

Licence to build

Delivering urban transport infrastructure through devolution

Rob Johnson and Adam Moogan
October 2026



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We are a charity that works with local authorities, business and Whitehall to develop and implement policy that supports the performance of urban economies. We do this through impartial research and knowledge exchange.

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Acknowledgements

The authors would like to thank Bridget Rosewell, Michael Dnes, Monta Drozdova, Matthew Bornholt & Simon Jeffrey alongside individuals from HMT, DfT, the National Wealth Fund, several MSAs and private sector organisations. Their valuable expertise helped shape this work; the analysis, views and recommendations presented remain Centre for Cities' only.

Thanks also to former intern Michael Cheung who helped with the initial research.

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Executive summary

Mayors across England have big ambitions for expanding their urban transport networks. From Greater Manchester's Metrolink extension to new Merseyrail stations in Liverpool City Region, places are thinking about the next stage of transport delivery to better connect their local economies.

But they face an uphill struggle. Building and maintaining transport infrastructure in England is expensive, slow to deliver and has struggled to respond to the growth of cities. It means that current assets deteriorate while future plans gather dust on the shelf, holding back urban connectivity as well as national investment and growth.

The Government has placed Mayoral Strategic Authorities (MSAs) at the centre its plans to 'rewire the state'. This puts MSAs at the heart of its growth agenda, including more responsibility to deliver local transport: the level of Government large enough to align schemes to urban economies, while local enough to understand where investment is needed. But mayors face an interlocking set of barriers to delivering better transport infrastructure in their areas:

- **Powers are not at the right geography:** mayors depend on central government for approval of new trams, have little influence over commuter rail investment, and have limited power to upgrade road networks for the benefit of the local economy.
- **Planning is long, complex and uncertain:** evidence is often reproduced project by project, cases must be repeatedly justified, and local delivery means navigating a complex web of process and institutions.
- **Finance remains dependent on central grants:** limited retention of locally raised revenues creates uncertainty and disrupts pipelines, makes raising extra funds through borrowing harder, and means mayors are disconnected from any growth their transport schemes generate.
- **Capacity is constrained:** these all contribute to MSAs not being able to build capability at the local level, meaning their ability to deliver does not reflect the role they should have in connecting up their local economy.

Delivery is not constrained by local ambition. Instead, the risk is that mayors' responsibility for improving local transport grows without a corresponding increase in the powers and resources needed to deliver improvements.

This report sets out the reforms needed to close that gap and enable mayors to deliver transport infrastructure more effectively:

- **Powers should be held at a level to match the geography of a project's economic impact.** MSAs should be able to approve local mass transit schemes through devolution of Transport and Works Act Orders (TWAOs), be a collaborative partner with Great British Railways (GBR), and eventually have London-style powers over their key road routes.
- **MSAs should be at the heart of a streamlined transport planning process.** This means removing 'retained schemes' altogether, shaping the TWAO process itself around mayors, and moving towards a more rules-based infrastructure planning system. Local economic plans should determine strategic need, while MSAs should be given discretion to adapt national requirements to local context within their spatial planning powers.
- **MSAs need fiscal devolution to finance transport projects.** Plans for local tax retention should include shares of income and corporation tax, including the ability to retain some growth of these revenue streams.¹ This will create buoyant baseline of funding to reduce project reliance on central grants and unlock greater scope to borrow against future revenues from private and public lenders. It will also increase the effectiveness of mechanisms such as Tax Increment Financing.
- **Central government should actively strengthen MSA capacity to deliver local transport.** Devolving powers, planning and finance will help, but national institutions should also aim to build capacity in MSAs rather than substitute it. This means an uplift in Mayoral Capacity Funding, moving functions out of national bodies where expertise currently lies, and exploring common standards over delivery to guide local schemes in line with European practices.

¹ Selby O & Breach A (2026), [Adding up: How to deliver fiscal devolution](#). Centre for Cities.

01

Introduction

Mayoral Strategic Authorities (MSAs) have ambitions to improve their local transport networks to better connect their urban economies. Metro mayors have put transport front and centre of their policy programmes, which are well-recognised by their constituents.²

There are three main ways to improve urban transport connectivity:

- 1. Making existing networks more efficient.** Backed by new devolved powers, Centre for Cities modelled that MSA plans for greater public transport integration (through ticketing, timetables, and faster and more frequent buses) would better connect 1.2 million more people to big city centres within a reasonable commute.³
- 2. Bringing people closer to the network** by changing urban density. Centre for Cities estimates that Britain's 12 largest cities are missing 2.4 million homes around stations compared with international peers.⁴
- 3. Expanding the reach of the network** by delivering transport upgrades and expansions.

The third mechanism is the focus of this report. Big infrastructure upgrades are central to MSAs' long-term local transport plans, whether it's Greater Manchester pursuing Metrolink to Stockport, the North East planning its first Metro expansion in three decades, or Liverpool City Region adding new stations to the Merseyrail network.

These projects matter for the national economy. The National Infrastructure Commission has identified a need to invest in transport and connectivity to meet UK-wide deficiencies.⁵ This follows two decades of weak public and private investment at the national and local level.⁶

² Lavoie A-F and Swinney P (2024), [Place over politics: What polling tells us about how successful devolution has been to date](#). Centre for Cities.

³ Effectively increasing each city's size by more than a third could provide an extra £17 billion in annual economic output through greater productivity. See: Johnson R & Rollison C (2025), [Integrated transport: the size of the prize for mayors](#), Centre for Cities.

⁴ Lange M, Breach A, & Kovacevic L (2026), [Mind the density gap: How Britain's big cities can build more homes near train stations](#). Centre for Cities.

⁵ NIC (2023), [The second national infrastructure assessment](#), National Infrastructure Commission.

⁶ See, for example: Dibb G & Jung C (2024), [Rock bottom: Low investment in the UK economy](#). IPPR. The UK's local public investment rate is the lowest in the G7: Breach A & Swinney P (2024), [Climbing the Summit: Big cities in the UK and the G7](#). Centre for Cities. Figure 18.

But local leaders' ambitions for network expansion have often struggled to translate into delivery. The latest plans for trams in West Yorkshire were put up for review in 2025, marking the latest setback for a transport project first proposed almost 40 years ago.⁷ It leaves Leeds as the largest city in Europe without mass transit.⁸

This is because renewing, upgrading, and delivering new transport infrastructure in UK cities is hard.

- **Schemes cost more.** Research by Britain Remade estimates the UK pays 23 per cent more for road projects than peer countries, and 93 per cent more for rail and tram projects.⁹
- **Delivery times are slow.** The Lower Thames Crossing project, first proposed in 2009, took eight years to settle on a preferred route, eight further years to receive consent, and is only expected to open in the 2030s, well over 20 years from inception.¹⁰ By contrast, Madrid's M-30 redevelopment – four times the length and half within tunnels – moved from proposal to completion in just four years.¹¹
- **Sluggish transport infrastructure investment does not respond to demand.** The UK's urban population increased by two million people over the 2010s.¹² But between 2010 and 2024, England added only 95 kilometres of light rail and tram track.¹³ France added 423 kilometres over the same period – 20 per cent more than the entire combined length of England's networks today.¹⁴

The Government is turning to devolution to unblock delivery through its ambition to 'rewire the state' and get 'growth in every postcode'. For transport, these proposals include greater powers over commuter rail services and the approval of locally funded schemes.¹⁵ At the same time, the Mass Transit Taskforce is exploring how to better deliver transport for urban connectivity across the country.

