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Road Pricing: The Next Steps

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The Transport Committee

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Summary

Between 2003 and 2004 traffic on the United Kingdom's roads increased by 1.7 per cent.[1] This may not sound much: it was 5.2 billion miles more than was travelled in 2003. The Department for Transport anticipates a 30 per cent increase in road traffic (compared to 2000 levels) by 2015.[2] Congestion already has a strangle-hold on many of our towns and cities at rush hour and on important parts of the strategic road network. We know that the UK has some of the most congested roads in Europe; what we do not know, with any certainty, is the cost that this congestion imposes on the British economy. A thorough evaluation of the costs of congestion and an understanding of its economic impact are urgently required, if the cost effectiveness of a national road pricing scheme is to be properly assessed.

We welcome the Government's acknowledgement that although some new road infrastructure may be needed, we cannot simply build our way out of the congestion problems we face. There is a broad consensus that some form of demand management will be necessary as part of a package of measures to improve conditions on the road network. Road pricing has the potential to reduce congestion and to ensure that the price of road transport correctly reflects the wider costs of road use. We welcome the fact that the Secretary of State for Transport is leading the debate. If the cost of the scheme can be brought in line with its benefits, and if the potential impacts on road safety and social inclusion can be minimised, road pricing should be introduced. However, road pricing is not an end in itself: it must contribute to social and economic objectives such as sustaining vibrant, accessible and economically active urban centres.

Central London already has a congestion charging scheme in place, and the new M6 Toll road has introduced motorway tolling to the UK. Modelling suggests that a national road pricing system could reduce urban congestion by nearly half. It is sensible to take a phased approach to a national road pricing system. But it is not straightforward. There are several choices to be made. There are difficult issues with which professionals and politicians alike are wrestling. There are fundamental questions to be decided:

- which roads to price and when,
- which technology systems to use,
- how to set the tariffs, and
- how to spend the revenue.

Ultimately the Government must make some difficult decisions. National road pricing would have to be acceptable to the public. The central choice is which is preferable: increasingly congested roads, or the introduction of road user charging?

The Department for Transport has suggested that a national road pricing system would not

1 National Statistics, Transport Statistics Bulletin Traffic in Great Britain Q4 2004

2 RP21A

be technologically possible before 2014. We have heard estimates that put the potential start date earlier. Even so, there are proven small-scale applications that could be undertaken today. The Government expects local urban charging schemes to "amount to a trajectory towards a national road pricing system."[3] But after Edinburgh's recent rejection of city-wide charging no metropolitan area is actively pursuing urban congestion charging proposals. Generally speaking we think this form of demand management is a good thing, but there will be circumstances in which it is not appropriate and local authorities are best placed to take that decision in relation to their own road system. The Government must work through the difficulties with local and regional government. Road pricing schemes must not be undertaken in isolation, and complementary measures such as improved public transport services must be in place before the charges come into force. Furthermore, the Government must not duck its responsibility for charging on the most congested stretches of the strategic road network, which is under its direct control.

A national road pricing system would radically transform the way we pay for road use. As the possibility of a national road pricing system draws closer, the Government must make other transport policy decisions with this potential transformation strongly in mind. The road building programme and road improvement proposals should be appraised against traffic forecasts which take into account the impact of national road pricing on travel behaviour. The Government is about to sign contracts for systems that will deliver the Lorry Road User Charge. Ideally the contracts should allow sufficient flexibility for the Lorry Road User Charge to integrate into a national, or even European, system. Similarly, it would be a mistake to encourage a patchwork of privately operated toll roads, like the M6 Toll, across the UK which could not, without significant expense, be incorporated into subsequent national transport strategies, such as road pricing. The M6 Toll could prove to be a costly experiment if the Government has to buy out the 50 year concession agreement to enable national interoperability.

3 Department for Transport (2004) The Future of Transport White Paper: a network for 2030. Cm 6234. Page 47

1 Introduction

1. In our report in 2003 on Urban Charging Schemes, we called on the Government to make a positive and open contribution to a national debate on congestion charging.[4] The Government published its report on the Feasibility Study of Road Pricing in the UK in July 2004, and is leading the debate on road pricing.[5] The Transport Committee very much welcomes this commitment and we are pleased to contribute to the debate through our inquiry into road pricing and with the publication of this report.

2. We initially called for evidence on the M6 Toll – the new 27 mile tolled motorway north of Birmingham - and the proposals for a tolled 'M6 Expressway' between Birmingham and Manchester.[6] We wanted to examine the early impacts of the M6 Toll and to explore whether the road should act as a template for further privately financed and operated roads throughout the UK. Following the publication of the Department for Transport's report of the Road Pricing Feasibility Study, we decided to broaden our inquiry to cover the wider issues of road pricing, and issued a second call for evidence to this effect.[7] We included the Lorry Road User Charge, due to be introduced in 2007/8, in our remit. This report examines how road pricing could transform the way we pay for road use and how congestion levels and pollution might be tackled by this change. It sets out some of the choices to be made and decisions to be taken if national road pricing were to be incrementally introduced.

3. We held four evidence sessions and heard from the following witnesses: Freight Transport Association, Road Haulage Association, Professor Alan McKinnon, Heriot-Watt University, RAC Foundation for Motoring, National Express Ltd, HM Customs & Excise, Local Government Association, Transport for London, West Midlands Chief Engineers and Planning Officers Group, West Midlands Regional Assembly, Advantage West Midlands, Friends of the Earth, Transport 2000, Campaign to Protect Rural England, Dr Denvil Coombe, Transport Planning Consultant, Professor Peter Mackie and Dr Greg Marsden, University of Leeds, Dr David Metz, London School of Hygiene and Tropical Medicine, Institute of Directors, CBI, British Chambers of Commerce, Institution of Civil Engineers, Chartered Institute of Logistics and Transport (UK), Macquarie Infrastructure Group, Midland Expressway Limited, Highways Agency, Department for Transport, and Rt Hon Alistair Darling MP, Secretary of State for Transport. We are grateful to our Specialist Adviser, Professor Phil Goodwin, University of the West of England, and to all of our witnesses for their contribution. We recognise the valuable contribution made by transport professionals and interested organisations to the debate on road pricing so far.

4 House of Commons Transport Committee, 'Urban Charging Schemes', First Report of Session 2002-03, 5 February 2003, HC 390-I, paragraph 122.

5 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport, and DfT (July 2004) The Future of Transport: a network for 2030. Cm 6234.

6 House of Commons Transport Committee Press Notice 36/2003-04 19 July 2004

7 House of Commons Transport Committee Press Notice 43/2003-04 28 October 2004.

2 Congestion

4. Reducing congestion on the inter-urban trunk road network and in large urban areas is a high priority for the Department for Transport; it was one of the Department's Public Service Agreement targets in the Spending Review 2000.[8] This target has since been put on hold, while a better method of measuring congestion is devised. The Department currently has a target to publish a target for reducing congestion, using an improved measure, by July 2005.[9]

5. According to the Department for Transport, by 2015, total traffic on the roads will have grown by over 30 per cent compared to 2000 levels.[10] Traffic growth on this scale will be a strangle-hold on the urban environment and will cause gridlock on many of the nation's most important strategic routes. A reliable strategic network is key to the efficient movement of goods and people around the country. Although motorways and trunk roads make up just 4 per cent of the UK's road network, they carry 67 per cent of road freight.[11] Urban areas should be busy and bustling places with strong economic centres that attract people from the surrounding area, but severe congestion can damage a city's vitality and prosperity. Research funded by the European Union found that environmental and social sustainability deteriorates in cities if no action is taken to control growing traffic.[12] The modelling found that best results were achieved by a combination of 'push and pull' measures, such as road pricing and improvements in public transport. Towns and cities must remain economically important locations and transport policies should not deter visitors and shoppers. A good balance between a vibrant local economy and flowing traffic needs to be reached.

6. An efficient road network is seen as crucial to the economic performance of the UK. According to a survey by the CBI, over 85 per cent of senior business people believe that investment decisions are influenced by the quality of transport, and almost 70 per cent consider the UK's transport system to be poor. The CBI has estimated that road congestion costs the UK up to £20 billion per year.[13] The Department for Transport has questioned the £20 billion estimate, but has not itself made an official measure of the costs of congestion, other than to suggest that a national road pricing scheme could achieve time savings of £10 billion a year, which could rise to £12 billion when the value of increased reliability is considered.[14] A European comparative study put the costs of congestion on British roads at

8 To "Reduce congestion on the inter-urban trunk road network and in large urban areas in England below current levels by 2010, by promoting integrated transport solutions and investing in public transport and the road network".

9 Department for Transport, Autumn Performance Report 2004, Cm 6403

10 RP21A

11 CBI (2004) Is transport holding the UK back?

12 PROPOLIS Planning and research of policies for land-use and transport for increasing urban sustainability. February 2004.

13 The DfT Feasibility Study of Road Pricing notes that the £20 billion figure is based on the value of the difference between actual travel speeds and free flow speeds. The DfT notes that in practice it is not realistic to expect all traffic to flow freely at all times and in economic welfare terms the cost of achieving it would be higher than the value that society puts on the time that would be saved.

14 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport.

almost £15 billion per year at 1998 prices; this amounts to 1.5 per cent of GDP.[15] Of the other northern European countries, only France had congestion costs which exceeded 1 per cent of GDP (1.3 per cent). The European Transport White Paper predicted that the costs of congestion throughout Europe would double over the next decade.[16] Broadly, the business community welcomes extra capacity and freer flowing traffic conditions, but is reluctant to pay more for it.[17]

7. Road user groups often make the argument that motorists pay more in transport-related taxes than the Government invests in transport services. Research based on data from the National Transport Model shows that although drivers pay more in taxes than is spent on road infrastructure, the costs imposed by road use are around two to three times the tax payment by drivers.[18] This is because although road transport is convenient and often necessary, it imposes many different costs: the costs of owning and driving a vehicle, road infrastructure costs, congestion, air pollution, water pollution, climate change, land take and change to the character of the landscape, risk of death and injury, and 'community severance'.[19] Some of these costs are borne by the road user, but others are borne by society at large.

8. Many of the wider costs of road use are not included in the price of driving and owning a vehicle. As vehicle efficiency and reliability has improved, the overall cost of motoring has remained at the same level in real terms for the last twenty years.[20] Even in the short period between 1997 and 2003, the cost of motoring fell by 4.8 per cent.[21] In contrast, the cost of public transport has risen substantially. Since 1980 bus fares have risen by 31 per cent and rail fares by 37 per cent.[22] Changing the way people pay for road use should be an opportunity to ensure that the price of road use better reflects the pattern of wider costs.

9. **We are pleased to see that the Government is working towards a more meaningful measure of congestion. What we urgently need is a proper evaluation of the costs of congestion and an understanding of the impact congestion has on the UK economy. Until the scale of the problem is properly understood, it will be impossible to gauge what constitutes an appropriate, and cost-effective response. The costs of a road pricing scheme will need to be balanced against a proper estimation of the costs that congestion imposes and its impact on the UK economy.**

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15 Nash et al (2003) UNITE – unification of accounts and marginal costs for transport efficiency: final report for publication. Institute of Transport Studies, University of Leeds, Leeds.

16 European Union (2002) White Paper on the Common Transport Policy. Brussels.

17 RP18, RP18A, RP45.

18 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport. Annex A, page 64.

19 Community severance describes the impact of high levels of traffic on the 'liveability' of a street. Where traffic dominates a street environment, the noise, danger, and physical obstacle of a 'river of traffic', can lower the quality of life and sense of community by preventing children playing outside, making it difficult for neighbours to meet, talk, and walk.

20 Transport 2000 (2004) 'Briefing on the price of petrol and diesel', quoting Department for Transport (2002)

21 Parliamentary Answer, Tony McNulty MP, The Parliamentary Under-Secretary of State for Transport, [166176] 20 Apr 2004: Column 148

22 Transport 2000 (2004) 'Briefing on the price of petrol and diesel', quoting Department for Transport (2002)

3 The potential of road pricing

10. A national road pricing system would move away from the current motoring taxation system, to a system in which drivers paid directly to use the road. The charges paid would vary depending on the degree of congestion and be calculated according to the distance travelled. It is likely that a national system would require a technology which could charge by time, distance and place, and take account of the costs imposed by the vehicle, including environmental costs. It is expected that the technology would include a 'box' on board the vehicle which could work out exactly where, when and over what distance the vehicle was being driven, possibly using a positioning system.[23] It would be a more sophisticated way of charging than fuel duty. The system would cover the entire road network, but would not necessarily impose charges on all roads at all times, and more than half of road traffic could pay less than it would under the existing fuel duty system.[24] Although there is a significant body of international experience as well as growing domestic examples which demonstrate that some forms of road pricing are practicable and achievable today; no road pricing system as ambitious as that being examined for the UK, exists anywhere in the world.

11. The economic principles of road user charging have been established for many years. The basic argument is that pricing would help allocate road space more efficiently. The theory – and experience where it has been undertaken – is that road user charging provides better price signals for road users, which influence their choice of journey and make road use more efficient. Within this framework car users will have to make a judgement about whether the journey they wish to make is of sufficient priority to outweigh the congestion charges, or whether a journey could be made at a different time, by a different mode, or using a different route. This will affect different people in different ways. For example, business traffic generally has a higher value of time than personal traffic, and should therefore enjoy a greater benefit from the time saved, although the impact will vary depending on the business sector and purpose of journey.[25] The rationale of paying more at peak times is already well understood in the context of telephone services, and rail tickets for example. The Secretary of State for Transport, Alistair Darling MP, told us he thought these new price signals would be effective in persuading people to think about their travel choices, and would be acceptable to the public:

> What I do think people will buy … is the idea that if you choose to go down a road at 8 o'clock in the morning, then you might have to pay more than if you are choosing to go at 10 o'clock in the morning or at some other time... All we are proposing here and the work we are doing here is likely to be a far more effective way of managing demand.[26]

23 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport. Para 13, page 5.

