



THE BRITISH  
CHAMBERS OF  
COMMERCE

BCC Chamber Briefing to:

The Eddington Transport Study

The case for action: Sir Rod Eddington's advice to  
Government

December 2006

### **Background**

The Eddington Transport Study is a joint HM Treasury and Department for Transport project examining the long-term links between transport and the UK's economic productivity, growth and stability within the context of the Government's broader commitment to sustainable development and the environment. The Study was published on Friday 1<sup>st</sup> December 2007.

### **Key Findings**

- Backs road pricing as the best way of tackling congestion;
- Further airport expansion is necessary if the UK is to remain an attractive place to do business;
- High speed rail link rejected in favour of investment in 'pinch points'.
- Recognises that the planning system is a key inhibitor to the growth of the transport network;
- Costs of climate change must be factored into future assessments of specific transport schemes;
- Transport must be charged for its emissions of carbon – green taxes; and
- Supports the principle of green taxation and the rationing or trading of carbon emission in the transport sector.

### **Three strategic priorities identified**

- To invest in congested and growing city areas;
- To spend money on improving links between important urban areas; and
- To invest in improving gateways, or links between the UK and the countries with which we trade and do vital business

### **Findings and Recommendations**

#### **Congestion**

Delays and unreliability on the network have direct costs to businesses and people, increasing business costs and affecting productivity and innovation. Eliminating existing congestion on the road network could be worth some £7-8bn of GDP per annum.

#### **Buses**

Sir Rod Eddington called for more buses to ease urban congestion. He said they offered flexibility but were hamstrung by the need to compete for space with cars and freight traffic. He also warned of wasteful competition and "bus wars" in some cities, leading users to switch to other means of transport. Subsidies should be better targeted and co-ordination between councils improved.

## **Rail**

He urged investment to ease "pinch points" on the network, eking out extra capacity with initiatives such as longer platforms. New signalling would let trains run closer together, adding more much-needed capacity. He rejected calls for a north-south high-speed rail link to replace domestic air travel. Carbon emissions from ultra-fast trains would be higher than those from conventional ones currently in use.

## **Road pricing**

The full "economic and environmental" cost of a car journey should be met by drivers. Sir Rod suggested charges of up to £1.28 a mile, rising with inflation, to drive on the busiest roads in rush-hour. He said the scheme could save £28 billion a year in transport delays and halve congestion. Without road pricing, taxpayers would have to fund a larger road programme than would be needed if a scheme was in place by 2015.

## **Road building**

Even with road pricing, substantial investment was still needed and Sir Rod urged spending on "inter-urban corridors". Money should go to projects that would ease bottlenecks. More than 2,000 miles of strategic roads would need to be built in the 10 years to 2025.

## **Air**

Passengers should meet the full environmental cost of their decision to fly. But, despite concerns about climate change, aviation still had a vital role in maintaining the economy. Sir Rod backed calls for increased capacity and a third runway at Heathrow.

## **Planning**

Delays in obtaining planning approval should be minimised for schemes of national importance, such as Terminal 5 at Heathrow.

## **Smarter choices**

Walking and cycling should be encouraged. Both would cut emissions and congestion. Using public transport should be made easier via the development of "smart cards" which, like the Oyster Card in London, would bring down travel costs and simplify the process of paying for a journey on a range of public transport options.

## **Carbon Emissions**

Emissions from the transport sector are noted as a significant and growing contributor to the UK's overall greenhouse gas emissions. Eddington proposes that the transport sector, in particular aviation, should meet its full environmental costs.

## **BCC Position**

- The BCC supports Eddington's analysis that road pricing is the most effective method of cutting congestion on the network; however, revenue must be hypothecated to transport and should not be used merely to raise revenue.
- A recent survey undertaken by the BCC showed that congestion in the UK has reached such a point that 87 per cent of businesses are in favour of some form of road pricing. The caveat to this is that any money raised must be offset by a reduction in other forms of tax and that it be ring fenced towards improving transport infrastructure.
- Road pricing should not be assumed to be the answer to road congestion. With traffic levels expected to grow substantially over the next 10 years, road pricing can only achieve so much. Existing capacity will also need to be increased.
- The BCC also welcomes the assertion that planning procedures must be reformed to speed up construction of transport infrastructure.