For devolution to tackle the barriers faced by mayors in delivering transport infrastructure, changes need to happen across multiple channels. This report considers four barriers most relevant to the devolution debate: **powers, planning, finance, and capacity (Figure 1).**

7 BBC News (2025), [Leeds-Bradford £2.5bn tram plan delayed after government review](#). BBC News, 18 December 2025

8 Just 38 per cent of residents able to reach the city centre by public transport within 30 minutes, compared with 87 per cent in similarly sized Marseille. Breach A and Rodrigues G (2022), [Mapping the 30-minute city](#). Centre for Cities.

9 Dumitriu et al. (2026), [Building more for less: A cost-free path to European levels of investment](#). Britain Remade.

10 Brown F (2024), [Thames crossing delayed after planning it cost more than world's longest road tunnel](#). Sky News, 10 October 2024.

11 Artés J et al. (2022), [Do actions speak louder than words? Evidence on voter behavior from Madrid Río Park](#), Electoral Studies, 78, 102489.

12 Quinio V & Rodrigues G (2021), [What do the first Census 2021 results say about the state of urban Britain?](#). Centre for Cities.

13 Department for Transport, [Light rail and tram statistics \(LRT\): Table LRT0203](#), Route kilometres open for passenger traffic on light rail and trams and undergrounds by system. Updated 29 September 2026.

14 SDES (2025), [Bilan annuel des transports en 2024, Cadre 3: Infrastructures de transport](#). SDES. p. 24.

15 Cabinet Office (2026), [Rewiring the State](#). HMSO.

Figure 1: The four areas where devolution could help deliver urban transport infrastructure



Devolution should not occur for devolution's sake. It must aim to solve the mismatch between MSA ambitions, their growing responsibility for urban growth, and the tools available to achieve it. Constraints compound one another: complex planning consumes scarce capacity, uncertain funding prevents building expertise internally and procuring it externally, and misaligned powers create further layers of coordination and approval. System-level changes must be made across all these areas to allow mayors to invest in connecting up their local economies.

The following sections consider each of these aspects that prevent mayors from delivering transport infrastructure in turn, highlighting the bottlenecks in each. The final section provides recommendations on what changes should be made across these four areas, and how they should be prioritised, to meet mayoral ambitions.

Box 1: Scope and methodology

The report covers transport infrastructure, focusing on heavy and light rail, trams, and roads and their associated assets and structures. This includes both new development and renewal of existing transport. It does not directly consider other physical infrastructure, such as utilities, housing, or commercial space.

It focuses on Mayoral Strategic Authorities (MSAs) as the level of local government at which transport infrastructure delivery should focus, as the building blocks of a new landscape of reorganised local government. Particular focus is on 'established' MSAs with Integrated Settlements, who cover the largest urban areas in England, have the greatest range of powers and the largest existing transport networks.

The findings and recommendations were shaped by conversations with relevant people in policy research, central government, MSAs, and the private sector.

02

Powers

Centralised approval powers for light rail have slowed delivery in cities

The powers mayors have to develop ‘guided schemes’ (i.e., trams, heavy rail and light rail) are obtained through Transport and Works Act Orders (TWAOs), the main consent route for these projects for the past 30 years (see **Box 3**).

MSAs can apply for a TWAO as part of developing or extending a light rail scheme and request all necessary powers over planning and land assembly needed to deliver the project.

However, the central government Department for Transport (DfT) directly manages all applications, which require ministerial approval. This has contributed to well-documented delays in approval times for local schemes.

For example, a Transport for Greater Manchester (TfGM) application for a Metrolink extension to Trafford Park was made in October 2014, an inquiry held in July 2015, and the Secretary of State decision followed in October 2016, two years later.¹⁶ It was over three years between application and approval for the West Midlands Metro’s Eastside extension.¹⁷

Government recognises this bottleneck and is currently consulting on devolving the management of the TWAO process to mayors. How this is done matters. Allowing mayors to be both promoter and approver of schemes could align incentives at the local level and deliver projects more quickly, though it may not be appropriate for every scheme within an MSA (e.g., upgrading capacity on an inter-city heavy rail line).

However, devolving TWAO powers alone will not change complexity or uncertainty in the process itself (see Planning section below), or the funding and capability needed to use the powers effectively (see Finance and Capacity sections).

MSAs have also recently received wider powers to align transport and regeneration (**Box 2**).

16 Place North West (2016), [Winter start for £350m Metrolink Trafford Park extension – Place North West](#). Funding for the £350 million scheme had already been secured, while 89 per cent of responses to the 2014 public consultation supported the extension.

17 Dumitriu S et al. (2024) [Back on track: How to build new trams in the UK and get Britain moving](#). Britain Remade.

Box 2: New planning powers will help MSAs deliver development-oriented transport

The 2026 English Devolution and Community Empowerment Act gives MSAs powers to set up Mayoral Development Corporations (MDCs) for delivering large-scale regeneration schemes. Mayoral Development Orders (MDOs) will also allow mayors to pre-permit development on designated sites.

These powers to streamline land assembly and planning permissions are an opportunity for MSAs to align transport infrastructure (e.g., new stations or road upgrades) around housing and commercial space.¹⁸ As these powers are new, using them effectively will require a process of ‘learning by doing’ alongside the ability to fund and manage the process (see Finance and Capacity sections).

MSAs’ ability to deliver commuter rail upgrades depends on future collaboration with Great British Railways

Aside from the fully devolved Merseyrail and London Overground services, MSA powers over heavy rail commuter lines are more limited due to interactions with the national network. Decisions over upgrades that would have local economic impacts are held at the national level by Network Rail, while services are decided by operators with regional interests (including inter-city services).¹⁹

The lack of local influence over upgrades means that local priorities are often sidelined.

An example is Manchester’s two-track Castlefield Corridor, a major national and local bottleneck. In 2014 Transport for Greater Manchester (TfGM) and Network Rail jointly applied to the Secretary of State for two more through platforms at Piccadilly, to accommodate the ‘Ordsall Chord’, a new connection to boost inter-city services through the city centre.

While Piccadilly remained unresolved, the Ordsall Chord opened in 2017 and services rose from 12 to 15 trains per hour, significantly worsening delays. Instead of following through on the whole proposed scheme, services were instead simplified and reduced from 2022, with the station expansion withdrawn in 2023 and local capacity in a no better state than before.²⁰

Some level of centralised control is needed in heavy rail due to national network considerations (e.g., balancing capacity and freight movements). But rail reform and the creation of Great British Railways (GBR) is an opportunity to tackle some of the spatial mismatch of powers over commuter rail services in England’s cities.