24 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport. Para 14, page 6.

25 The Federation of Small Businesses opposes all types of congestion charging where there is no toll-free alternative for small businesses, RP40

26 Q720

12. Congestion is clearly already an acute problem on some strategic trunk roads and on roads in several large urban areas. Much of the evidence we received, including that from the Department for Transport, accepted that simply building additional road capacity would not be an acceptable, effective, or affordable way of alleviating congested conditions throughout the road network.[27] There was agreement that some kind of demand management would be necessary to constrain traffic growth.[28] In the evidence we received, in professional and academic opinion, and from surveys of motorists and business people, it appeared there is widespread acceptance that road pricing holds the most potential to reduce congestion. Our evidence suggested that there is a sense that some form of road pricing would probably be introduced at some point in the future. The Government has indicated its commitment to explore the possibility of road pricing as a way of reducing congestion. The Transport White Paper states that:

> The Government view is that the costs of inaction or unrestricted road-building are too high for society. The time has come seriously to consider the role that could be played by some form of road pricing policy.[29]

13. In July 2003, the Government established a Road Pricing Feasibility Study to advise it on practical options for the design and implementation of a new system for charging for road use in the UK. The study took into account that any new charging system should:

- deliver a more efficient approach to the structure of transport pricing
- be fair, respect privacy, and promote social inclusion and accessibility
- deliver higher economic growth and productivity for all regions of the UK
- deliver environmental benefits.

The findings of the Road Pricing Feasibility Study were published in July 2004.[30] The Study calculated that a national scheme that was designed mainly to reduce congestion by shifting the time and place of traffic, could reduce urban congestion by nearly half, even if the total volume of urban traffic only decreased by 4 per cent.[31] The study found that a well-targeted national road pricing scheme had the potential to make £12 billion worth of benefits to the economy in time savings and increased reliability. The Feasibility Study advised that a national system would be technologically feasible in 10-15 years. The Government has made a commitment to respond to the study, although a timeframe for this response has not been announced.

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27 The following witnesses stated it was impossible to build out on congestion: RP 01, RP 06A, RP 10, RP 10A, RP 14, RP 11A, RP 17A, RP 21A, RP 41. The following witnesses thought it possible to build out of congestion: RP 17, RP 19. The following witnesses opposed road charging: RP05, RP19, RP42.

28 The following witnesses agreed that demand management was required: RP 01, RP 06A, RP 10, RP 10A, RP 11A, RP 15, RP 17A, RP 20, RP 21A, RP 24, RP 26, RP 27, RP 31, RP 33, RP 35, RP 36, RP 37, RP 38, RP 41, RP 43, RP 44, RP 46, RP 47, and RP 50. In addition a letter by 28 professors of transport called on the Government to recognise the need for active demand management of traffic which might be road user charging.

29 DfT (July 2004) The Future of Transport: a network for 2030. Cm 6234. Para 3.23

30 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport.

31 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport, p6 para 14

14. **We welcome the Government's willingness to lead a debate on road pricing. We recognise that the way in which people pay for road use, and the cost of private road transport, are emotive issues which court controversy. The Government has been bold in stating that we must face up to the potential threat of growing congestion.**

15. Before a national scheme is designed, the objectives of road pricing must be clearly determined. Despite the Feasibility Study having a remit to examine a charging system which would meet the broad objectives outlined in paragraph 13, there is concern that the Department is focussing too heavily on congestion in its examination of road pricing.[32] The objectives of road pricing must reflect wider transport policy, such as the Department's Public Service Agreement target to cut greenhouse gas emissions from the transport sector.[33] Furthermore it must prove effective in the long-term, not just during the first few years of operation. The Campaign to Protect Rural England is concerned that pricing could lead to worse problems in the long-term:

> The strategy seems to be to use a number of means to spread traffic levels temporally and geographically in order to tackle congestion... CPRE is concerned that the longer term implications of such an approach are not being properly considered... We fear that Government policy could simply turn an acute problem (of too much traffic leading to congestion on specific parts of the network at particular times of day) into a chronic one which afflicts a wider area and more people for more parts of the day. The latter problem would in all likelihood be even harder to address.[34]

16. Rigorous analysis must be applied to ascertain whether the benefits of introducing a national road pricing scheme outweigh the costs and the risks. It is not obvious that a national road pricing scheme covering all parts of the road network would be cost effective.[35] The cost of the technology could absorb a significant proportion of the revenue collected. The Department's Feasibility Study estimated that the costs of setting up a national scheme could be between £10 – 62 billion.[36] In addition, the running costs could be around £5 billion a year. With uncertainty on this scale it is impossible to come to a conclusion on whether road pricing would be value for money. Even though the price of technology tends to fall with time, the costs are likely to remain substantial.

17. It will be vital to secure public support long before a national system is implemented. The Netherlands recently proposed to introduce a system of electronic toll cordons around four major cities ('Rekeningrijden'). The initiative failed to gain sufficient support to enable implementation largely because of poor communication, fears that it would be ineffective (and no more effective than any other plausible alternative) and a perception that it would result in redistribution of income to the state.[37] The need for co-operation and public

32 RP06A

33 RP06A, RP 10A, RP 37. The Public Service Agreement included in DfT, (July 2004) The Future of Transport: a network for 2030. Cm 6234.

34 RP 06A

35 RP10A, RP 30, RP 40, RP 42, RP 43.

36 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport, page 174 Annex J

37 RP46 and TIPP (2004) Transport Policy Implementation and Government Structure, Deliverable 5, www.strafica.fi/tipp

acceptability is crucial. But road pricing should not be used as a political battleground – its value as a method of reducing congestion and improving the transport system must be objectively evaluated. The Government is right to start a wide-ranging discussion that should involve as many voices as possible.

18. **A national road pricing system provides an opportunity for a wholesale change in the way we pay for road use. If road pricing were to be introduced, the opportunity to ensure that the price of road transport meets the costs it imposes must be taken. The Government must set out the objectives of road pricing. These should include the Department's broader targets to reduce congestion, road death and injury and climate change emissions. However, before the Government commits itself to implementing national road pricing, there must be evidence to show that the scheme would be effective, fair and value for money.**

Revenue from road pricing

19. Appropriate use of revenue from national road user charges would be critical in winning public acceptance of the scheme. The Government has indicated that with the introduction of a national road pricing scheme, the overall cost of driving would not change, because "the key is changing how, not how much, motorists pay for road use."[38] This implies that the Government expects a significant portion of the revenue to either be re-paid to motorists or to replace the current taxes on vehicle ownership or fuel. A 'revenue neutral' approach would no doubt be popular among motorists, as there is a view that road users already pay too much in taxes, despite the fact that overall costs of motoring continue to fall and do not cover the costs imposed. The Secretary of State told us that he planned to give the revenue back to the motorist:

> If you were going to a road pricing scheme of the sort I have been describing … You may decide to put more money into public transport, but essentially the difference is that you are giving the money back to the motorist... I think it is terribly important if you are going to win hearts and minds here that people can see there is a difference to them. If it just looks as though you are paying a contribution and some unspecified third party gains from it, then it is rather more difficult to persuade people that it is actually a better deal for them.[39]

20. We heard a number of arguments both supporting and opposing the 'revenue neutral' approach to road pricing.[40] A revenue neutral approach would mean that the costs of driving on quiet roads and at off-peak times would be lower than they are today; in particular the cost of driving on rural roads would fall. But reducing the cost of travel is very likely to increase traffic and the distances driven. Care would have to be taken that such increased traffic flows do not result in increases in carbon dioxide emissions. Modelling by the ippr found that a revenue neutral scheme would cut traffic on the most

38 RP21A

39 Q740

40 The following memoranda supported a revenue raising approach: RP 01, RP10A, RP26, RP 43, RP 44, 49, and the following memoranda supported a revenue neutral approach: RP15, RP21A, RP 29, 31, 40, 47.

congested roads, but this would be outweighed by growth in traffic in rural areas, and carbon dioxide emissions would increase by five per cent: nearly two million tonnes of carbon per year.[41] In contrast, congestion charges levied in addition to fuel duty would reduce traffic and congestion and cut carbon dioxide emissions by about eight per cent. A national road pricing scheme is unlikely before 2014; the Government must consider the potential effect of road pricing on greenhouse gas emissions in light of the vehicle technology and fuel in use at that time.

21. Parts of the business sector support a revenue neutral approach, although Michael Roberts, of the CBI, told us:

> "I do not think one should automatically assume that revenue neutrality must always be part of any charging scheme."[42]

Even those organisations which called for a revenue neutral approach viewed such a system in broad terms. The Institute of Directors, for example, suggested that the revenue neutrality could come not only from lower taxes, but equally from improved transport services which would benefit the motorist.[43] The RAC Foundation for Motoring's 2002 survey found that 71 per cent of drivers would find tolling acceptable without other taxes being reduced, if it was part of a package of better roads, public transport and traffic management.[44]

22. A revenue neutral approach to pricing would mean there were few extra funds available for investment in transport.[45] Revenue raising road pricing, as part of a package of measures to tackle congestion, could make funds available for transport improvements that would otherwise not be available.[46] For example, the proposals to introduce a £2 charge in Edinburgh were expected to raise around £760 million, which would have been allocated to a number of projects, including a new tram line, bus lanes, and plans to re-open a suburban rail line.[47] The proposed increase in the London Congestion Charge from £5 a day to £8 for private cars and £7 for commercial vehicles is expected to increase revenue for transport improvements by £35-45 million a year.[48]

23. The revenue collected could also be used to fund regeneration initiatives and to help those who would have most difficulty if road pricing were introduced. Denvil Coombe, a transport consultant, suggested the net revenues should be invested to generate local employment, and reduce the need to travel long distances to find work.[49] Other witnesses recommended the revenue be used to reduce local council taxes in low income areas.[50] As

41 ippr Grayling, Sansom, and Foley (2004) In the Fast Lane: fair and effective road user charging.

42 Q444

43 RP 15

44 RAC Foundation for Motoring (2002) 'Motoring towards 2050'

45 Q390

46 Q400

47 Transport Briefing 23/02/05 www.transportbriefing.co.uk

48 Local Transport Today 17 February 2005.

49 Q419

50 Q493 and RP 17A

attractive as all the options set out above may be, the fact is that the revenue collected from road charging can only be spent once. If the costs of operating a national road pricing system are as high as predicted by the Feasibility Study there will be hard choices to make about how to use any residual revenue.

24. **There are strong arguments behind introducing road pricing on a revenue raising, rather than a revenue neutral, approach, if a national system were to be implemented. A revenue raising approach would increase the likelihood of road pricing meeting two important priorities in the Government's transport strategy: reducing congestion and the transport sector's contribution to climate change. It is unlikely that the revenue from road pricing would be able to fully cover the costs of operating the scheme, improving public transport, reducing the cost of driving, and funding local economic regeneration. Road pricing must not be sold to the public on an unworkable promise of how much money will be available to be spent, and to what end. The Government must prioritise investment in the complementary measures – including public transport, traffic management programmes, and road improvements – that will help ensure road pricing is a success.**

Setting charges in a road pricing system

25. How charges should be set and who should set them in a national road pricing system is another contentious issue. The Feasibility Study acknowledges that congestion, and air pollutants, with the exception of carbon emissions, usually have localised causes and that tackling the problems requires localised knowledge. It suggests that local authorities should have a role in determining the charges:

> If the Government led with the introduction of a national distance charge as the core component of the price structure, it would then need to work with local authorities and other stakeholders to agree the calibration of variations, and establish where and when they should apply.[51]

26. The evidence we received supported this stance with the caveat that there should be a seamless system, and that prices should be understandable to occasional users and the haulage industry.[52] An overly complex system would be undesirable as drivers would not understand it and consequently would not change travel behaviour. This would undermine the very principles on which road pricing is based. There was support for a small number of road categories and a small number of time bands, on which to base the charge.[53]

27. There was some support for the appointment of an independent regulator who would set the price. The RAC Foundation for Motoring suggested that the Government would determine what level of congestion was considered acceptable, and the independent regulator would then be responsible for deciding what tariff would meet this objective.[54] **In**

51 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport. para 4.54

52 RP44, Q496

53 RP46

54 RP31

order to decide whether a national road pricing system would be acceptable, the public would need to know who would set the charges at a national and local level. Transparency and accountability would be paramount. The Committee has not been impressed by the role of many independent regulators in the transport sector, and remains to be convinced that an independent regulator would provide adequate accountability to the public.

