffiti to the London economy each year exceeds £100m. This is money lost to productive expenditure and investment in public services.
- 2.13 With costs per capita of £12.20 in London, we can estimate that graffiti could be costing the Manchester district economy approximately £6.2 million annually. Within this sphere, there is scope for designing and implementing preventative programmes to incite behavioural change, which could potentially be funded through the Clean Manchester Fund.

Other Examples of Small Infrastructure Projects

⁶ The economic impact of local road condition, YouGov for the Asphalt Industry Alliance (2010). http://www.asphaltindustryalliance.com/images/library/files/AIA_YouGov_Report_final.pdf

⁷ Annual Local Authority Road Maintenance Survey (2011), Asphalt Industry Alliance. http://www.asphaltindustryalliance.com/images/library/files/Alarm_2011_web.pdf

⁸ Prevention and a Better Cure – Potholes Review (2012) Department for Transport. <https://www.gov.uk/government/publications/potholes-review-prevention-and-a-better-cure>

⁹ Graffiti in London. Report of the London Assembly Graffiti Investigative Committee. May, 2002. <http://legacy.london.gov.uk/assembly/reports/environment/graffiti.rtf>

2.14 There are other forms of small infrastructure projects, which have the potential to provide wide economic benefits, though there is little existing evidence to date quantifying the latter. These include regeneration projects aimed at improving the physical environment of an area, for instance de-cluttering the road of obsolete signage, shop front improvements, roadway improvements, and so on. There is currently no identified budget to fund these sorts of schemes.

3 The Clean Manchester Fund

3.1 In September, there was an agreement by Manchester City Council to establish a Clean and Green Places Initiative utilising a one-off Airport Dividend of £14.5m. The aim of the Initiative is to focus the resources on a number of strategic interventions to improve the quality of the environment in the City which are designed to bring about sustainable improvements and behaviour change.

3.2 The criteria for Clean Manchester suggests that resources should focus on activity and interventions that: are visible; promote sustainable behaviour change; involve creativity and innovation; are deliverable and can be implemented speedily; are sustainable and offer opportunities to save money in the future (with no on-going costs for the Council); encourage community involvement; are value for money; and promote equality of opportunity and inclusion.

3.3 Some of the projects that have been proposed for this scheme are small infrastructure. While the introduction of formal additional economic impact assessment criteria would go against the agreement to minimise bureaucracy, this Fund could play an important role in delivering economic benefits to Manchester where small infrastructure investments comply with the conditions laid out for the scheme.

3.4 With regard to alley-gating schemes in particular there is a need to demonstrate that they will not lead to additional costs to the Council. In the past, when alley gating schemes have been introduced in areas of transient populations with high levels of privately rented properties, the existence of the locked gates means that refuse can pile up behind them and the alleys themselves become difficult for the Council to maintain and clean resulting in greater costs to the Council in resolving these issues. As a general rule alley gating schemes would not therefore automatically be considered under Clean and Green. However, on a case by case basis, alley gating schemes will be considered under the Clean and Green initiative. They are more likely to be successful if:

- they comply with the Clean and Green conditions
- they are in areas of low transient population
- they are in areas of high owner occupation
- the residents agree to maintain the area behind the locked gates
- the residents themselves make a contribution to the cost of the alley gating
- the economic benefit is clear.

- there is clear evidence that insurance companies would reduce their household insurance premiums if an alley gate scheme exists.
- the insurance companies consider contributing to the cost of alley gating schemes.

4 Conclusion

- 4.1 This report has sought to demonstrate the potential economic impact and benefits of small infrastructure spending by highlighting evaluated case studies with evidenced outcomes of similar schemes elsewhere in the UK.
- 4.2 However, it is important to note that the cost-effectiveness and economic impact of this type of public spending is not often evaluated, making the evidence available limited. The paper suggests there is scope to fund small infrastructure projects with the newly established Clean Manchester Fund, where projects meet the agreed criteria.
- 4.3 Finally, this report has noted a number of studies that members may wish to review in more detail. Where these are publicly available a link has been provided in the footnotes. For those where an online reference is not available, members can request a copy by emailing john.holden@neweconomymanchester.com