The proposed framework in the Railways Bill could allow MSAs and GBR to jointly operate and invest in commuter rail, including station and infrastructure upgrades. Whether this happens

¹⁸ Lange M, Breach A, & Kovacevic L (2026), [Mind the density gap: How Britain’s big cities can build more homes near train stations](#). Centre for Cities.

¹⁹ Johnson R (2026), [All aboard for growth: Why rail reform is incomplete without rail devolution for England’s big cities](#), Centre for Cities.

²⁰ Haigh P (2020), [Clearing congestion from Castlefield Corridor](#).

is still uncertain, as it depends on the strategic objectives of the new national body and how it defines its requirement to collaborate with MSAs, including the significance given to local economic strategies.²¹

There is a ‘missing middle’ when it comes to road powers

Powers to maintain and upgrade roads in England are split between National Highways (covering motorways and major A-roads) and local authorities (the remaining 98 per cent of England’s road network by length).²²

Alongside statutory responsibility to improve local transport, MSAs were given more powers over Key Route Networks (KRN) in the 2026 English Devolution and Community Empowerment Act.²³

Though an improvement from before, these MSA-level road powers are still somewhat limited. While the Act gives MSAs ‘power of direction’ over important arterial roads, local authorities remain the ultimate highway authority responsible for managing the roads and delivering projects.²⁴

This frames the KRN powers as a ‘last resort’ for when MSAs and local authorities cannot agree on interventions. This could deter MSAs from using KRN powers, given the political capital required to secure agreement from local authorities incentivised to resist short-term, localised disruption.²⁵

It also creates a mismatch between the transport authority and the highway authority. The former (such as TfGM) is aligned with MSA-level economic strategies and has priorities over keeping traffic flowing across the urban area, particularly if this has implications for farebox revenue (as with TfGM’s locally controlled Bee Network). However, the local highway authority may be less in favour of infrastructure upgrades (such as rebalancing road space towards public transport) if it has more localised impacts.

MSAs also do not have any formal role in National Highways schemes, which often have important implications for local connectivity. In practice, this makes MSAs a lobbyist to National Highways and DfT, rather than a collaborator, limiting power to deliver on local priorities.

The A19 demonstrates this case. National Highways have rejected planning permissions for housing and commercial development in North Tyneside due to constraints on the road, and indicated they would continue to do so without an upgrade. Despite upgrading the junction being a North East MA priority, National Highways has indicated work will not start until after

21 For more details, see Johnson R (2026), [All aboard for growth: Why rail reform is incomplete without rail devolution for England’s big cities](#), Centre for Cities.

22 Department for Transport (2026), [Road length statistics \(RDL\): Tables RDL0101 and RDL0201](#), Road length by road type, region and country in Great Britain. Updated 12 February 2026.

23 Johnson R & Rollison C (2025), [Integrated transport: the size of the prize for mayors](#), Centre for Cities. Section 5.

24 This is the weakest version of the powers considered in a 2021 consultation on KRN. See: DfT (2022), [Key Route Network: consultation on powers and responsibilities for locally important roads](#). HMSO.

25 This is especially a concern for England’s MSA structure where individual constituent authorities have significant bargaining power. See: Swinney P & Jeffrey S (2020), [Levelling up local government in England](#). Centre for Cities.

2031 – even then, the scheme is not guaranteed.²⁶ Another long-standing priority scheme on the same road in the Tees Valley is unlikely to happen before 2038.²⁷

Overall, there is a ‘missing middle’ which prevents MSAs delivering road upgrades focusing on strategic benefits. New KRN powers are unlikely to go far enough to fill this gap.

London’s ‘red routes’ offer a potential solution. These key arteries, carrying 30 per cent of the city’s traffic, have Transport for London (TfL) as the ultimate highway authority, rather than just directive power. This has allowed TfL to deliver transport infrastructure upgrades strategically (such as lane rental schemes) to support city-wide integrated transport improvements.²⁸

26 Transport North East (2023), [Written evidence submitted to the House of Commons Transport Committee: Strategic Road Investment in England \(SRI0031\)](#). February 2023; National Highways (2026), [A19 Moor Farm junction: options consultation](#). Consultation held 16 June–28 July 2026.

27 This is almost 20 years after the business case was first submitted. Tees Valley Combined Authority (2020), [Tees Crossing Update](#); Hodgson D (2026), [No Tees crossing ‘for at least 12 years’](#), BBC News, 1 June 2026.

28 Johnson R (2026), [Slow buses: Big cities should take note of TfL’s answer to London bus speeds](#), Centre for Cities.

03

Planning

Light rail shows how the planning process creates bottlenecks that powers alone cannot overcome

Devolving TWAO powers will not be enough to streamline delivery of rail projects. The process itself from application to decision (including consultations and inquiry) is expected to take up to 18 months, can last longer in practice, and is designed as a catch-all process to complement centralised decision-making (**Box 3**).

Box 3: A brief history of TWAOs: why devolving powers must also change the process

The 1992 Transport and Works Act brought in the TWAO system, replacing each major rail project requiring an individual act of Parliament. This was based on recommendations from a 1987 report which recommended replacing parliamentary scrutiny with public inquiries and ministerial orders to relieve growing pressure on parliamentary time while retaining democratic accountability.²⁹

This happened after a period of gradual erosion of local government powers and capacity through the 1980s.³⁰ The reform explicitly dropped a clause allowing local authorities to determine locally significant schemes, which was, among other things, deemed too complex for local undertakings.³¹

This suggests that the TWAO process should adapt to reflect the new landscape of local government. Government ambitions for MSAs to manage the TWAO process may limit the progress of transport schemes if mayors have to deal with an unchanged process that was never designed to be carried out at the local level.

29 Butcher L (2010), [Transport and Works Act 1992](#), House of Commons Library.

30 For a detailed account, see: Breach A, Bridgett S, & Vera O (2023), [In place of centralisation: A devolution deal for London, Greater Manchester, and the West Midlands](#), Centre for Cities. Box 5.

31 Hansard, HC Deb 20 February 1992, [vol 204 c512](#). Even in this debate, it was noted that having such a 'cumbersome' scheme for local projects may be inappropriate.

The West Midlands Metro extension is a good case study of where the TWAO process itself can cause delays. It featured:

- **A lengthy application process.** The application for a 1.7 kilometre extension took three years and consisted of almost 6,000 pages, more than half of which was an environmental assessment.³²
- **Significant back-and-forth post-application.** The planning inspectorate report listed 36 legal, economic, and policy documents submitted after the application date in June 2016.³³
- **Detailed planning approval continuing during construction.** Conditions covering design, landscaping, construction practice, noise, highway access and drainage continued to require separate discharge by Birmingham City Council. Applications to determine some of these were still being submitted in 2025.³⁴
- **Repeated steps due to external factors.** HS2 redesign as well as delays and cost pressures required a reopening of the business case and further negotiation over land access in 2025.³⁵

It has been 13 years since the project was first proposed. By contrast, Dijon built a whole tram system from scratch at ten times the length, going from planning to completion in four years.³⁶

The wider planning process makes it complex to build local transport schemes

Other elements of the planning system can have knock-on effects that slow urban transport delivery for both rail and road schemes:

- Costs for moving utilities disproportionately fall on the scheme promoter, who must bear 92.5 per cent of diversion costs. This accounted for almost a third of costs on the earlier Birmingham City Centre metro extension.³⁷
- Limited local discretion over environmental assessments, such as Environmental Delivery Plans, Biodiversity Net Gain rates, and Environmental Impact Assessments where rules are set nationally. Habitats assessments are also seasonally constrained and can add months to the application process.³⁸
- National bodies such as National Highways, Natural England, Historic England and the Environment Agency have different remits and interests that may conflict when assessing local transport schemes. It is up to the promoter of the scheme to navigate this, often through different processes and timetables.