Influence of charges on land-use

28. Witnesses representing rural interests were concerned about the potential impact of road pricing on the countryside. They feared that if road pricing were introduced on a revenue neutral basis and without complementary planning restrictions, cheaper road travel in rural areas could promote out-of-town land-use development, and would further reinforce car dependency, undermining public transport provision in rural areas.[55] The Countryside Agency identified the risks for rural areas:

> The impacts of road pricing on rural areas could be significant, depending on the way the charging regime is set up and administered. It is, therefore, vital that the effects on rural areas are considered before any schemes are implemented… Charging schemes should not be introduced if their main impact is simply to displace traffic on to surrounding rural roads.[56]

Strong and effective land-use planning guidance and restrictions could be critical in reducing unintended impacts from charging schemes.[57] The Government's Road Pricing Feasibility Study has been criticised for failing to adequately address the potential impact on rural areas.[58]

29. **The Government should undertake detailed research on the potential impacts of road pricing on both rural and urban locations. Road pricing must not undermine efforts to deliver urban regeneration, or threaten the character of the countryside. If road pricing inadvertently promoted dispersal of land use and economic activity this could work directly against the traffic demand management intentions of the policy. Complementary planning restrictions should be introduced if national road pricing is implemented.**

Road pricing and social inclusion

30. The Feasibility Study suggests that a carefully constructed road pricing system could promote both social inclusion and accessibility.[59] It suggests road pricing would lead to

55 RP41

56 RP41

57 RP41

58 RP06A, RP41.

59 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport. p34 and Annex E.

better bus and public transport services and access to a vibrant car sharing market. There could also be advantages for travellers in uncongested and rural locations.[60]

31. While improvements in public transport and car sharing options would undoubtedly be an advantage to many people, there will still be disadvantages for people with low income who have no option but to continue to drive on congested roads at peak times. David Metz, at the Centre for Ageing and Public Health, suggested that low income motorists may struggle to pay charges in the range of those that have been introduced in the UK to date:

> Motoring expenditure for households with cars falls in the range £30-50 per week for the lower half of the income distribution. This expenditure may be compared with current road charges in Britain: £25 for weekly entry into the London congestion charging zone and £30 for the weekly use (5 days) in both directions of the M6 toll road. Arguably, most motorists in the lowest half of the income distribution are likely to experience difficulty in affording charges of this magnitude, even if there were to be partial relief of vehicle excise duty.[61]

32. There is no escaping the fact that road pricing would have 'winners' and 'losers' and that low income motorists who continue to drive would experience a disadvantage.[62] David Metz told us that the negative impact of road charging on low income motorists could be lessened by having a 'yield management' approach to prices, like for air and rail travel, where early bookings have discounted fares.[63] The sheer number of journeys travelled by car would make this approach to road pricing extremely complex to administer and enforce. If road pricing were introduced across the country, the impact on equity and social exclusion should be carefully monitored. Measures should be taken to promote social inclusion and accessibility. Nonetheless it may not be possible to directly compensate through transport policy alone all the people who lose out as a result of road pricing.

60 Our recent report on Rural Railways emphasised the importance of ensuring people in rural areas had access to vital services and employment. House of Commons Transport Committee Fifth Report, Rural Railways, HC 169-I

61 RP 23

62 RP 49

63 RP 23

4 Other ways to tackle congestion

Road building

33. Road congestion would be relieved by establishing a better balance between road capacity and demand. This could be achieved in three ways:

- by restraining demand through pricing, regulation, technology, and land-use policies;
- by optimising the use of existing capacity through management, regulation and technology; and
- by the creation of new capacity through infrastructure and technology.[64]

It is clear that a judicious mix of all three aspects will be needed. The Department has adopted a package of measures to tackle road congestion, which includes road improvements, traffic management and demand management measures.

34. In the foreword to the Transport White Paper the Prime Minister, Rt Hon Tony Blair MP, states that

> Where it makes economic sense, and is realistic environmentally, we will provide additional transport capacity… We want to see road widening and bypasses to tackle the worst areas of congestion.

Road building was put forward as a solution to inter-urban road congestion by several witnesses in our inquiry.[65] Roads are the most extensive component of the transport system: almost 250,000 miles of road in the UK provide access to almost every property and 93 per cent of all travel is by road.[66] Yet although direct comparison with Europe is not straightforward because of the UK's extensive network of non-motorway trunk roads,[67] it is clear that we have one of the lowest motorway densities in Europe.[68]

35. The Highways Agency's 'Targeted Programme of Improvements' is the Government's £8.6 billion road building schedule and includes road widening, junction improvements, and bypasses.[69] The rolling programme has covered 97 schemes since 1998, including some of the priority areas identified in the multi modal studies, and 20 schemes have so far been completed.[70] These road improvements are currently being undertaken in the absence of demand management polices. The Government should set out systematically what level of road use it regards as economically necessary. It should establish what scale of road building it thinks would be needed to enable the network to cope efficiently with such a

64 The Royal Academy of Engineering (2005) Transport 2050 The route to sustainable wealth creation. London.

65 RP 11A, RP 14, RP 15, RP 19, RP 29, RP 31, RP 39, RP 47.

66 The Royal Academy of Engineering '(2005) Transport 2050 The route to sustainable wealth creation'. London.

67 Q421

68 CBI Is transport holding the UK back?

69 Announced in 1998 as part of 'A New Deal For Trunk Roads In England'. And Q614.

70 DfT Annual Report 2004 p31 and Future of Transport White Paper p37

level of traffic. We believe the Government should be more explicit in stating what level of road capacity is required, rather than having a rolling programme of piecemeal schemes. We suggest that this issue should be addressed in a new inquiry by any Transport Committee established in the next Parliament.

36. In the foreword to the White Paper, the Prime Minister also states

> We cannot simply build our way out of the problems we face. It would be environmentally irresponsible – and would not work.

Although a need for inter-urban road improvements was recognised by a number of witnesses, few called for road building to keep pace with unrestricted traffic growth. Implementing a significantly expanded inter-urban road building programme, without complementary demand management policies, would raise some difficulties. First, it would create serious increases in urban congestion, when the additional traffic on these expanded inter-urban roads hit the urban network, which is geographically constrained and hard to expand.[71] As Peter Mackie, Professor of Transport Studies, University of Leeds, told us:

> A pure capacity enhancing programme is inconceivable. It is unaffordable. It would be unacceptable on environmental grounds. If you could overcome those problems on the inter-urban network, you would run into tremendous difficulties at the interface between the inter-urban network and the local road network.[72]

37. Secondly, the traffic forecasts which would be used to underpin the design of new capacity would themselves be very different depending on whether they anticipated a future context with road pricing, or without. The Institute of Civil Engineers suggested:

> A presumption of policy in favour of pricing would require a range of forecasts of the effects of pricing on every scheme or proposal and an entirely new assessment procedure would be needed.[73]

Thirdly, it was suggested that no road improvement scheme could be properly assessed unless it is clear how it interacted with future plans on road pricing.[74] There would be an expectation that the benefits of new capacity would be higher, but the road design different, if pricing was implemented during the lifetime of the road. The Government should look at the package of measures available to it and the interrelations between them. It should plan its road building and improvement programme in the context of its demand management and traffic management policies, in particular taking into account the possible impact of national road pricing.

38. **The Government has stated that it is not possible to build our way out of congestion and at the same time it says that some new road capacity is necessary. It needs to set out its view on the level of new capacity needed, where it is needed and why it is needed, far more clearly. A national road pricing system could significantly alter travel behaviour. The Government needs to reconcile its long term road improvement programme with**

71 Q221, RP 17A, RP 21A.

72 Q378

73 RP 44

74 RP 26.

its policy on demand management and traffic management. The three approaches must not be considered in isolation.

'Soft' factors

39. The Department for Transport's 2004 document "Smarter choices: changing the way we travel", showed that 'soft' measures, or 'smarter choices' as the report refers to them, could have a positive impact on traffic and congestion levels.[75] These measures, which include school travel plans, workplace travel plans, teleworking, public transport marketing, cycling facilities and car clubs, could reduce peak hour urban traffic by as much as 21 per cent. Given that the Road Pricing Feasibility Study found that reductions in urban traffic levels of 4 per cent could reduce urban congestion by half, the impact of 'soft' measures could be enormous. They should be adopted without delay.

40. The report notes that these measures would be at their most effective in conjunction with other policies, including road pricing:

> Those experienced in the implementation of soft factors locally usually emphasise that success depends on some or all of such supportive policies as re-allocation of road capacity and other measures to improve public transport service levels, parking control, traffic calming, pedestrianisation, cycle networks, congestion charging or other traffic restraint, other use of transport prices and fares, speed regulation, or stronger legal enforcement levels.[76]

Some of these policies were suggested to us as a means of tackling congestion. Stronger use of parking controls and charges was recommended, including rigorous enforcement of existing parking regulations and an extension of workplace parking levies to car parks at out-of-town retail outlets.[77] Speed management was also identified as having a potential role in reducing congestion.[78] The Highways Agency has trialled variable speed limits on parts of the motorway with success.

41. **The Department for Transport's own research has shown that 'soft' factors, such as travel planning, proper cycle facilities, marketing of public transport, teleworking and the like, could have significant impacts on travel behaviour and congestion. The impact of 'soft' factors could be greatly enhanced by complementary demand management policies such as road pricing. Similarly, road pricing itself can be made more palatable and attractive by using these 'soft' policies to support it. During the period when pricing is awaited, interim tools including both 'soft' measures and 'hard' ones such as parking control, speed management and efficient allocation of road capacity, should be implemented widely and without delay.**

75 DfT (2004) 'Smarter Choices: Changing the Way We Travel' Volume 1 final report.

76 DfT (2004) 'Smarter Choices: Changing the Way We Travel' Volume 1 final report, Summary.

77 RP 17A, RP 50

78 RP 01, RP 17, RP 22,

5 A phased approach to road pricing

42. There is an emerging consensus that if road pricing is to be introduced, it should be phased in incrementally, rather than with a sudden 'big bang' approach. Incrementally need not necessarily mean gradually. The London Congestion Charge scheme showed the importance of setting out a timetable with a reasonably short timeframe for delivery, in order to ensure progress is made and momentum not lost. Although there is a consensus that the introduction of road pricing should be incremental and phased, the various interest groups that have participated in the road pricing debate have failed to reach a consensus on the detail of what types of scheme to begin with, and where and when. This is understandable as the groups represent different interests. As the Secretary of State acknowledged it is the job of Government to now bring the different views together, and to take difficult decisions:

> It is precisely because I want to avoid a piecemeal development that I think the Government and only the Government can take a lead here.[79]

43. There are several choices to be made in terms of what steps to take, the sequence and timings of action. The dilemmas include:

- which roads to price: urban or inter-urban, existing or new capacity;
- what technology to use;
- how charges are set and what use to make of the revenue collected;
- and how to ensure fairness and accessibility.

The Department for Transport ought to set out an indicative timetable showing the incremental steps that would need to be taken in order to implement a system of national road pricing. Further research is needed into how to make the transition from several localised charging schemes to a national road pricing system.

Local urban congestion charging schemes

44. Some of the worst congestion in the country occurs in and around urban centres. Local authorities have the power to introduce local congestion charging schemes, subject to approval by the Secretary of State for Transport.[80] Although there were mixed views in the evidence we received, several witnesses favoured increasing the number of local schemes as a step towards national road pricing in the short term, using the 'low-tech' solutions already available.[81] The evidence suggests these would be the easiest and quickest to

79 Q748

80 The Government provided the Mayor and London authorities with the opportunity to introduce congestion charging as part of the Greater London Authority (GLA) Act 1999. The Transport Act 2000 made similar permissive powers available to local authorities outside London, to introduce road user charging or workplace parking schemes, subject to approval of such schemes by the Secretary of State for Transport.

81 Q372, Q387, RP 17A, RP 21A, RP 24, RP 26, RP 27, RP 28, RP 31, RP 35, RP 37, RP 38, RP 43, RP 44, RP 47, RP 50

implement.[82] This is partly because the opportunity to provide alternatives to car travel with high quality public transport are greater in densely populated urban areas.[83] The Government's Feasibility Study outlined the advantages of implementing small-scale schemes now:

> While a national scheme is at least ten years away, there are reasons for undertaking forms of road user charging on the more limited scale that is technically feasible now, in particular, area or cordon congestion charging. These can help to address current problems on the road network, improve our knowledge of the practicalities and effects of pricing, and, through growing familiarity, should greatly improve understanding of its benefits.[84]

45. The Mayor of London introduced a £5 cordon charge in central London in February 2003 and the London Congestion Charge gives an insight into how local congestion charging schemes might be implemented. Results published after the first 12 months of operation show that the London scheme had produced significant benefits for people travelling in and around central London. Traffic congestion has reduced by 30 per cent.[85] Car and bus journeys are quicker and more reliable with vehicles spending less time in traffic queues. The majority of former car users have transferred to public transport, which is apparently coping well.[86] Some retailers have suggested that the congestion charge has harmed business and John Lewis has stated that sales have reduced by between 5 to 9 per cent as a consequence.[87] Transport for London denies this claim, stating that the scale of reduced travel overall to central London from congestion charging is very small and "not compatible with the scale of effects claimed by some retailers."[88]

46. The Local Government Association gave a cautious welcome to the prospect of pilot charging schemes in the short term:

> Provided that the objective of a national scheme is always kept in mind, there appears no reason why local tolls or congestion charging schemes should not be part of the process of moving towards national road pricing.[89]

The Association did not see local schemes as an end in themselves, however, as it favoured a revenue neutral approach to road pricing.

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82 RP 38

83 Q372, Q387, RP 17A, RP 21A, RP 24, RP 26, RP 27, RP 28, RP 31, RP 35, RP 37, RP 38, RP 43, RP 44, RP 47, RP 50

84 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport, p7 para 24

85 Impacts Monitoring Second Annual Report, TfL, April 2004

86 RP 38. TfL Congestion Charging Impacts Monitoring Second Annual Report (2004) - Of the 65,000 to 70,000 car trips that are no longer made to the charging zone during charging hours: between 50 and 60 percent have transferred to public transport, 20 to 30 percent now divert around the charging zone (these being trips with both origins and destinations outside of the zone), and 15 to 25 percent have made other adaptations, such as changing the timing of trips.

87 RP 45 - In April 2004, the John Lewis Partnership launched a report by Professor Michael Bell, Imperial College London: " The Impact of the Congestion Charge on the Retail Sector". In the report Professor Bell concluded that even after allowing for other factors, the central London congestion charge appeared to have reduced sales at John Lewis Oxford Street by between 5 percent and 9 percent.

88 RP 38

89 RP 33

47. Although the theoretical reasons for the implementation of local urban charging schemes are clear, it is far from obvious that more local schemes will be implemented in practice. Other than London, only one authority - Durham - has introduced a charging scheme, to date, and this applies to just one road. **Implementing road pricing would require strong commitment and direction. We note such leadership and commitment were shown by the Mayor of London in introducing the country's first congestion charging scheme. This commitment was key to the successful implementation of the London scheme. We expect equally strong commitment to be shown by both national and local Government in tackling congestion and implementing measures which are shown to be effective.**

Barriers to local charging schemes

48. Despite academics, professionals and other interested organisations calling for further local schemes to be implemented as part of an incremental introduction of national road pricing, local authorities themselves, and other stakeholders, are more hesitant when it comes to introducing charging schemes. In the 10 Year Plan for Transport the Government predicted that outside London there would be eight local charging schemes in place by 2010, with the earliest schemes appearing between 2003 and 2005.[90] These have, as yet, conspicuously failed to materialise.

49. The success of the London Congestion Charge scheme is seen as peculiar to London's specific circumstances.[91] In particular, the Mayor's control over public transport and bus service improvements, combined with the very high levels of congestion evident throughout the day in central London, before the £5 charge was introduced, were unique. It is not certain that the congestion reduction achieved in central London would be replicable in other cities.

50. Local congestion charging is perceived as a high political risk. The recent referendum in Edinburgh, which resulted in an emphatic three-to-one rejection of proposals for a city-wide congestion charge scheme, is likely to reinforce this view and delay the development of other local congestion charging schemes. Congestion in towns and cities outside the capital is largely restricted to a small number of peak hours each day and a limited number of roads. Even though some of these roads experience severe congestion, there may not be local popular support for charging.

51. There are also questions about the cost-effectiveness of a local congestion charging schemes, in cities other than London. The local authority has to be confident that it will capture sufficient revenue to cover both the costs of the scheme's infrastructure, administration and enforcement, and to pay for the improved public transport services that would ensure the urban areas remained easily accessible. Towns and cities are important economic centres which, to survive, need to attract business, employment, services and shoppers. Part of the risk associated with local charging schemes is whether an

90 DETR (2000) Transport 2010: The 10 Year Plan, paragraph 6.48 and paragraph 9.5

91 RP 33, RP 35, RP 46.

individual city would be able to withstand the economic impact of trade diverting to other neighbouring cities that did not have a congestion charge, and with out-of-town shopping centres and business parks, which already provide strong competition.[92] Peter Mackie, of Leeds University, summarised some of the considerations for local authorities investigating charging schemes:

> In many cities there are questions about whether congestion is really bad enough for long enough to justify the costs of introducing a scheme at this point, certainly a local scheme.[93]

52. Local authorities' lack of power over public transport is another barrier to the introduction of local congestion charging schemes. Under the Transport Act 2000, local authorities that introduce congestion charging schemes before 2011 will keep 100 per cent of the revenue for the first ten years of the scheme's operation, and this must be spent improving the quality of transport.[94] Although Stephen Joseph, of Transport 2000, suggested that local authority control over public transport services was a "minor barrier" but "not a showstopper",[95] the Local Government Association told us that lack of control meant local authorities were unable to improve public transport in advance of introducing charges.[96] They called for local authorities to be granted powers similar to those that had been available to the Mayor of London before he introduced the London scheme:

> There is… a huge gap between the powers of the Mayor of London over public transport services and the very limited powers of local authorities elsewhere since bus deregulation in the 1980s. This gap in many cases will need to be filled with wider powers, particularly in larger cities, if local government is to be able to fulfil its role in securing an integrated approach to road use management and making road pricing work as it should.[97]

53. The Local Government Association clearly considered that the local bus quality partnerships and the funding available from the Department for Transport do not provide all that they need.[98] Although the Transport Act 2000 gave local authorities powers to make bus Quality Contract Schemes, which allow local authorities to specify the routes, fares and frequency of bus services where this is the only practicable way for them to implement their bus strategies, these powers have not yet been used. Even when the new time limits are introduced, there will still be a minimum of six months between a scheme being made and coming into force, leaving aside the time needed to prepare such a scheme and get it approved by the Secretary of State.[99]

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92 RP 35

93 Q389

94 In "Managing our Roads", the Government reaffirmed its commitment that local authorities would keep the revenue, irrespective of whether or not a national scheme is introduced subsequently, RP 21A.

95 Q360

96 Q227, Q229, Q236, Q241, Q243.

97 RP 33

98 Q227, Q229, Q236, Q241, Q243.

99 DfT (July 2004) The Future of Transport: a network for 2030. Cm 6234. paragraph 5.12

Local schemes as a path towards a national scheme

54. Despite the difficulties, the Department for Transport continues to see local schemes as "a trajectory towards a national road pricing system".[100] The Secretary of State, Alistair Darling MP, indicated that he anticipated more schemes would be implemented within five to six years.[101]

55. In an attempt to balance the political risks associated with introducing a congestion charging scheme at the local level, the Department for Transport has offered a package of powers and funding to those local authorities willing to tackle congestion. In the Future of Transport White Paper, the Department announced a new Transport Innovation Fund, which would be used to support local authorities in tackling congestion problems.[102] These resources, which will build up to £2.5 billion by 2015, will be directed towards packages of measures that combine road pricing, modal shift, and better bus services.[103] The Guidance on Local Transport Plans invited Local Authorities to contact the Department by January 2005 if they were interested in exploring a package of measures to tackle congestion.[104] The Secretary of State told us that he had received a positive approach from local authorities:

> We said that money is going to be available for, amongst other things, looking at areas that are prepared to consider a coherent integrated transport plan that will control congestion and improve transport. There will be a package perhaps of road pricing and improving public transport and so on. I am pleased to say that we have had quite a lot of interest in that, in fact rather more interest than I thought we would have. What the Government would want to do is perhaps to pick two or three larger areas, individual councils, to develop that.[105]

56. **Although local urban congestion charging schemes are seen by many, including the Department for Transport, as a useful step towards a national scheme, as well as an effective tool for tackling congestion in the short term, local authorities have serious reservations. Given the Government's views about the desirability of local schemes, it is sensible of it to encourage local authorities through providing the necessary resources, powers and guidance. Ultimately however, it must be up to the judgement of local authorities themselves to decide whether a charging scheme is the best way to tackle their current and future traffic congestion problems. Local authorities should not be penalised if they decide not to introduce such schemes. Effective public transport services are a good in their own right, and should be promoted irrespective of whether a charging scheme is implemented.**

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100 DfT (July 2004) The Future of Transport: a network for 2030. Cm 6234.p 47 para 3.29.

101 Q759

102 DfT (July 2004) The Future of Transport: a network for 2030. Cm 6234.para 3.31 p48

103 Q699

104 In the second round of Local Transport Plans the Government wants major urban areas (with populations over 250,000) and smaller towns and cities with localised congestion problems to set congestion targets for 2006-2011. The Government expects all authorities to consider how best to manage road networks, including congestion charging schemes where appropriate, and soft factor interventions, and to set this out in the next round of Local Transport Plans. (Full Guidance on Local Transport Plans, 2nd Edition December 2004, para 3.9-3.14). And page 36, para 3.20

105 Q699

The need for a national framework

57. Local authorities were not alone in their hesitation over implementing local congestion charging schemes. The business, freight and motoring lobby, amongst others, also voiced concerns.[106] Their main fear is that a patchwork of local schemes will appear around the country, with different charges, different methods of payment and different rules of operation. Although Transport 2000 noted that motorists manage to cope with different parking charge systems across the country, concern about encouraging a complex regime of different charging schemes is valid.[107] It is a pressing concern for businesses and road haulage companies, who fear having to operate within several different systems.[108] The CBI, although not opposed out-right to an increase in local charging schemes, noted the risks of this approach:

> The advantage of an incremental approach is that schemes can be introduced relatively quickly and they can help to increase our understanding of charging in practice. But there are significant issues. It risks incompatible technologies and administrative systems being applied in different areas, confusing road users and loading additional expenses on them. Localised schemes also risk generating diversionary and boundary effects.[109]

58. If road pricing were introduced, the business and haulage sectors would want to see a single, seamless interoperable system with single billing.[110] Without some co-ordination the administrative burden for businesses which had to deal with a number of different systems could be significant. Standardisation, and centralised payment, would have the added advantage of preventing local authorities reinventing the wheel for every scheme. A critical mass of between five to eight local charging schemes would allow some common functions to be shared between the different schemes, including billing and enforcement.[111]

59. While standardisation may benefit the user, the tension is that allowing local authorities to develop different types of schemes may be the best way to identify what works most successfully, as we move towards a national scheme. Bob Kiley, Transport Commissioner at TfL, advocated such an approach:

> Legislation that makes it possible for localities… to initiate… road pricing … should be passed but it ought to be left up to… local Metropolitan areas to determine exactly in what fashion they proceed… I think that is critical to the success of road pricing around the country, that there ought to be flexibility at the local level.[112]

60. To overcome this difficulty, the Government should establish a national framework within which local authorities can design the finer detail of the scheme. Local authorities

106 RP 05A, RP 06A, RP 14A, RP 27, RP 33, RP 35

107 Q356

108 Q476

109 RP 47

110 Q415, Q445, RP 11A, RP 14A, RP24, RP 30, RP 40, RP 47.

111 RP 17A

112 Q231

must have control over the scheme as they know the traffic problems in their area and would need to fit the charging scheme into wider transport strategies.[113] The Secretary of State told us that he would seek to get some standardisation agreed in the near future:

> That is why I say that if we were going to go down this road, we would want to get that standardisation in at the start, otherwise it would make it extremely expensive.[114]

61. The role of regional policy could also be critical. Co-ordination of road pricing policy at a regional level could overcome the local economic competition that currently acts as a barrier to individual cities moving ahead with a charge.[115] The Secretary of State indicated that he wished to pilot a road pricing scheme on a regional rather than very local scale.[116] He suggested the pilot would need to be undertaken on a larger scale than one city, in order for it to be effective in changing travel behaviour.[117] The indication in the Local Government Association's evidence was that local authority boundaries work as a barrier to large-scale charging schemes.[118] A 'pan-city' approach to road pricing could be promising and we will watch with interest the Department's involvement in getting such a pilot established. A monitoring and evaluation process must be agreed to assess whether the pilots are successful and to inform future charging schemes.

62. **We are pleased the Government intends to agree standards for local congestion charging schemes. Local and regional authorities must be involved in determining design and charges, but an overriding national framework would provide consistency for the user, as well as lowering the costs of implementation for the local authority.**

Inter-urban schemes

63. Some inter-urban trunk roads are among the most congested roads in Britain.[119] Public support for road charging is likely to be highest on those stretches of road where the level of congestion is already unacceptable, such as sections of the motorway network, and was supported by many of our witnesses.[120] Road pricing is compatible with capacity increases; business organisations which have called for increased road building, also want to see road pricing on motorways and major routes.[121] The freight organisations told us that they wanted to see road user charging applied to freight priority routes in the near future.[122] The

113 RP 27, RP 33, RP 35.

114 Q751

115 Q389

116 Q741, Q714.

117 Q714

118 Q229, Q243.

119 RP 44A: The Institute of Civil Engineers identified that the most critical motorway corridors included the M1, M6, M4, M62, M11 and M3.

120 RP 09, RP 26, RP 29, RP 35, RP 37, RP 43, RP 44, RP 46.

121 An Institute of Directors survey of its members found that over half would support the widespread introduction of road pricing on motorways and major routes on a revenue-neutral basis, with the revenue being used to provide extra transport capacity, RP 15.

122 RP 11A

way in which road pricing could be introduced on the strategic network needs to be considered carefully.

Locking in the benefits of road improvements

64. One way to introduce road pricing would be to introduce charges when road improvements were made, in order to 'lock in' the benefit and contain traffic levels within the capacity provided by discouraging a large amount of induced traffic.[123] The Department for Transport identified the importance of 'locking in' the benefits of road improvements in its document 'Managing Our Roads':

> Where additional capacity is provided, demand must be controlled. Several [multi-modal] studies recommended strongly that additional capacity in the absence of such control would be short-sighted, and result only in requests for further widening in a few years' time. As a result, the decisions to increase capacity on the strategic network are taken with a parallel commitment to consider what is necessary to ensure that effective measures are in place to lock in the benefits.[124]

65. There is, in fact, a great deal of support for charging for new capacity.[125] Parts of the business sector, for example, accept that 'locking in' the benefits of improvement provides longer-term benefits.[126] Although the Department has accepted the principle of 'locking in' the benefits of additional and improved capacity, this commitment is yet to be seen in practice, other than on the M6 Toll, which has a quite different rationale behind its charges. History has shown that without charges the additional capacity of improved roads can be quickly undermined by greatly increased traffic levels.[127] If road proposals are approved on the basis that the benefits of the new road will be 'locked in', but the demand management measures necessary to achieve this are never actually implemented, this will lead to a distorted appraisal process and flawed conclusions. Many of the multi-modal studies anticipated that charging would be introduced with the capacity improvements that were provided. For example, the west midlands to north west multi modal study found that road user charges would be necessary on the length of the M6 after sections were widened.[128]

66. Furthermore, to prevent the consequences of induced traffic, it may not be sufficient to charge on the improved section of road alone. Denvil Coombe told us that to properly 'lock in' the benefits of road improvements it would be necessary to introduce charges on all other major roads in the corridor.[129] Other witnesses agreed that charging on the inter-urban network should not be restricted to improved roads, as this would limit the

123 Department of Transport (1994) The Standing Advisory Committee on Trunk Road Assessment 'Trunk Roads and the Generation of Traffic', London HMSO

124 Department for Transport, Managing Our Roads, (2003) paragraph 94.

125 RP 02, RP 26, RP 29, RP 31, RP 31, RP 43, RP 47, RP 49 and ippr, For Whom the Motorway Tolls, 2003

126 RP 47

127 Department of Transport (1994) The Standing Advisory Committee on Trunk Road Assessment 'Trunk Roads and the Generation of Traffic', London HMSO.

128 Q364

129 RP 49

effectiveness of pricing policy.[130] They recommended charging on the most congested strategic routes, whether or not additional road capacity had been provided in the area.