32 Spencer JP, Lawrence D & Hopkinson B (2025), [Let mayors build: a new deal for transport](#). Centre for British Progress.

33 DfT (2020), [Midland Metro \(Birmingham Eastside Extension\) Order inspector's report](#). HMSO. Appendix B.

34 For example: 2025/05372/PA and 2025/04772/PA on Birmingham City Council's [planning portal](#). [Accessed October 2026].

35 Kumari S (2025), [Birmingham Eastside extension sections 3 & 4 FBC update](#), West Midlands Combined Authority

36 Dumitriu S et al. (2024) [Back on track: How to build new trams in the UK and get Britain moving](#). Britain Remade.

37 Centro (2005), [Memorandum by Centro \(LR 69\)](#). House of Commons Transport Committee, Integrated Transport: The Future of Light Rail and Modern Trams in Britain, para. 19

38 Howat J et al. (2026), [Spanish practices: giving our mayors the right powers for growth](#), Centre for British Progress.

- Construction impact assessments can set strict restrictions. HS1 St Pancras sought 24-hour working to save around £50 million and reduce costly delays, but this was refused by Camden Council.³⁹

Reforms have streamlined elements of the process, but discretion still remains

The 2025 Planning and Infrastructure Act brought in streamlining elements in response to these bottlenecks, such as:

- removing the requirement for councils to take a second vote after objections;
- restricting mandatory public inquiries;
- introducing statutory decision deadlines; and
- setting up a dedicated infrastructure service within the Planning Inspectorate to handle TWAOs.

Furthermore, the threshold above which local transport schemes are ‘retained’ by central government (i.e., requiring DfT approval of investment) has recently risen from £200m to £500m on the path to eventually delivering schemes through ‘Local Transport Infrastructure Partnerships’.⁴⁰

These changes are positive but do not tackle discretion and inflexibility in the current process. While they have the potential to eliminate some back-and-forth elements of the process and condense parts of the timeline, there is still an issue around inflexibility of the process, like repeating large steps such as business cases over small changes to projects, often from external factors.⁴¹ And it’s unclear whether measures will reduce discretion which causes uncertainty, leading to large start-up costs for projects, ‘stop-start’ development and delivery, and difficulty retaining personnel. This impacts both MSAs and procurement partners in the private sector.⁴²

39 Allison R (2004), [Residents fight to block 24-hour work on Channel link](#), The Guardian, 12 January 2004; in contrast discussions with local residents got approval for 24-hour schedules for Madrid’s metro expansion. Hopkins, B (2024), [How Madrid built its metro cheaply](#), Works in Progress.

40 Cabinet Office (2026), [Rewiring the State](#). HMSO.

41 For instance, the South Yorkshire Supertram renewal programme involved multiple revisions and resubmissions of multiple business cases, including [additional processes in 2026](#). [Accessed October 2026].

42 Institution of Civil Engineers (2025), [ICE submission to the Transport Committee inquiry on rail investment pipelines](#). ICE, 17 March 2025.

04

Finance

MSAs rely on grants rather than local revenues for financing transport, though this is changing

The UK is the most fiscally centralised country in the G7, with local government retaining just 5 per cent of general tax revenue.⁴³ Most of this is retained by local authorities, meaning the regular funding streams from locally raised revenues received by MSAs are very small.

- Council tax precepts are only collected in London, Greater Manchester, Liverpool City Region, and Cambridgeshire & Peterborough. Meanwhile only a small share of retained business rates goes to the mayoral authority (e.g., 1 per cent in Greater Manchester). There are a handful of smaller instruments available to mayors, such as road-user charging, that are limited in scope and not widely implemented.⁴⁴
- Access to farebox revenues for MSA-level transport authorities is partial at best. Though light rail is run locally, buses (except Greater Manchester) and commuter rail (except Liverpool City Region) are not currently under MSA control. London is the only place exposed to the financial reward (and risk) of public transport performance across all modes in their network.⁴⁵
- MSAs have limited powers to raise funds from local development too. They can acquire land through Compulsory Purchase Orders (CPOs) and capture uplift in land values through development, though this requires upfront funding, statutory approvals, and the amount of the uplift remains uncertain.⁴⁶ The Mayoral Community Infrastructure Levy (MCIL) is another mechanism to raise funds from developer contributions, currently available in London and being rolled out to other MSAs, but there are restrictions on borrowing against their revenues.⁴⁷

43 Selby O & Breach A (2026), [Fiscal devolution for England](#), Centre for Cities.

44 For more detail, see; Selby O & Tulasiewicz J (2026), [Understanding England's mayors: the power they have and the role they can play in delivering devolution](#). Centre for Cities. Section 4 & Table 5.

45 TfL's fare revenue alone for 2025/26 was £5.5 billion. TfL (2026), [TfL Annual Report and Statement of Accounts 2025/26](#). GLA.

46 Lange M (2024), [Restarting housebuilding III: New towns and land value capture](#). Centre for Cities.

47 An exception was made for using MCIL to finance Crossrail. MHCLG (2020), [Written Parliamentary Question HL5991](#). UK Parliament.

The example of trams in Nottingham illustrates difficulties in funding local transport with a restricted revenue base. From the start of the process in 2000, it took Nottingham City Council until 2012 to get a workplace parking levy order approved as a source of local revenue for expanding their transport network. Only then could they put funds towards the cost of a tram expansion, with significant matched funding from DfT.⁴⁸

With a similar lack of locally retained revenues, MSAs find themselves in a similar position today. Where routes to use local funds to invest in transport are available, they are small in scale, complex and potentially politically costly – Nottingham’s workplace parking levy is to date the only one implemented in England. And with little connection to the farebox or local taxes, mayors are not rewarded for delivering transport improvements that would increase ridership, improve connectivity, and grow their local economy.⁴⁹

Instead MSAs disproportionately rely on central grants for investing in transport infrastructure.⁵⁰ While additional funding (through the £15.6 billion Transport for City Regions (TCR) settlement) and more flexible budgets (through established MSAs receiving five-year Integrated Settlements) have helped, these are ultimately still reliant on central government discretion.⁵¹

The Government’s recent commitment to fiscal devolution – including devolving a share of income tax and increased business rates retention – offers a genuine step towards building a local revenue base for MSAs. But there are still unanswered questions over its specific design and implementation. It requires the right mix and share of taxes to be retained to ensure revenues are buoyant with local economic growth, sufficient flexibility around resets, and assurances around the ability to borrow against revenues.⁵²

Changes on farebox revenues are more uncertain. Although established MSAs all have plans to bring buses under local control, it is unclear whether GBR’s strategic aim is to give places meaningful control over the farebox for their commuter rail services, which would constitute the majority of local transport revenues for many places.⁵³

Project-specific finance is limited without a baseline of local revenues to borrow against

Mayors can borrow against current and future revenues to fund specific transport schemes. As well as from private markets, mayors can access funds from the public sector through several routes:

- **Public Works Loan Board (PWLb)** offers long-term debt without detailed project-

48 Rollison C & Coombes M (2023), [Gear shift: How to increase public transport use](#). Centre for Cities.

49 Breach A & Bridgett S (2022), [Centralisation nation: Britain’s system of local government and its impact on the national economy](#). Centre for Cities.