67. **The Government has stated its intention to 'lock in' the benefits of extra capacity where this is provided, using demand management measures. The Government must now put this commitment into practice by introducing demand management measures on the road improvements and widenings that it has approved. Delaying implementation of this policy commitment will mean that expensive road capacity improvements are quickly overwhelmed by the ever-growing levels of traffic.**

Traffic diversion

68. Charging on the strategic road network could lead to significant diversionary effects.[131] It may be necessary to introduce charges over a wider area to prevent high volumes of long distance and heavy traffic re-routing from the trunk road network, which was specifically designed to carry such traffic, to less appropriate roads. Transport 2000 point to the long diversions people are prepared to make to avoid paying bridge tolls, citing evidence collected by Gloucestershire County Council in relation to the Severn Bridge.[132] It must be assumed that motorists and hauliers may well undertake significant diversions to avoid paying a charge for motorways.

Safety

69. Traffic diversion could have a significant effect on road safety. Modelling of motorway tolling by TRL has shown that it could increase crashes as traffic would move from motorways to untolled roads, which may be less safe and less appropriate for high vehicle flows.[133] PACTS drew our attention to studies which found that with the introduction of motorway tolls in Kent, 10 per cent of motorway traffic could divert to other roads, and that this could increase injuries by 3.5 percent.[134] PACTS concluded that:

> The cost of these crashes represents 29 per cent of the revenue that would be raised from the tolls, considerably undermining the tolls' effectiveness. PACTS does not believe that road pricing should be introduced on trunk roads in the short term as an intermediate step to national road pricing.[135]

70. One solution that has been put forward is the introduction of charging in a 'corridor approach' for inter-urban roads.[136] In this approach the trunk road and other parallel roads would be charged in order to cut down the likelihood of dangerous re-routing. The

130 RP 06A, RP 10, RP 10A, RP 17A, RP 37, RP 49.

131 RP 17A, RP 27, RP 28, RP 32, RP 37, RP 40, RP 41, RP 43

132 RP 17A

133 RP 28

134 RP 28, citing research by Gower et al 1998 and Broughton & Gower 1998.

135 RP 28

136 RP 44, RP 43, RP 26.

potential for a corridor approach to trunk road charging should be thoroughly investigated.

71. **Road safety is an important consideration that must be integral to the design of road pricing schemes. Charging on the inter-urban network should not be implemented unless measures have been taken to prevent the diversion of traffic onto less suitable routes. The potential for a 'corridor approach' to trunk road pricing should be investigated.**

Leading by example

72. The Highways Agency has effectively ruled out pricing on the existing strategic network in advance of a national scheme.[137] It was concerned about the safety risks of diverting traffic and the problems of rat-running.[138] The Transport Secretary, Alistair Darling MP, categorically stated that the Government would not pursue congestion charging on the inter-urban network, unless the road had been improved:

> I have always said that I think there are considerable difficulties in charging tomorrow for something that is free today.[139]

It does not seem to concern the Secretary of State that the principle of charging people to use the existing road network is precisely what he wants to see Local Authorities bring into force. We do not agree with the Secretary of State that charging on inter-urban roads is necessarily "charging for something that has not changed one jot."[140] With the introduction of road pricing, congestion will be lower, since some people will have changed their behaviour in response to the charges. So the charge paid will buy a quicker, more reliable journey, as the Road Pricing Feasibility Study acknowledged.[141]

73. Moreover, the Government must demonstrate it is not leaving all the difficult decisions to local government. It should take the opportunity to show leadership and commitment to the principles of road pricing by investigating the possibility of introducing charges on busy parts of the network that are under its direct control. This would lend political support to local schemes, and would send a signal to technology developers and industry that the UK is seeking to have an affordable and appropriate national road pricing system in place as soon as is practicable.

74. **The Government cannot expect local authorities to implement charging schemes, while it refuses to test the potential of road pricing on the strategic road network for which it is responsible. The Secretary of State has told us that he would not introduce charges on roads that have not changed; but if charges were introduced on congested roads, the motorist should gain from a smoother, more reliable journey. The**

137 Q665

138 Q664

139 Q754

140 Q757

141 DfT (July 2004) Feasibility Study of Road Pricing in the UK: A report to the Secretary of State for Transport, Annex A p61.

Government must re-think its policy on charging for inter-urban strategic roads, and take responsibility for introducing measures on the congested roads under its control.

Technology

75. The principal reason why comprehensive national road user charging cannot be implemented today is because there is no sufficiently sophisticated, reliable and accurate technology currently available. A road pricing system which charged on the basis of distance, time and place, throughout the UK's complex road network would require a highly advanced technological solution. The Road Pricing Feasibility Study showed that, nationally, the most likely solution would come from a system based on satellite-positioning but estimated that this technological solution would not be available until 2014 to 2019.[142] David Lamberti, of Department for Transport's Road Charging Division, explained some of the limitations:

> The work we did in the study showed that the technology elements exist and that there are satellite applications that can work. One of the concerns we had was that if we were going to do a national distance-based scheme, potentially with two roads very close to each other which had different charges on them, there were doubts about the accuracy of the satellite technology and the extent to which it would support that kind of scheme.[143]

76. Lack of existing technology is obviously a barrier to a sophisticated national road pricing system. However, a number of witnesses thought that the Government was too pessimistic in its estimate of the time it would take for suitable technology to develop.[144] Bob Kiley warned that the 10 to 15 year time-frame that has been associated with road pricing is "a lullaby to rock us to sleep."[145] The contention is that some basic systems are already available, and that if there is a clear demand, industry will see a market and the pace of technological development will quicken.[146] As a result, accurate and appropriate satellite technology could be available for road pricing systems within ten years:

> One of the problems with road charging is that ever since this has first been talked about the technology has always been 10 or 20 years away and, as happened in London, if somebody says "I want a charging scheme and I want it in three or four years' time", then it will be very easy to see how we can get there.[147]

77. Indeed, the accuracy of Global Navigation Satellite Systems in Europe is expected to improve once the Galileo system is operational.[148] In the meantime, lower accuracy systems have some constraints, but the Chartered Institute of Logistics and Transport (UK) insisted

142 RP 21A

143 Q722

144 Q86, Q91, Q361, Q410, Q502

145 Q216

146 Q356

147 Q361

148 RP 53 and House of Commons Transport Committee Eighteenth Report of Session 2003-04 Galileo, HC 1210

that these should not be considered as overriding.[149] The Norwich Union 'Pay as You Drive' insurance scheme - discussed in our Cars of the Future Report - has successfully used a black box and global satellite tracking technology to calculate a distance-based charge.[150] Siemens advised us that the technical capability of GPS for road pricing schemes has been demonstrated internationally, with the most complete application of the technology being a public authority road pricing scheme in Seattle.[151] The company was confident that GPS technology would offer significant potential over the next 3 to 10 years, with greater operational flexibility than Dedicated Short Range Communications (DSRC) systems, in terms of complex tariffs, interoperability with other systems, and the potential for geographical expansion.[152]

78. Microwave-based DSRC 'tag and beacon' systems, which have proven successful for motorway tolling in many countries, are an alternative to the satellite systems still under development. The M6 Toll has a tag payment lane which can process vehicles at three times the speed of manual payment.[153] Tag and beacon systems require overhead gantries to read the tags, and this could prove a barrier to introduction in urban and heritage sites, and could make the technology expensive if the area covered expanded significantly. However, on strategic roads, at least, tag and beacon technology appears suitable for use today.

79. The choice is whether to wait for a long-term solution to appear that could meet all the requirements of variable distance-based charges, or whether to push ahead with the available satellite and microwave technologies. It was suggested to us that "the best technology could be the enemy of the good".[154] Indeed, the technology used in the London scheme is not flawless and is not particularly user-friendly. These shortcomings have not prevented the scheme from meeting its objectives and trailblazing for the rest of the country. A staged approach towards the preferred system for road pricing should be adopted, building on proven technologies.

80. **Congestion is already acute in many urban areas and on many inter-urban trunk roads and motorways in the UK. We cannot afford to wait 10 to 15 years for the technology for a national system to arrive before testing the effectiveness of road pricing. Although there are limitations to the existing systems, technology should not be used as an excuse for inactivity. London has shown that technological limitations are not a show stopper.**

81. The Department advised us that the sheer number of vehicles that a national pricing system would cover was a difficulty for existing technologies.[155] One way round the

149 RP 43

150 Q86 and Seventeenth Report from the House of Commons Transport Committee: Cars of the Future: Session 2003-04. HC 319 - I

151 RP 53

152 RP 53

153 Q521-523

154 RP 43

155 Q721

problem of scope, is an application which allows a small scale introduction in relatively few vehicles. Drivers willing to be 'early adopters' of the technology are able to trial the scheme, in advance of wholesale application. This approach to distance-based road charging has been trialled in parts of north America:

> Some US states are working on this idea, under which drivers could choose whether to pay for their road use through conventional fuel taxes, paid at petrol stations, or through a distance charge. Petrol stations would have detectors so that those choosing to pay through a distance charge would pay less for their fuel. This would therefore allow a voluntary approach to adopting road charging.[156]

In the UK, the Norwich Union 'Pay as You Drive' insurance scheme has been introduced using this approach, with a fleet of 5000 vehicles involved in the pilot. Given the reported success of the small-scale satellite-based insurance system introduced by Norwich Union, the Department for Transport should research whether an "early adopter" scheme could be used as a route to introducing distance-based road charging across the road network.

International experience

82. The Feasibility Study identified that extensive development is underway internationally, particularly in Germany, on hybrid systems that combine satellite positioning and microwave technologies. The Government must look to international experience of road pricing, where valuable lessons could be learned. If overseas schemes prove successful, the Government should bring forward the anticipated implementation date in the UK.[157]

83. The European Parliament has approved a directive on the interoperability of electronic road toll systems within the Community.[158] The directive aims to "create a European electronic road toll service in order to secure the interoperability of toll systems in the internal market and to contribute to the elaboration of infrastructure charging policies at European level."[159] The Department for Transport told us that a European technical committee was looking at how to implement the directive.[160] A positive European approach would strengthen the market attraction for industry. Although full interoperability may be the goal, the systems would have to be highly flexible to permit individual member states and local operators the freedom to determine the charging regimes and means of payment.[161] Transport for London identified the limitations of only looking to the European directive and a long-term satellite based solution:

> The… Directive… seeks to define the technologies to be used for road charging throughout Europe, focusing on long-term migration to GPS… The timetable for

156 RP 17A

157 RP 37

158 2004/52/EC. The directive was approved by the European Parliament on 20 April 2004 and signed by the European Parliament and the Council on 29 April 2004.

159 Bulletin of the European Union

160 Q751

161 RP 44

> resolution may be long and it is unlikely that there will be a substantial population of on-board unit equipped vehicles in Europe before 2014. This indicates that although some solutions based on mobile positioning may exist, DSRC[162] solutions are likely to dominate in the short to medium term.[163]

The Government should not allow any delay in producing the detailed road toll interoperability specifications at the European level to prevent it from exploring more localised schemes on the inter-urban and urban road network.

162 Direct Short Range Communication

163 RP 38

6 The M6 Toll

84. The M6 Toll, formerly known as the Birmingham Northern Relief Road, opened in December 2003 and was Britain's first tolled motorway. The M6 Toll provides a new strategic route to the north east of Birmingham and gives relief to the M6 between junctions 11 and 4.

85. In July 2004 the Department for Transport published the first three-month analysis of traffic levels on the M6 Toll and surrounding roads.[164] Traffic figures show that on average 45,000 vehicles a day are using the M6 Toll, and this figure continues to increase.[165] There have been time savings for travellers who use the M6 Toll. Taking the journey times on M6 Toll and on the M6 before opening, the average weekday journey time savings are 12 minutes northbound and 7 minutes southbound. However, maximum time savings of around 30 minutes are shown in the peak hours for a midweek day. On Fridays, some journeys are now up to 70 minutes faster on the M6 Toll than on the M6 before December 2003. Travellers who continue to use the M6 have also benefited from the M6 Toll, since the transfer of traffic has reduced weekday traffic volumes on the M6 itself by 10 per cent, and there are greater reductions at the weekends.[166] This has produced journey time improvements on the M6 of 16 minutes on weekdays, and up to an hour on Fridays.

86. The M6 Toll may have improved journey times but it has also generated extra traffic in the region. The number of vehicles on the M6 corridor increased from 144,000 in November 2003 before the M6 Toll opened, to 160,000 in November 2004.[167] Congestion has developed at either end of the M6 Toll where it converges with the motorway network.[168] The Highways Agency told us that congestion had been apparent at the southern end of the M6 Toll since the road opened because of substantial amounts of traffic wishing to go down a two lane facility to reach the M42. The Agency is currently in discussion with Midlands Expressway Limited about how to improve traffic flow where the M42 diverges from the M6 Toll, by using the hard shoulder and narrower lanes.[169]

Reliability of the data

87. It is still too early to properly evaluate this major road project and both the Highways Agency and the west midlands Chief Engineers and Planning Officers Group have concerns over the validity of the data. The Traffic Monitoring Study notes that traffic patterns have not yet stabilised and the effects of holiday periods, accidents and roadworks are specifically excluded. The report concludes that traffic on the M6 is still oscillating:

164 Highways Agency (July 2004) 'M6 Toll Traffic Monitoring Study: Traffic Impact Study Report'.

165 RP 52

166 Traffic reduced by 15 per cent on Saturdays and 20 per cent on Sundays - Highways Agency, M6 Traffic Monitoring Study.