50 Transport levies allow MSAs with transport responsibilities to collect contributions from constituent councils to fund transport services, but these are still ultimately based on central government grants.

51 The majority of TCR funding will focus on MSAs making operational changes to better integrate transport networks, such as bus franchising, leaving little for significant infrastructure upgrades. See: Johnson R & Rollison C (2025), [Integrated transport: the size of the prize for mayors](#). Centre for Cities.

52 For more details, see: Selby O & Breach A (2026), [Adding up: How to deliver fiscal devolution](#). Centre for Cities.

53 Johnson R (2026), [All aboard for growth: Why rail reform is incomplete without rail devolution for England’s big cities](#). Centre for Cities.

by-project appraisal, assessing the borrower's overall balance sheet instead (standard lending rate of gilt yield +80 basis points);

- **National Wealth Fund (NWF)** appraises individual infrastructure projects and can support the borrower with advice (lending rate of gilt yield +40 basis points);
- **Local Government Pension Scheme (LGPS)** is not a borrowing facility, but 2026 reforms require funds to set local investment targets and take account of MSA growth plans.

But the main obstacle to financing transport projects through borrowing goes back to the lack of local revenue streams available to MSAs. Dependence on central grants means mayors lack reliable locally retained revenue streams to borrow against. It is why significant private borrowing to fund transport schemes has effectively been limited to London in recent years, with the Greater London Authority (using its business rate supplement) and TfL (using its fare revenue) issued bonds to finance Crossrail.⁵⁴

This limits borrowing against future uplifts related to local transport projects. Tax Increment Financing (TIF), where loans are backed by the expected uplift in future tax revenues due to increased development, is possible under current legislation for MSAs and was used for the Northern Line Extension in London based on business rates. But this needed Secretary of State designation of an Enterprise Zone to allow local retention, and required additional developer contributions due to being limited to this specific uplift.⁵⁵ With a wider base of local taxes available for uplift retention, instruments such as TIF would be more viable in UK cities (they are used extensively to fund urban infrastructure in the US).⁵⁶

This means MSAs to date have relied on specific government grants for local projects instead of project-based borrowing. The latest example is the £1 billion Structures Fund announced in 2025 for repairs to highways assets.⁵⁷ Sums are small and MSAs must bid for funding, competing with other local authorities and with no guarantee that they receive what they ask for.⁵⁸ The constant stream of announcements on funding for potholes and local road repairs from central government is another example.⁵⁹ TCR moves away from some of these pot funding issues, but is limited as a grant-based solution (see above).

While fiscal devolution will expand MSA ability to borrow, current central restrictions on MSA debt will still need to adapt with changes to the scale of local balance sheets. For instance, MSAs must annually negotiate Treasury-imposed debt caps on top of the existing MSA prudential borrowing framework.⁶⁰ Continuing to rely on centrally-imposed ceilings rather than MSA borrowing decisions being governed by their ability to service debt (albeit subject to national fiscal rules) has the potential to blunt the growth incentives that fiscal devolution could bring.

54 The Greater London Authority (GLA) estimated that this method of financing would save business rate-payers £60 million over the lifetime of the supplement due to more favourable interest rates than if they had used the default option of the PWLB. See Answer to 'Tax Increment Financing 5' in the London Assembly. [Accessed October 2026]

55 Selby O (2026), [Fiscal devolution unlocks infrastructure investment](#), Centre for Cities.

56 Merriman D (2018), [Improving Tax Increment Financing \(TIF\) for economic development](#), Lincoln Institute of Land Policy.

57 This pales in comparison to the estimated £6.8 billion needed to repair council-owned bridges across the country. RAC Foundation (2024), [Changing weather patterns worrying bridge engineers](#), 27 March 2024.

58 Johnson R (2024), [L.A. Evidential: Improving evidence use in local economic policy making](#), Centre for Cities

59 The authors have counted at least 16 Government press releases on potholes and local road repairs since 2019.

60 House of Lords Economic Affairs Committee (2026), Evidence [presented to the Economic Affairs Committee](#) (Q88) suggests this can create burdens for both parties involved. [Accessed October 2026].

These finance bottlenecks prevent delivery of local transport schemes

This limits infrastructure delivery at the local level. The Netherlands, which relies less on central grants for infrastructure funding, has a third higher infrastructure stock than the UK, relative to GDP.⁶¹

Leeds shows how these financial bottlenecks can combine to prevent delivery of transport infrastructure (**Box 4**).

Box 4: Leeds demonstrates how central financing can prevent a city getting mass transit

Details of the saga of mass transit in West Yorkshire since 2000 help illustrate why local funding matters. After Leeds proposed a 28 kilometre, three-line tram network that year:⁶²

- DfT approved £355m of public support in 2001 (75 per cent from central funding), subject to procurement. Both final bids exceeded this limit, raising the requirement to £658 million by 2003.
- This meant DfT requested a scheme redesign. This reduced the cost to £551 million by 2004, but the scheme was still deemed unaffordable and funding was withdrawn that year.
- Leeds returned in the same year with a £392 million scheme, reduced to £348 million after further revision requests.
- DfT rejected the scheme in 2005, arguing that its £486m cost in then-current prices was nearly 40 per cent above the original cap, and that buses could deliver similar benefits more cheaply.
- Leeds then pursued the lower-cost trolleybus option, securing up to £174 million from DfT in 2012 before rejection at the TWAO stage in 2016.⁶³
- A third, West Yorkshire-led attempt began in 2021 and secured significant development funding, but a 2025 review requested a revisiting of the business case, pushing expected opening from the mid- to late-2030s.⁶⁴

This back-and-forth highlights how reliance on central funding can delay delivery. Constrained by competing over national budgets with little ability to retain or raise finance independently (even relative to smaller local authorities), MSAs have reduced autonomy and bear the cost when investment is delayed.

61 Aubrey T (2026), [Briefing Burnham: Public corporations and infrastructure investment](#). Centre for Cities.

62 Nilson P (2024), [The rise, fall, and rise again of the Leeds tram](#). Future Rail.

63 CIHT (2016), [Failed Leeds transport projects face inquiry](#).

64 The Guardian (2025), [Leeds £2.5bn tram scheme delayed to late 2030s after government review](#)

In contrast, transport development in Japan shows how more local revenue raising powers work together to unlock finance for transport projects (**Box 5**).

Box 5: Multiple local fiscal powers helped Yokohama fund its metro extension.

Yokohama's subway extension is a good example of local fiscal autonomy unlocking transport. The 4.1 kilometre, six-station Minato Mirai Line opened in 2004 at a cost of around ¥256bn (£1.22bn), with contribution from local revenues, value capture, and borrowing:⁶⁵

- **General fiscal capacity:** ¥27.2bn (11%) was invested as equity, split initially between local government and private investors. The public share came from Yokohama and Kanagawa's general budgets, supported by locally retained resident, corporate, property and city-planning taxes.
- **Project-specific value capture:** Around ¥70bn (27%) came from landowners and development bodies benefiting from the railway, through one-off contributions linked to the estimated increase in land and development value.
- **Borrowing and de-risking:** Around ¥129bn (50%) came through Japan's public railway finance system on long-term, government-supported terms, with a further ¥33bn (13%) from the Development Bank of Japan and commercial banks. The large low-cost public tranche reduced the residual financing requirement and risk for private lenders.

⁶⁵ The railway formed part of a much wider redevelopment strategy for Minato Mirai, which combined transport, land reclamation and city-centre development and used a mixture of public and private finance, land-sale revenues and municipal borrowing. See: World Bank Group (2018), [Yokohama Development Knowledge Sourcebook](#).

05

Capacity

Mayors will not be able to deliver their transport ambitions if extra powers, streamlined planning, and local revenues are not matched by growth in their capacity to design projects, bring in outside expertise, and oversee their development.

A handful of recent studies highlight shortages in MSAs across legal, procurement, finance and other specialist functions such as transport modelling.⁶⁶ These constraints are observed across multiple policy areas.⁶⁷ But they are particularly likely to bite in transport where projects are large, complicated and developed over long periods.

More capacity will come with devolution

There are significant steps in other parts of the devolution agenda that will build capacity for MSAs to deliver transport schemes:

- **Powers:** giving mayors more responsibility will lead to increases in capacity to meet the new functions available to them. During the process of bus franchising, Greater Manchester doubled the size of their bus team, upskilled existing employees, and brought in new commercial and account management functions.⁶⁸
- **Planning:** Navigating processes set at the national level currently requires substantial institutional capacity. A major transport scheme can require business-case and funding approval through DfT and HM Treasury, statutory consent through Planning Inspectors, and separate engagement with separate national bodies (e.g., Natural England, Network Rail), utilities and local highway authorities, often through different processes and timetables. Shaping these processes around MSAs would cut down on administrative burden and potentially de-duplicate work.
- **Finance:** Retained local revenues would help MSAs move away from uncertain

66 On MSAs specifically: DfT (2025), [City Region Sustainable Transport Settlements \(CRSTS\) evaluation](#), Department for Transport. Case study 3; On wider local government shortages in transport skills: Department for Transport (2023), [Local transport provision: local authority capacity and capability](#), HMSO.

67 McKee R & Allen B (2025), [Making England's 'devolution revolution' a reality: How the government can support better decision making in mayoral combined authorities](#). Institute for Government.

68 NAO (2025), [Local bus services in England](#). HMSO. Figure 11; Hardy P (2025), [Oxfordshire bus network: Alternative delivery options](#). p. 42.

grant funding that disrupts local project pipelines, and promotes smaller, deliverable schemes. This would encourage retention and investment in skills in-house, and help develop procurement practices in collaboration with the private sector.⁶⁹ If places can build a pipeline of schemes over time, previous experience suggests capability to deliver can be improved in subsequent projects.⁷⁰

Central government still needs to actively build MSA capacity for transport delivery, focused on where skills currently lie

This does not preclude central government having an active role building capacity in MSAs for developing and maintaining local transport infrastructure. Constraints remain a concern both at national and local government, and the range of capacity even across the ‘established’ MSAs covering England’s largest cities does not reflect their strategic importance for regional and national growth. For instance, based on numbers from 2023, South Yorkshire MSA covers an economy about a third the size of Greater Manchester but with just a tenth of the numbers of senior staff.⁷¹

In the next phase of devolution over transport delivery, using capacity that sits within the system will be important:

- **Central government and the Department for Transport:** both are heavily involved in local schemes and national infrastructure projects which contain transferable expertise.
- **National bodies:** Network Rail and National Highways have scale and contain significant institutional knowledge on the design and delivery of transport projects.⁷²
- **Private sector:** the majority of work on locally-led transport projects, from transport modelling, business case support, and scheme design and delivery comes from external procurement.⁷³ TfL alone spent £6 billion on suppliers in 2023/24.⁷⁴

The national context matters too. HS2 is currently at peak delivery, with workforce likely to decline over the next few years. MSA transport projects are an opportunity redeploy some of these capacity and skills in the near future and ensure they are retained in the national workforce.⁷⁵

69 This would even be the case even independent of substantial extra funding because of its change of the incentives in MSAs. See: Johnson R (2024), [L.A. Evidential: Improving evidence use in local economic policy making](#), Centre for Cities.

70 As an example, Edinburgh’s first tram phase ran almost £300 million over budget and three years late; its subsequent extension was delivered on time and on budget. See: Edinburgh Tram Inquiry (2023), [Edinburgh tram inquiry: Report](#). National Records of Scotland.

71 ONS regional GVA statistics, and Paun A, Henderson D & Hourston P (2023): [The art of the devolution deal: How England’s counties and cities can make a success of devolution](#). Institute for Government. Annex A.

72 ORR (2025), [Annual assessment of Network Rail 2024 to 2025](#). HMSO; NAO (2022), [Road enhancements: Progress with the second road investment strategy \(2020 to 2025\)](#). HMSO.

73 DfT (2023), [Local authority capacity and capability research report](#). HMSO.

74 Hatch (2024), [Transport for London supply chain: Economic impact assessment 2023/2024](#). Hatch.

75 DfT, HS2 Limited, & The Rt Hon Heidi Alexander MP (2026), [HS2 6-monthly report to Parliament: May 2026](#). HMSO [Accessed October 2026].