167 RP 52. The 'M6 corridor' includes the M6 and the M6 Toll road.

168 RP 18 RP 09, RP 52A

169 RP 52A

> Clearly… it is still too early to identify the full and long-term impact of the M6 Toll on the M6 and other roads and the impact of the M6 Toll is likely to be more profound and complex than a simple diversion from one road to another.[170]

The west midlands Chief Engineers and Planning Officers Group considered it would be irresponsible to complete any study of the impacts of the M6 Toll on traffic patterns, air quality and economic impact before December 2004 because the extensive road works would have such a significant impact on the results.[171]

Wider impacts of M6 Toll

88. The new road will have impacts that go beyond traffic patterns. We received mixed evidence on the economic impact of the M6 Toll. The west midlands regional development agency thought that the new road had increased land values and commercial interest in the area, but felt even so that having a toll road only in the west midlands and not elsewhere in the country put the region as a whole at a potential economic disadvantage:

> Our inward investment manager is already seeing much more interest in investing around that M6 and indeed slightly further north… Fundamentally the economic development is great as a result of that toll road.[172]

> A move to using market forces to manage demand and the use of infrastructure could severely limit opportunities for economic growth by holding certain parts of the network to ransom.[173]

89. Despite the arguments made about the economic importance of road capacity and traffic flows, neither the Department for Transport or the Highways Agency are evaluating the economic impact of the M6 Toll; this has been left to the local authorities in the region.[174] The provision of additional motorway capacity is a major development and could have significant and diverse impacts on the regional and the national economy. These impacts must be fully evaluated.

90. **Early indications are that traffic flows on the M6 have improved following the opening of the M6 Toll and the journey time savings and increased reliability are impressive. However, the result on other roads in the conurbation is more mixed and we note that the overall traffic level in the M6 corridor has increased. The impacts of a new tolled motorway will extend to economic, land use, environmental and safety effects. It is essential that all these impacts are fully understood by the Department for Transport before other projects of this sort are undertaken. We are concerned that evaluation to date has been limited to traffic flows, with no systematic attempt by the Government to assess the economic and safety impacts of the new road.**

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170 Highways Agency Traffic Monitoring Study para 5.13, page 49

171 Q334-6

172 Q289-291

173 RP 16

174 Q708, Q678

Public control over the private toll road

91. Midland Expressway Limited were awarded a 53 year concession to run the M6 Toll until 2054. The privately financed M6 Toll cost £485 million to build and Macquarie Infrastructure Group put the total project cost at £900 million:

> The M6 Toll is a premium quality road that was delivered on budget and ahead of schedule, with minimum use of taxpayer's funds. The total investment outlay to develop, design and build the M6 Toll was approximately £900m, with the only cost to the government being an £18m contribution towards rebuilding part of the connecting M42. The entire development cost (and risk) was transferred to the private sector.[175]

92. At the time the M6 Toll contract was awarded there was widespread criticism that the operator would have the power to decide the level of charges and the Government would have no control. Under the legislation governing tolling on the M6 Toll the concessionaire is responsible for all aspects of the road's operation.[176] Handing such total control over to the private sector removes the ability of the Government to control wider transport policy. As Advantage West Midlands told us:

> The government has no control over the level of charges on the M6 Toll road, therefore it has limited ability to ensure the most effective use of the wider network.[177]

> The Department for Transport indicated that if the M6 Toll template was to be followed for further private tolled motorways in the UK, then the issue of what, if any, level of state control should be placed on toll charges, would be examined.[178]

93. The M6 Toll has not been well used by heavy goods vehicles, because the haulage industry considered the prices too high.[179] It is thought that following the discount from £11 to £6 for HGVs the number of heavy vehicles on the M6 Toll has increased. However, this cannot be substantiated as the operator, Midland Expressway Ltd, considered the numbers of heavy vehicles using the road to be commercially confidential.[180] Not only is the operator at liberty to set the charges for different categories of vehicle, it can also withhold traffic data from the Highways Agency. The inability of the Highways Agency to monitor traffic flows on the M6 Toll undermines the ability of public authorities to plan comprehensive transport policy in the region. Claims of commercial confidentiality mean the details of the concession agreement have not been made publicly available.

94. Furthermore, we are concerned that the M6 Toll will be unaffected by national transport policy decisions over the next fifty years. Midland Expressway is able to operate

175 RP 13

176 The New Roads and Street Works Act 1991 governs the M6 Toll, RP 21

177 RP 16

178 RP 21

179 RP 11, RP 14 and Highways Agency M6 Toll Traffic Monitoring Study (2004).

180 Q630

the M6 Toll as an entirely independent stretch of road, providing safety and maintenance standards are met. The Government's policies, such as national road pricing, high occupancy vehicle lanes, and active traffic management, for example, can only be applied to the M6 Toll road with the co-operation of the operators. When we questioned Midland Expressway on their willingness to engage with wider Government policy, Sir Robin Biggam, Chairman of Macquarie European Infrastructure plc, explained that Macquarie would be prepared to discuss such requests, but this would require changes to the concession agreement:

> If there was a matter of national policy, if government wished to introduce it, I think we would enter into a discussion with the Government, as to what amendments might be required to the concession agreement.[181]

The Secretary of State acknowledged that to change the M6 Toll concession agreement according to new policy requirements would be expensive.[182]

95. As the M6 Toll is a relatively short stretch of motorway, just 27 miles long, the lack of control may not be a problem. However, if the pattern of toll roads was pursued more widely, the lack of control would certainly be an area for concern. The Secretary of State told us that if a national road pricing system was introduced this would subsume toll roads within it: there would not be two systems in operation.[183] Given the timing put forward by the Road Pricing Feasibility Study and the date the Department has suggested that the Expressway could open, the compatibility of these two projects looks questionable.[184]

96. **The ability of the Government to control transport policy across the national road network must not be compromised. We are concerned that almost total control was handed to the private operator of the M6 Toll, Midland Expressway Limited. This is a risky strategy and there is no guarantee it will work in the public interest. If the Government decides to pursue further private toll roads, we would urge that the transfer of power and barriers to proper scrutiny, evident in the case of the M6 Toll road, are not repeated.**

M6 Expressway

97. In December 2002 the Secretary of State for Transport gave his support to the recommendation of the west midlands to north west multi modal study to widen the M6 to four lanes in each direction. The Highways Agency had been developing plans for the widening, but in July 2004 the Department for Transport launched a consultation on a tolled 'M6 Expressway' north of Birmingham to Manchester. In the consultation document the Department for Transport states that since the Secretary of State indicated his support for M6 widening, the Department has learned from the experience of the M6 Toll.[185] Given

181 Q585

182 Q706

183 Q707

184 The Road Pricing Feasibility Study suggested national road pricing could be feasible by 2014 and the Department for Transport suggested that the M6 Expressway could be built by 2016 (RP 21).

185 Department for Transport (2004) M6: giving motorists a choice, A consultation proposal.

the doubts over the available data on the M6 Toll, we are concerned that the Secretary of State for Transport should see fit to use these data to justify putting on hold the conclusions of the multi modal study, and launching a consultation into a brand new proposal for a further tolled motorway, the 'M6 Expressway'.

98. **We are concerned that early data from the M6 Toll road are being used to justify the consideration of a second tolled motorway north of Birmingham to Manchester. The data available cover only the first three months of analysis and were considered unreliable by the regional engineers and planning officers, since major road works were being undertaken in the M6 corridor during this period. The Department must wait for a proper assessment of the full and long-term impacts before deciding whether to move ahead with more private tolled motorways.**

99. Although the Expressway is only at 'broad concept' stage, the Department for Transport asserts that in comparison to road widening, a new motorway could be built just as quickly, at lower cost, with less disruption to traffic on the M6, and with the potential to avoid the most sensitive environmental sites.[186] The Department for Transport suggests that although building would not begin until 2012, an Expressway could be constructed in four years, compared to the six years that would be required for widening.[187]

100. We find it hard to believe that the Expressway could be built and open by 2016. The M6 Toll was subject to two public inquiries and 10 years worth of delays between receiving Government support for the concept, and construction. Macquarie told us that the land acquisition and planning process took time, and they were not confident, in the case of the M6 Expressway, that preparations could be completed by 2012:

> If it is purely in relation to construction there is no doubt at all that it would be quicker to build a new Expressway than to widen the existing M6, simply because it is exceedingly difficult and there are probably 100 bridges that would need to be rebuilt. Then you have the disruption of trying to run the existing motorway at the same time you are constructing alongside it. It is an absolute nightmare to try and do that. So building the Expressway could be done. We did our one in three years and that is probably a realistic estimate for the construction time. The planning and the land acquisition – big problem.[188]

101. The message from the regional representatives, the freight and motorist groups and the business sector was that the Department should pursue whichever scheme would be open to the public most quickly.[189] The regional development agency was concerned that the consultation was announced - without notifying the regional representatives in advance - at the time when the M6 widening scheme was due to be added to the Highways Agency's Targeted Programme of Improvements. This suggests that improvements in the region will now be delayed.[190] The Department might enjoy better co-operation with its

186 Department for Transport (2004) M6: giving motorists a choice - A consultation proposal.

187 RP 21

188 Q562

189 RP 08, RP 11, RP 16, RP 31.

190 RP 16

local and regional partners if it involved them at an early stage in projects such as the M6 Expressway.

102. The M6 Expressway consultation document contains only cursory information and lacks any detail. Mr Paul Farrelly, MP for Newcastle-under-Lyme in Staffordshire, noted:

> Although seeking views on a 'concept', it provides little information on the need for such an Expressway, on different alternative methods of reducing congestion, potential routes or how such an Expressway would fit with existing government transport, environmental and planning policies and previous decisions with respect to the M6.[191]

We suggest that the assertions in the M6 Expressway consultation should be backed up with further analysis. If the results of the consultation process are found to support the scheme, the full cost benefit analysis and impact assessment for the M6 Expressway must take into account the possibility that national road pricing may be in operation by the time the new toll road is ready to open.

103. Although little information is available in the Government's proposals, the evidence we received on the Expressway indicated that it could adversely affect regeneration efforts in parts of North Staffordshire.[192] We also heard that a new motorway could in fact have a more severe environmental impact than a road widening project would have, with particularly acute consequences for ancient woodland and wildlife.[193] English Nature advised us that within a five kilometre corridor alongside the existing M6 there are at least 16 Sites of Special Scientific Interest, five of which are internationally important, together with a number of protected species.[194]

104. The West Midlands Regional Transport Strategy recommends a package of integrated measures including both public transport and road improvements. A tolled Expressway connecting Birmingham with Manchester is not a priority in this strategy. The regional transport representatives pointed to other transport projects that, given funding, would better serve the community.[195] The provision of high quality motorways between the west midlands and the north west will affect people's choice of whether to travel by car or rail. The Government should seriously consider whether privately operated premium quality tolled motorways have a role in an integrated and sustainable transport agenda.

105. **By the Department for Transport's own admission, the M6 Expressway proposal is no more than a concept in the consultation document, and as such, commenting on the proposal in any detail is problematic. The Department must provide more detailed information in its consultation documents in the future if it expects the public to submit meaningful comments.**

191 Submission by Paul Farrelly MP, to the Department for Transport Consultation 'M6: giving motorists a choice'.

192 Submission by Paul Farrelly MP, to the Department for Transport Consultation 'M6: giving motorists a choice': "I agree, too, with the concerns of Stoke-on-Trent City Council that such a new Expressway, and possible changes to Junction 15 or an additional junction elsewhere, could have major implications for local regeneration initiatives."

193 RP 07, RP 12.

194 RP 07

195 RP 08

7 The Lorry Road User Charge

106. The Lorry Road User Charge (LRUC) would be a new way for heavy goods vehicles to pay for road use, by replacing fuel duty with a distance-based charge. It is being taken forward by HM Customs and Excise in co-operation with the Department for Transport, and after some delay, the contracts for the necessary technology are expected to be signed at the end of this year, with the charge introduced in 2007/8.[196]

107. The Lorry Road User Charge has been designed to ensure that foreign hauliers pay towards the costs they impose in the UK. There is an economic disadvantage to UK hauliers who pay Vehicle Excise Duty and fuel duty for use of the UK's roads, compared to overseas hauliers, who fill their fuel tanks before arriving, and pay no tax to the UK Treasury for their use of the UK's road network. The intention is to have a relatively sophisticated method of charging, based on distance travelled, and taking into account details of the vehicle, including emissions category, maximum permitted vehicle weight, whether or not a trailer is being pulled, and the number of axles. The Lorry Road User Charge would also separate taxation of lorries from other vehicles. The procurement prospectus asks for a technological solution that will allow the charge to be varied by time of day and according to road type.[197] Initially this is planned for two types of road and two time periods. However, the potential to increase the complexity of the Charge, resulting in a finely-tuned system, is apparent.

108. The HM Customs and Excise's document "Modernising the taxation of the haulage industry: Progress report one" cited additional environmental and safety objectives of the Lorry Road User Charge. It stated that an objective of LRUC was to have a

> positive impact on transport and the environment. The charge should reflect the costs of climate change, local air quality, road maintenance, safety, traffic congestion and noise.[198]

Precisely how the Lorry Road User Charge would improve safety has not been indicated. The Economic Secretary to the Treasury, John Healey MP, has stated that the Government is considering charging a different rate on motorways "to reflect the different costs imposed."[199] It is not clear whether the charge will be higher or lower on motorways. Nor is it clear whether the Government will seek to encourage further growth of night time operations.[200] It will be vital to ensure that the tariffs do not encourage diversion of heavy vehicles onto unsuitable roads or at undesirable times of day when noise could be a problem.

196 Q167

197 HM Customs and Excise (May 2004) The Lorry Road User Charge Programme Procurement Prospectus

198 HM Treasury, HM Customs and Excise, Department for Transport (May 2003) Modernising the taxation of the haulage industry – lorry road-user charge Progress report two, page 1.

199 HM Treasury, HM Customs and Excise, Department for Transport (May 2003) Modernising the taxation of the haulage industry – lorry road-user charge Progress report two, Foreword.

200 Q25 - The proportion of lorry kilometres which are run between 8 p.m. and 6 a.m. has increased from 8.5 per cent 20 years ago, to about 20 per cent today.

109. The principles behind the Lorry Road User Charge programme have general support from the road haulage industry, although the details of the scheme are the subject of some contention.[201] Road freight associations have supported the Lorry Road User Charge not only because it promotes a fairer system, but also because it provides the possibility, although not a commitment, to vary tax rates for haulage industry vehicles at a different rate to private vehicles.[202] As the Road Haulage Association noted:

> The RHA supports the principle of separating the taxation of commercial vehicle operators from that of general motorists. The present system for applying the same levels of fuel duties to all road users is damaging UK hauliers' ability to compete with their European based competitors who are able to purchase fuel much more cheaply on the Continent and then operate freely in the UK.[203]

The desirability, and likelihood, of tax reductions for the haulage sector is unclear. A tax break for hauliers would appear incompatible with the stated wider objectives of the Lorry Road User Charge: to have a positive impact on climate change, air quality and noise.

110. A point of contention is whether the Lorry Road User Charge should be used to tackle congestion. The first Lorry Road User Charge Progress Report indicated that an objective would be congestion reduction, and the fact that the procurement prospectus calls for a system which could eventually be varied by a large number of road types and time periods, suggests the scheme could be tailored to target congestion.[204] The haulage industry and logistics experts have challenged the value of introducing a congestion charge for the 430,000 lorries in the UK while 28,000,000 private cars are unaffected.[205] Their assertion is that the impact on congestion would be minimal and that congestion charging for lorries should be delayed until charges are targeted at cars too. They point to the fact that lorries will only account for 4 per cent of traffic growth between 2000 and 2010, (even with the advised 2.5 'Passenger Car Units' weighting).[206]

How sophisticated should the system be?

111. If the Lorry Road User Charge is designed as a simple distance-based charge, and does not take account of congestion and other factors, there may be no need for a very sophisticated technological solution. Professor Alan McKinnon, of Heriot Watt University, has been a leading critic of the complexity of the Lorry Road User Charge programme.[207] Alan McKinnon has argued that it would be imprudent to introduce a sophisticated and expensive satellite technology system for lorries in 2008, several years ahead of the earliest anticipated start date for a national road user charge for all vehicles in 2014. Procuring a system now that would be able to co-ordinate with a presumably much more

201 RP 11A

202 RP 11A, RP 14A

203 RP 14A

204 HM Customs and Excise (May 2004) The Lorry Road User Charge Programme Procurement Prospectus

205 RP 11A, RP 14A, RP 34.

206 RP 34

207 RP 34

technologically advanced system in 10 years time is fraught with risks. A high price could be paid for operating such a system over years when only a small part of its full functionality will actually be used.

112. There will be significant costs associated with the introduction of the Lorry Road User Charge. HM Customs and Excise was unable to give us an estimate of the set up and operating costs of the scheme because the procurement process was underway.[208] However, research puts the estimated annual cost of the Lorry Road User Charge, and associated fuel duty rebate system, in the realm of £400 – 700 million.[209] The additional revenue from the Lorry Road User Charge is unlikely to cover the operating costs and the freight industry and logistics experts have concerns that the scheme will not represent value for money.[210] In addition, the difficulties and cost of enforcement could also be significant. The Road Haulage Association drew attention to the problems faced in enforcing the Lorry Road User Charge in Northern Ireland, where there are 300 open crossing points between the UK and the Republic of Ireland.[211]

113. Alan McKinnon and David McClelland have devised an alternative Lorry Road User Charge system based on annual tachograph readings, which they claim would meet most of the main objectives at much lower cost, risk and disruption.[212] The Government has responded to their criticisms and rejected the proposals for a simpler charge.[213] Alan McKinnon has rebutted these criticisms.[214] We do not judge the feasibility of their alternative system in this report, however, the critique of the Government's proposals raises serious concerns about cost effectiveness and the appropriateness of the solution being sought. HM Customs and Excise appear to be discounting the simpler system, and backing an as yet unspecified technological solution. The Economic Secretary to the Treasury told us that a Regulatory Impact Assessment would not be carried out for the Lorry Road User Charge until the technological solution had been decided and substantive legislation was produced.[215] There is a serious risk that millions of pounds of tax payer's money could be unnecessarily wasted. When the procurement process has identified a potential technological solution, the Government should undertake objective comparisons of the different solutions including Alan McKinnon and David McClelland's alternative system, using a standard set of criteria such as cost effectiveness, risk of fraud, burden on industry, and technical robustness.

114. The Government has advised that the Lorry Road User Charge will be introduced on a revenue neutral basis, and will not increase the tax burden on the industry. But it is not

208 Q153, Q157, Q159.

209 RP 34

210 RP 34 and RP 11A

211 RP 14A. John Healey MP Written Parliamentary Answer [209260] to Miss McIntosh MP, 19 January 2005, Column 984W

212 RP 34. Or see Professor Alan McKinnon and David McClelland, (2004) 'Taxing Trucks: An Alternative Method of Road User Charging', and Professor McKinnon, (2004) 'Lorry Road User Charging: A Review of the UK Government's Proposals.'

213 RP 51A

214 RP 34A

215 RP 51B

clear who will cover the costs of setting up and operating the scheme. Both the Department for Transport and HM Customs and Excise told us that no decision would be made on how the costs would be met until the final cost of the programme is known.[216] The haulage industry is concerned that it will be expected to cover the costs.[217] The on-board units for similar systems in Switzerland and Germany were provided free of charge, but installation costs were borne by the vehicle owner. The installation costs alone could be quite high, as Roger King from the Road Haulage Association told us:

> If you take the German system, they provide the GPS system at the Government's cost, about £250. The haulier pays for the fitment of it, four hours' work, £50 an hour in the UK, but then there is the time the truck is off the road, the loss of wages of the driver who has brought the truck to the fitting station and that totals up to about £750. Plus, if you add that up over 425,000 vehicles, there is a cost issue here which we have got to resolve with Government.[218]

115. It has been suggested that the Lorry Road User Charge could be a helpful pathfinder to a national road pricing scheme, providing important insights into the procurement, technological, and operational issues that would arise.[219] HM Customs and Excise told us that the Lorry Road User Charge is "not a trial run for road pricing", because the objectives differ.[220] If the Government is willing to pursue a more expensive solution for the Lorry Road User Charge because it would provide information on national road pricing, it should say so, and include this in the objectives of the scheme. HM Customs and Excise stressed that the Lorry Road User Charge contracts will include contractual flexibilities to ensure that, if national road pricing is introduced within the lifespan of LRUC, the programme will be able to adapt.[221] As the precise nature of a future road pricing system is not yet known, there are real difficulties in including compatibility with this in the specifications of the Lorry Road User Charge.[222] In addition, the Lorry Road User Charge could be affected by a Europe-wide charging regime being developed by the European Parliament.[223] These developments at the European level could hold consequences for scheme design and technology adopted in the UK scheme.

116. **While we support the objectives of the Lorry Road User Charge, we have concerns over the type of system being pursued. The cost effectiveness of the scheme will not be known until the technological solution is determined. Ultimately the sums may not stack up. The Government should be wary of committing itself to implementation of a potentially very expensive and overly-sophisticated system. Ideally the Lorry Road User Charge contracts the Government signs at the end of this year should take into account**

216 Q153, Q731-Q735

217 RP 14A, RP 11A, RP 34.

218 Q57

219 DfT (July 2004) Feasibility Study of Road Pricing in the UK.

220 RP 51

221 RP 51

222 Q184

223 Directive 1999/62/EC of the European Parliament and of the Council on the Charging of Heavy Goods Vehicles for the Use of Certain Infrastructures, June 1999.

the possibility of a national road pricing system and the need for flexibility to meet changing policy objectives. We will monitor closely the progress of procurement, cost benefit analysis, pilot operation, and implementation of the Lorry Road User Charge.

8 Conclusion

117. Road traffic is expected to continue to grow by a staggering rate in the United Kingdom. The Department for Transport anticipates a 30 per cent increase in road traffic (compared to 2000 levels) by 2015.[224] This level of traffic growth is intrinsically linked to the congestion problems faced in our cities and on our strategic roads. It cannot be sustained.

118. We accept the Government's view that it is not possible simply to build our way out of the congestion problems we face, and that some form of demand management is required as part of a package of measures to reduce congestion. Road pricing is the single measure with the most potential to tackle congestion. It is not a futuristic policy: small-scale schemes are with us already. The country's first area-wide congestion charging scheme, established in central London, reduced traffic congestion by 30 per cent. Without road user charges, the effectiveness of other policies, as diverse as 'soft' factors and road building, will be limited. We hope to see the Government build on the momentum created by the publication of its Road Pricing Feasibility Study, and expect it to demonstrate the commitment and leadership that will undoubtedly be necessary in moving ahead with road pricing policy.

119. The rationale behind road pricing is well rehearsed. However any national road pricing system would need to achieve public acceptance and be able to demonstrate cost effectiveness. The Government should carefully and clearly define the objectives of road pricing. These objectives should include the Government's broader transport targets on congestion, safety, pollution and climate change emissions. The opportunity to ensure that the price of road transport meets the costs it imposes must be taken. Measures must be put in place to protect the vitality and economic importance of urban centres and to prevent minor roads being used as diversions by heavy traffic.

120. The technology which would allow the Government to implement a sophisticated road pricing scheme with variable charges covering all vehicles and all roads in the UK, does not yet exist. However, evidence indicates that this technology could be available before 2014. The expectation that road pricing will be implemented within the next decade should underpin current transport planning decisions.

121. We do not believe the Government should wait for the technology needed for a national road pricing system to develop before it tests the principles of road pricing. We recommend a phased approach to implementation, building on proven technologies and systems, with an incremental roll out, either by category of vehicle, type of road, or on an area basis. We expect road pricing to be introduced with most urgency where congestion has reached chronic levels and there are alternatives to private road transport. Even here, tough decisions will have to be made. Despite the political difficulties faced by local authorities seeking to introduce urban charging schemes, these schemes remain amongst the most practicable and potentially the most effective. Local congestion charging schemes

224 RP 21A

should be encouraged, with a pan-city approach to reduce the effect of neighbouring urban competition. The Government should develop frameworks and standards for charging schemes that will assist local authorities, and keep costs down. Improvements to public transport services and traffic management must be in place in advance of the charges coming into force.

122. The Government must take responsibility for implementing effective congestion-beating measures on the road network it controls through the Highways Agency. Toll roads have been proven in international applications for many years, and more recently on the M6 Toll road north of Birmingham. Charging on the strategic network at peak times is possible and could be effective. It should be undertaken in a 'corridor approach' in order to avoid traffic diverting onto unsuitable roads.

123. How we pay for road use, and how much we pay, are key tools to influence travel behaviour. As new systems develop, central, regional and local government must retain control of transport policy. The concession agreed for the M6 Toll road handed over total control of the road to a private sector operator. This model must not be repeated. Similarly, the contracts that the Government is about to sign in relation to the Lorry Road User Charge should ideally allow sufficient flexibility to ensure compatibility between future transport policy decisions, such as national road pricing. A patchwork of incompatible systems and contracts would be a recipe for disaster – there must be a comprehensive and integrated transport strategy in place.

Conclusions and recommendations

Congestion

1. We are pleased to see that the Government is working towards a more meaningful measure of congestion. What we urgently need is a proper evaluation of the costs of congestion and an understanding of the impact congestion has on the UK economy. Until the scale of the problem is properly understood, it will be impossible to gauge what constitutes an appropriate, and cost-effective response. The costs of a road pricing scheme will need to be balanced against a proper estimation of the costs that congestion imposes and its impact on the UK economy. (Paragraph 9)

The potential of road pricing

2. We welcome the Government's willingness to lead a debate on road pricing. We recognise that the way in which people pay for road use, and the cost of private road transport, are emotive issues which court controversy. The Government has been bold in stating that we must face up to the potential threat of growing congestion. (Paragraph 14)

3. A national road pricing system provides an opportunity for a wholesale change in the way we pay for road use. If road pricing were to be introduced, the opportunity to ensure that the price of road transport meets the costs it imposes must be taken. The Government must set out the objectives of road pricing. These should include

the Department's broader targets to reduce congestion, road death and injury and climate change emissions. However, before the Government commits itself to implementing national road pricing, there must be evidence to show that the scheme would be effective, fair and value for money. (Paragraph 18)

4. There are strong arguments behind introducing road pricing on a revenue raising, rather than a revenue neutral, approach, if a national system were to be implemented. A revenue raising approach would increase the likelihood of road pricing meeting two important priorities in the Government's transport strategy: reducing congestion and the transport sector's contribution to climate change. It is unlikely that the revenue from road pricing would be able to fully cover the costs of operating the scheme, improving public transport, reducing the cost of driving, and funding local economic regeneration. Road pricing must not be sold to the public on an unworkable promise of how much money will be available to be spent, and to what end. The Government must prioritise investment in the complementary measures – including public transport, traffic management programmes, and road improvements – that will help ensure road pricing is a success. (Paragraph 24)

5. In order to decide whether a national road pricing system would be acceptable, the public would need to know who would set the charges at a national and local level. Transparency and accountability would be paramount. The Committee has not been impressed by the role of many independent regulators in the transport sector, and remains to be convinced that an independent regulator would provide adequate accountability to the public. (Paragraph 27)

6. The Government should undertake detailed research on the potential impacts of road pricing on both rural and urban locations. Road pricing must not undermine efforts to deliver urban regeneration, or threaten the character of the countryside. If road pricing inadvertently promoted dispersal of land use and economic activity this could work directly against the traffic demand management intentions of the policy. Complementary planning restrictions should be introduced if national road pricing is implemented. (Paragraph 29)

Other ways to tackle congestion

7. The Government has stated that it is not possible to build our way out of congestion and at the same time it says that some new road capacity is necessary. It needs to set out its view on the level of new capacity needed, where it is needed and why it is needed, far more clearly. A national road pricing system could significantly alter travel behaviour. The Government needs to reconcile its long term road improvement programme with its policy on demand management and traffic management. The three approaches must not be considered in isolation. (Paragraph 38)