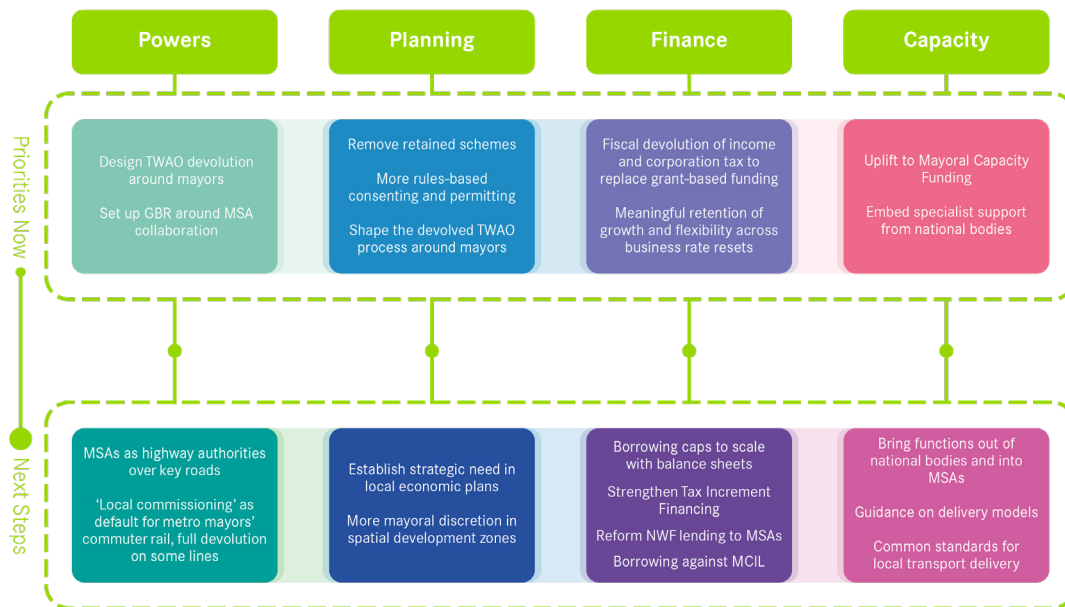
05

For urban transport delivery, Government must deliver on devolution

The interrelated bottlenecks across powers, planning, financing and capacity all reduce the ability of mayors to deliver improvements to their transport infrastructure. This holds back investment and reduces economic growth.

The Government's pledge to 'rewire the state' is an opportunity to remove these barriers. But focusing on just giving mayors more powers or just building more capacity will not move the needle. Changes will need to be made across all four areas to give mayors both the autonomy and the agency to deliver.

This requires prioritisation. **Figure 2** sets out that central government must think about using devolution to help mayors deliver transport infrastructure from a perspective of 'binding constraints'. Changes to powers, planning, finance, or capacity on their own will have limited effects, and some further changes in one area require a base of devolution in others to have their maximum impact. The rest of this section looks at each area in detail.

Figure 2: Unlocking transport infrastructure for MSAs: prioritisation of changes

Powers

Government plans to devolve TWAO powers to mayors are welcome. The specific choices about the design of the devolved powers will have to balance local control over schemes versus utilising central capacity where necessary for changes to speed up delivery. Similarly, GBR offers a genuine opportunity to change the powers mayors have to invest in their commuter rail networks, but choices about the structure of the organisation must be taken up front to ensure the new body collaborates with MSA transport authorities:

- **Devolving management of the TWAO process should initially focus on 'established' MSAs**, which have the most capacity, funding, and powers in other policy areas, and are where rail projects are likely to have the largest impact on urban connectivity. Design of powers should include:
 - **MSAs being able to be both the applicant for a scheme and the decision-maker at the end of the TWAO process.** Being both 'promoter' and 'approver' has precedent (e.g., councils approving planning applications for public assets), though should be conditional on schemes being in local transport plans or spatial development strategies (i.e., having a local democratic mandate).
 - **Promoters of a local transport scheme within an MSA having a choice over granting authority.** This will help delivery assuming promoters will choose the path with the fewest barriers to delivery. This choice should be sufficiently flexible for schemes that cross MSA boundaries, as effective commuter transport should be able to match local economic geography even if administrative boundaries do not align.

- **MSAs should have a mechanism to refer the management of the TWAO process to the Secretary of State if facing capacity constraints on specific schemes.** This should be a ‘one-way door’ without Secretary of State call-in powers, which would go against the principle of devolved power.
- For heavy rail, **MSA partnerships with GBR should be built around local ‘business units’ at the scale of the local economy** to ensure mayors have a joint and accountable role when making decisions over investment in commuter rail. It is particularly important that these business units hold the power over local capital projects and infrastructure planning priorities, while national divisions consult in, rather than control the process.⁷⁶ This involves GBR having a clear framework set out on the difference in economic effects of commuter versus inter-city rail within its high-level objectives to meet the Government’s Long Term Rail Strategy.⁷⁷
- **Mayoral Development Orders (MDOs) should have greater long-term certainty.** MDOs are a useful new power available to mayors to encourage private development around transport stops, making new transport infrastructure more viable in places where the public sector has less appetite for development. However, mirroring current Local Development Order (LDO) powers may make private sector involvement more uncertain due to unilateral ability of local authorities to remove them.⁷⁸ Provisions should include a minimum protected period for MDO designations.

Less progress has been made on powers for MSAs to invest in their roads, which will be the backbone of local connectivity (particularly for MSAs with smaller rail networks). Those with significant heavy rail should aim for meaningful devolved powers to invest in their commuter networks once under the right partnership with GBR:

- **Transport authorities in MSAs should become the highway authority over their Key Route Networks,** matching TfL’s current powers. This will provide them with stronger powers to direct and develop road upgrades that benefit city-wide traffic flow, and pilot innovations such as lane rental schemes and strategic upgrades of traffic signals.⁷⁹ This should be concurrent with pursuing bus franchising (as all established MSAs not already operating them are doing), which will align incentives as the transport authority will directly benefit from investment through the farebox.
- For commuter rail, **GBR should aim for ‘local commissioning’ partnerships with established MSAs by default.**⁸⁰ This allows mayors to integrate commuter rail with their wider transport networks, and enables mayors and GBR to jointly plan and deliver station and infrastructure upgrades.⁸¹ Capacity funding for MSAs, announced in the Integrated National Transport Strategy, should focus on places with ambitions to deliver commuter rail upgrades.

76 UTG (2026), [Creating a GBR that works for places](#). Urban Transport Group. The current Scottish model provides a useful model where ministers have a role in setting the outcomes and funding envelope for Network Rail over each five-year control period. See: Transport Scotland (2023), [Scottish Ministers’ High Level Output Specification \(HLOS\) – Control Period 7 – 2024 – 2029](#). Transport Scotland. [Accessed October 2026].

77 Johnson R (2025), [The Railways Bill must recognise the economic role of commuter rail in big cities](#). Centre for Cities.

78 Lange M, Breach A, & Kovacevic L (2026), [Mind the density gap: How Britain’s big cities can build more homes near train stations](#). Centre for Cities.

79 Johnson R (2026), [Slow buses: Big cities should take note of TfL’s answer to London bus speeds](#). Centre for Cities.

80 Johnson R (2026), [All aboard for growth: Why rail reform is incomplete without rail devolution for England’s big cities](#). Centre for Cities.

81 UTG (2026), [Delivering local partnerships on England’s railways](#). Urban Transport Group.

- Established MSAs with advanced commuter rail plans (such as Greater Manchester) **should identify priority lines to pursue full devolution of commuter rail lines through Right to Request powers.** This involves control over assets and stations and therefore greater freedom to invest in upgrades, but comes with full operational and financial risk. MSAs can use this model alongside ‘local commissioning’ powers on their wider network and should look to precedents set by London Overground and the South Wales Metro.⁸²

Planning

Devolving greater responsibility for transport infrastructure should be matched by a planning system that gives MSAs more control over how schemes move from proposal to delivery. Reform should reduce duplicated scrutiny and coordinate permissions earlier. Priorities should include:

- Removing retained schemes.** Raising the current limit to £500 million is welcome, but this threshold should be removed as part of developing Local Transport Infrastructure Partnerships, as it creates an arbitrary step up in complexity for large and locally important transport projects.
- Making the consenting and permitting process more rules-based, in line with European practices.** This should aim to frontload decision making as much as possible, involving partnerships between MSAs and the Planning Inspectorate to coordinate stakeholders (including arms-length national bodies and infrastructure providers) and provisionally set out the likelihood of potential issues that might arise.⁸³
- The Mass Transit Taskforce should review the TWAO process to match pledges on devolution of powers,** recognising the process itself derives from centralised delivery models of the past. This should consider:
 - the interaction of new spatial planning powers available to MSAs via MDOs and MDCs;
 - the position of MSAs as local accountable bodies allowing the front-loading of the consultation process to minimise discretion after applications are submitted; and
 - the scope to coordinate permissions that must come from national bodies – such as rail-safety authorisations or transport modelling – so that they can progress in parallel rather than sequentially.

In the longer term, greater powers to promote schemes and fiscal autonomy to fund them should come with greater mayoral discretion around the planning process:

- Treat strategic need as established where a scheme is identified in local**

⁸² Investment in infrastructure following TfL control of London Overground services led to better punctuality and a three-fold increase in ridership. TfL (2012), [London Overground Impact Study, Transport for London](#). Agenda Item 8.

⁸³ For wider discussion on international lessons for England’s planning system, see: Lange M & Kovacevic L (2025), [Planorama: How the English planning system can learn from abroad](#). Centre for Cities.

economic strategies (such as, Spatial Development Strategies, Local Transport Plans and Local Growth Plans). The current national infrastructure process allows for this through National Policy Statements, allowing consenting focus to be on design, impacts and mitigation, rather than repeating the strategic case – this should be applied to MSAs. National bodies, such as Natural England, should then be required to consider how their recommendations affect those strategies.

- **Within designated areas under MSA spatial planning powers (such as MDOs and MDCs), MSAs should have even more flexibility to adapt national requirements to local context.** This should include discretion over development rights and national-level environmental standards where transport infrastructure is aligned around wider regeneration. Recent suggestions around mayoral environmental permits, impact assessments, and delivery plans could be piloted across MSAs.⁸⁴

Finance

Government has signalled the path towards genuine fiscal devolution. This is an opportunity to transform MSA finances, moving away from grants and creating a base of local revenues that mayors can use to deliver transport projects. The priority is to ensure that the system is designed to reward MSAs for growing their economies and enable them to borrow against tax revenues:

- **MSA Integrated Settlements should be replaced with retained shares of income and corporation tax, covering existing funding at a 90:10 split.**⁸⁵ This should:
 - **provide a strong growth incentive to mayors**, by retaining a share of corporation taxes alongside proposed income tax retention, to connect mayors to their most productive local businesses;
 - **remain revenue-neutral up until 2029/30** to match current Integrated Settlements but allow further growth after this period; and
 - **expand business rates retention** to all MSAs and allow greater retention across resets.

This can additionally be topped up by the farebox from ‘local commissioning’ of commuter rail and public control of buses.⁸⁶ Government should then make sure that MSAs have a wide range of instruments available to top up funding for projects, and make sure the ability to use existing mechanisms scale with local balance sheets:

- **MSAs should not face centrally-imposed additional restrictions on borrowing against locally retained tax revenues.** With local revenues, MSA borrowing decisions should be governed by their ability to service debt (subject to

⁸⁴ These would require primary legislation to be enacted permanently. See: Howat J et al. (2026), [Spanish practices: Giving our mayors the right powers for growth](#). Centre for British Progress.

⁸⁵ Selby O & Breach A (2026), [Adding up: How to deliver fiscal devolution](#). Centre for Cities.

⁸⁶ See recommendations for powers, above.

the national fiscal envelope). Therefore, fiscal devolution should be accompanied by removing the Treasury debt-cap, an annually negotiated, centrally imposed ceiling. Oversight over local borrowing should continue through the existing MSA prudential borrowing framework.

- **Strengthen the ability to use Tax Increment Financing**, allowing MSAs to designate zones around transport projects which permit borrowing against uplifts in income and corporation tax as well as business rates.
- **MSAs should not be restricted in borrowing against future MCIL revenues** to allow wider development to fund infrastructure projects.
- **Reform the National Wealth Fund lending facility for MSAs with devolved tax revenues.** This should allow mayors to use guarantees, first-loss capital and residual finance in line with NWF's current lending to private entities. NWF's existing public sector lending should remain as a backstop, while PWLB should be retained for smaller projects and MSAs with less capacity.

Capacity

Devolving powers, planning authority, and finances will go a long way towards building MSA capacity to plan, design and deliver local transport projects. Even so, as an immediate priority, central government must work to actively build MSA capacity to deliver transport to national ambitions to 'rewire the state' by:

- **Providing a significant uplift to Mayoral Capacity Funding up to the end of the Integrated Settlement period**, recognising the significant step up of their role in the Government's national economic agenda.⁸⁷
- **Embedding more specialist support in MSAs from national bodies.** This should include expanding NWF's Regional Project Accelerator programme to build financing expertise within MSAs which will be needed alongside greater fiscal devolution. This principle of capacity building should extend to dedicated teams in National Highways, Network Rail, and DfT working with MSAs to lay the ground for greater future local project delivery.

Over the long term, central government should focus on helping MSAs develop more in-house capability, providing national coordination and guidelines where necessary. But any arrangements should be a complement to strengthened local institutions, rather than a centralised substitute for them:

- **Increased collaboration between MSAs and central institutions with existing delivery capacity to bring this to the local level.** Greater devolved power over transport delivery should be accompanied by moving expertise from national bodies, such as National Highways and teams within DfT, in line with ambitions set out for 'Rewiring the State'.⁸⁸

⁸⁷ Centre for Cities will publish a policy note on this subject later in 2026.

⁸⁸ Collaboration between MSAs and GBR business units will also be key – see recommendations for powers, above.

- **The Mass Transit Taskforce should provide guidance to help MSAs explore different delivery models.** Different procurement methods (e.g., frameworks, strategic partnerships) may be appropriate for different infrastructure investment projects in different places. This should aim to develop MSA capability through experience, ensuring they have best access to the relevant expertise from central government and the private sector.
- **Explore common design and cost standards in line with European practices.** This could include:
 - French-style guidelines for light rail standards to reduce repeated design and procurement work between schemes;⁸⁹
 - Italian-style itemised costing schedules and price lists to prevent the ratchet effect of benchmarking costs on previous overruns;⁹⁰ and
 - German-style guidance on how to deliver major infrastructure at the local level.⁹¹
- **Lack of capacity should not be used as a reason to delay the devolution of powers, planning, and finance for transport infrastructure.** Capacity will be built from ‘learning by doing’ as other areas of the devolution agenda advance.

89 See the ‘[IUTCS’ factsheets](#) published by STRMTG and Cerema. [Accessed October 2026].

90 Sdino L & Rosasco P (2024), [The regional price lists for the estimation of construction costs: a comparison at national level](#). In: Editor Giuffrida et al., Science of valuations: Natural structures, technological infrastructures, cultural superstructures. Springer Nature.

91 BMVI (2018), [Leitfaden Großprojekte](#), Bundesministerium für Verkehr und digitale Infrastruktur.



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