8. The Department for Transport's own research has shown that 'soft' factors, such as travel planning, proper cycle facilities, marketing of public transport, teleworking and the like, could have significant impacts on travel behaviour and congestion. The impact of 'soft' factors could be greatly enhanced by complementary demand management policies such as road pricing. Similarly, road pricing itself can be made

more palatable and attractive by using these 'soft' policies to support it. During the period when pricing is awaited, interim tools including both 'soft' measures and 'hard' ones such as parking control, speed management and efficient allocation of road capacity, should be implemented widely and without delay. (Paragraph 41)

A phased approach to road pricing

9. The Department for Transport ought to set out an indicative timetable showing the incremental steps that would need to be taken in order to implement a system of national road pricing. Further research is needed into how to make the transition from several localised charging schemes to a national road pricing system. (Paragraph 43)

10. Implementing road pricing would require strong commitment and direction. We note such leadership and commitment were shown by the Mayor of London in introducing the country's first congestion charging scheme. This commitment was key to the successful implementation of the London scheme. We expect equally strong commitment to be shown by both national and local Government in tackling congestion and implementing measures which are shown to be effective. (Paragraph 47)

11. Although local urban congestion charging schemes are seen by many, including the Department for Transport, as a useful step towards a national scheme, as well as an effective tool for tackling congestion in the short term, local authorities have serious reservations. Given the Government's views about the desirability of local schemes, it is sensible of it to encourage local authorities through providing the necessary resources, powers and guidance. Ultimately however, it must be up to the judgement of local authorities themselves to decide whether a charging scheme is the best way to tackle their current and future traffic congestion problems. Local authorities should not be penalised if they decide not to introduce such schemes. Effective public transport services are a good in their own right, and should be promoted irrespective of whether a charging scheme is implemented. (Paragraph 56)

12. We are pleased the Government intends to agree standards for local congestion charging schemes. Local and regional authorities must be involved in determining design and charges, but an overriding national framework would provide consistency for the user, as well as lowering the costs of implementation for the local authority. (Paragraph 62)

13. The Government has stated its intention to 'lock in' the benefits of extra capacity where this is provided, using demand management measures. The Government must now put this commitment into practice by introducing demand management measures on the road improvements and widenings that it has approved. Delaying implementation of this policy commitment will mean that expensive road capacity improvements are quickly overwhelmed by the ever-growing levels of traffic. (Paragraph 67)

14. Road safety is an important consideration that must be integral to the design of road pricing schemes. Charging on the inter-urban network should not be implemented

unless measures have been taken to prevent the diversion of traffic onto less suitable routes. The potential for a 'corridor approach' to trunk road pricing should be investigated. (Paragraph 71)

15. The Government cannot expect local authorities to implement charging schemes, while it refuses to test the potential of road pricing on the strategic road network for which it is responsible. The Secretary of State has told us that he would not introduce charges on roads that have not changed; but if charges were introduced on congested roads, the motorist should gain from a smoother, more reliable journey. The Government must re-think its policy on charging for inter-urban strategic roads, and take responsibility for introducing measures on the congested roads under its control. (Paragraph 74)

16. Congestion is already acute in many urban areas and on many inter-urban trunk roads and motorways in the UK. We cannot afford to wait 10 to 15 years for the technology for a national system to arrive before testing the effectiveness of road pricing. Although there are limitations to the existing systems, technology should not be used as an excuse for inactivity. London has shown that technological limitations are not a show stopper. (Paragraph 80)

The M6 Toll

17. Early indications are that traffic flows on the M6 have improved following the opening of the M6 Toll and the journey time savings and increased reliability are impressive. However, the result on other roads in the conurbation is more mixed and we note that the overall traffic level in the M6 corridor has increased. The impacts of a new tolled motorway will extend to economic, land use, environmental and safety effects. It is essential that all these impacts are fully understood by the Department for Transport before other projects of this sort are undertaken. We are concerned that evaluation to date has been limited to traffic flows, with no systematic attempt by the Government to assess the economic and safety impacts of the new road. (Paragraph 90)

18. The ability of the Government to control transport policy across the national road network must not be compromised. We are concerned that almost total control was handed to the private operator of the M6 Toll, Midland Expressway Limited. This is a risky strategy and there is no guarantee it will work in the public interest. If the Government decides to pursue further private toll roads, we would urge that the transfer of power and barriers to proper scrutiny, evident in the case of the M6 Toll road, are not repeated. (Paragraph 96)

19. We are concerned that early data from the M6 Toll road are being used to justify the consideration of a second tolled motorway north of Birmingham to Manchester. The data available cover only the first three months of analysis and were considered unreliable by the regional engineers and planning officers, since major road works were being undertaken in the M6 corridor during this period. The Department must wait for a proper assessment of the full and long-term impacts before deciding whether to move ahead with more private tolled motorways. (Paragraph 98)

20. By the Department for Transport's own admission, the M6 Expressway proposal is no more than a concept in the consultation document, and as such, commenting on the proposal in any detail is problematic. The Department must provide more detailed information in its consultation documents in the future if it expects the public to submit meaningful comments. (Paragraph 105)

The Lorry Road User Charge

21. While we support the objectives of the Lorry Road User Charge, we have concerns over the type of system being pursued. The cost effectiveness of the scheme will not be known until the technological solution is determined. Ultimately the sums may not stack up. The Government should be wary of committing itself to implementation of a potentially very expensive and overly-sophisticated system. Ideally the Lorry Road User Charge contracts the Government signs at the end of this year should take into account the possibility of a national road pricing system and the need for flexibility to meet changing policy objectives. We will monitor closely the progress of procurement, cost benefit analysis, pilot operation, and implementation of the Lorry Road User Charge (Paragraph 116)

Formal minutes

The following Declarations of Interest were made:

Mrs Gwyneth Dunwoody; Member of the Associated Society of Locomotive Engineers and Firemen

Clive Efford and Mrs Louise Ellman, Members of the Transport and General Workers' Union

Mr Graham Stringer and Mr Ian Lucas, Members of Amicus

Wednesday 16 March 2005

Members present:
Mrs Gwyneth Dunwoody, in the Chair

Mr Clive Efford	Mr Ian Lucas
Mrs Louise Ellman	Mr Graham Stringer

The Committee deliberated.

Draft Report *(Road Pricing)*, proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Summary read and agreed to.

Paragraphs 1 to 60 read and agreed to.

Paragraph 61 read.

Motion made, to leave out paragraph 61 and insert the following new paragraph:

Co-ordination of road pricing policy across a wide area could overcome the local economic competition that currently acts as a barrier to individual cities moving ahead with a charge. The Secretary of State indicated that he wished to pilot a road pricing scheme on a larger scale than one city, in order for it to be effective in changing travel behaviour. The indication in the Local Government Association's evidence was that local authority boundaries work as a barrier to large-scale charging schemes. Where road pricing is undertaken on a sub-regional scale, the involvement of the local authorities effected must be co-ordinated and ensured; 'pan-city' road pricing schemes must not remove control from democratically elected local authorities. A road pricing scheme which covered more than one major city and more than one local authority area could be promising and we will watch with interest the Department's involvement in

getting such a pilot established. A monitoring and evaluation process must be agreed to assess whether the pilots are successful and to inform future charging schemes.—(*Mr Graham Stringer.)*

Motion made and Question put, That the paragraph be read a second time.

The Committee divided.

Ayes, 1	Noes, 3
Mr Graham Stringer	Clive Efford Mrs Louise Ellman Ian Lucas

Paragraph 61 agreed to.

Paragraphs 62 to 123 read and agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till Wednesday 23 March at half past Two o'clock.

Witnesses

Wednesday 12 January 2005

Mr Richard Turner, Chief Executive, Freight Transport Association

Mr Roger King, Chief Executive, Road Haulage Association

Professor Alan McKinnon, Heriot Watt University

Mr Edmund King, Executive Director, and **Mr David Holmes CB,** Chairman, RAC Foundation for Motoring

Mr Mike Lambden, Head of Corporate Affairs**,** and **Mr Marc Sangster**, Director of Strategy, National Express Limited

Mr Mike Shipp, Director, Lorry Road User Charge Programme, HM Customs and Excise

Wednesday 19 January 2005

Councillor Richard Bennett, and **Councillor Tony Page**, Local Government Association

Mr Robert R Kiley, Transport Commissioner, and **Ms Michèle Dix**, Director of Congestion Charging, Transport for London

Mr David Bull, Chair, West Midlands Chief Engineers & Planning Officers Group, and **Mr Trevor Errington**, Leader, West Midlands Chief Engineers and Planning Officers Group

Mr Steve Tams, Chair, West Midlands Regional Transport Officer Group

Mr Danny Lamb, Strategic Transport Adviser, West Midlands Regional Assembly

Mr Norman Price, Board Member, Advantage West Midlands

Mr Tony Bosworth, Senior Transport Campaigner, Friends of the Earth

Mr Stephen Joseph, Executive Director, Transport 2000

Mr Paul Hamblin, Head of Policy (Transport and Natural Resources) and **Mr Gerald Kells**, Regional Policy Officer (West Midlands), Campaign to Protect Rural England

Wednesday 26 January 2005

Dr Denvil Coombe, Transport Planning Consultant

Professor Peter Mackie, Professor of Transport Studies, and **Dr Gregory Marsden**, Lecturer, Institute for Transport Studies, University of Leeds

Dr David Metz, Centre for Ageing and Public Health, London School of Hygiene and Tropical Medicine

Mr James Walsh, Head of European and Regulatory Affairs, Institute of Directors

Mr Michael Roberts, Director, Business Environment, CBI

Mr David Frost, Director General, British Chambers of Commerce

Mr Howard Potter, Member, and **Mr Derek Turner CBE**, Past Chairman, Institution of Civil Engineers Transport Board, Institution of Civil Engineers

Mr Jim Coates CB, Chairman, and **Mr Martin Richards OBE**, Member, Institute's Road Capacity and Charging Forum, Chartered Institute of Logistics and Transport (UK)

Wednesday 2 February 2005

Sir Robin Biggam, Chairman, Macquarie European Infrastructure plc

Mr David Harrison, Divisional Director, Macquarie Infrastructure Group

Mr Tom Fanning, Managing Director, Midland Expressway Limited

Mr Archie Robertson, Chief Executive, Highways Agency and **Ms Hilary Chipping**, Director of Network Strategy, Highways Agency

Rt Hon Alistair Darling MP, Secretary of State for Transport, **Mr Frank Kelly,** Chief Scientific Adviser, and **Mr David Lamberti**, Division Manager, Road Charging Division, Department for Transport

List of written evidence

RP 01	Stephen Plowden
RP 01A	Further memorandum by Stephen Plowden
RP 02	Taxi Owners & Drivers Association (City of Manchester)
RP 03	North & Western Lancashire Chamber of Commerce
RP 04	Institute of Electrical Engineers
RP 05	National Alliance Against Tolls
RP 05A	Further memorandum by the National Alliance Against Tolls
RP 06	Campaign to Protect Rural England
RP 06A	Supplementary memorandum by the Campaign to Protect Rural England
RP 07	English Nature
RP 08	West Midlands Regional Assembly
RP 09	West Midlands Region Institute of Chartered Accountants
RP 10	Friends of the Earth
RP 10A	Further memorandum by Friends of the Earth
RP 11	Freight Transport Association
RP 11A	Supplementary memorandum by the Freight Transport Association
RP 12	Woodland Trust
RP 13	Macquarie Infrastructure Group of Midland Expressway
RP 14	Road Haulage Association
RP 14A	Supplementary memorandum by the Road Haulage Association
RP 15	Institute of Directors
RP 15A	Supplementary memorandum by the Institute of Directors
RP 16	Advantage West Midlands
RP 17	Transport 2000 West Midlands and Others
RP 17A	Supplementary memorandum by Transport 2000
RP 18	British Chambers of Commerce
RP 18A	Supplementary memorandum by the British Chambers of Commerce
RP 19	Association of British Drivers
RP 19A	Further memorandum by the Association of British Drivers
RP 20	North Staffs Rail Promotion Group
RP 21	Department for Transport
RP 21A	Supplementary memorandum by the Department for Transport
RP 22	Greenspeed
RP 23	Dr David Metz (London School of Hygiene and Tropical Medicine)
RP 24	London First
RP 25	Freight on Rail
PR 26	Transport Planning International
RP 27	Sustrans
RP 28	Parliamentary Advisory Council for Transport Safety (PACTS)
RP 29	Society of Motor Manufacturers and Traders (SMMT)
RP 30	National Express Coaches
RP 31	RAC Foundation

RP 32	Road Chef
RP 33	Local Government Association
RP 34	Professor Alan McKinnon, Heriot Watt University
RP 34A	Supplementary memorandum by Professor Alan McKinnon, Heriot Watt University
RP 35	Faber Maunsell
RP 36	RAC plc
RP 37	RSPB
RP 38	Transport for London
RP 39	Road Users Alliance
RP 40	Federation of Small Businesses
RP 41	The Countryside Agency
RP 42	Safe Speed
RP 43	Chartered Institute of Logistics & Transport (UK)
RP 44	Institute of Civil Engineers
RP 44A	Supplementary memorandum by the Institute of Civil Engineers
RP 45	John Lewis Partnership
RP 46	Leeds University
RP 47	CBI
RP 48	Supplementary memorandum by WM Chief Engineers & Planning Officers Group
RP 49	Denvil Coombe
RP 50	Thames Gateway London Partnership
RP 51	HM Customs and Excise
RP 51A	Supplementary memorandum by HM Customs and Excise
RP 51B	Supplementary by HM Treasury
RP 52	Highways Agency
RP 52A	Supplementary memorandum by the Highways Agency
RP 53	Siemens

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