- However, the Eddington report does not go far enough in dealing with the capacity problems on the railways. Proposals to increase train lengths by adding carriages will only increase capacity short term. With the possible introduction of road pricing rail infrastructure could be swamped.
- The BCC recently released its *Working Group Report* which outlined the following priorities:
  - Greater clarity of role and responsibility amongst the national, regional and local decision-making bodies. Regional Economic Strategy and the other regional strategies, including the Regional Spatial Strategy, have different timescales: it is time for better integration of regional strategies and coordination between regional bodies, such as the Regional Assemblies and Regional Development Agencies (RDAs).
  - Better management of current network capacities by demand management; the development of environmentally clean technology; the incentivisation of efficient technology use; and the application of technological expertise to finding solutions that serve the economy and the environment;
  - Long-term national funding that incorporates a mix of central government funding, private investment and other appropriate sources such as road user charging to facilitate planning and implementation of complex long-term transport programmes. This money should be split into two pots that fund a) a strategic national network of roads, rail, ports and airports and b) a regional allocation controlled by regional strategic transport bodies.
  - Ensuring that road pricing schemes are complemented by decent, viable public transport alternatives and a greater proportion of the monies raised from road users hypothecated into investment in the road infrastructure.
  - New rail funding projects should be assessed as quickly as possible to prevent prolonged uncertainty and the resultant damage to businesses.
  - The business community must play an active role in the rail transport debate and it is of great concern that the organisations currently running the railways incorporate no formal mechanisms for business representation
  - Consideration should also be given to the possibility of tax relief, at source, for season tickets purchased by or through the employer to stimulate modal shift.

### **Political Parties' Positions**

#### **Conservative Party**

The Conservative issued their own strategy document on the eve of the publication of Eddington - *Getting Around – Britain's Great Frustration*. The Tories said urgent solutions were needed to tackle congestion, overcrowding and capacity, rather than just long term plans outlined in Eddington.

They said they favoured road pricing and building more roads.

Mr Grayling said travel had "become more difficult in the past ten years" and the government had failed to improve the transport system - "We have trains that are getting more and more overcrowded, and roads that are getting more and more congested."

Without giving details until the government publishes its five-year spending plan next year, the Conservatives said they were considering the following areas, among other issues:

- Increasing capacity on roads, including building new roads
- Increasing use of road tolls and pricing "as options for the future
- Reorganising the Department for Transport to streamline decision-making

- Examining urban transit systems and improving cycle networks
- Increasing school bus usage to ease school-run congestion
- Addressing congesting in and around Birmingham

Mr Grayling said there was a need to balance economic considerations - such as the cost of transporting goods - with passenger needs and environmental concerns.

Encouraging people to "make alternative travel choices" was also important.

Using more environmentally friendly cars and fuels was important, including for hauliers.

### **Liberal Democrats**

The Liberal Democrats also released their own Transport Plan - *Liberal Democrat Response To Eddington: A 6-Point Plan For The Green Transport Switch*.

Liberal Democrat Shadow Transport Secretary, Alistair Carmichael MP said:

"Sir Rod Eddington was asked for a 30-year strategy, he has given us a businessman's analysis which might have been acceptable to more people a few months ago but since the Stern Report it looks a bit thin and outdated in its thinking.

"Support for a road pricing scheme is welcome, but it is not enough to meet the green switch that is required.

The Liberal Democrat report includes proposals for greener aviation, a bigger and better railway system and a realistic road transport strategy.

### **Expert Analysis**

#### **Professor David Begg, Former Government Adviser**

"Price motorists off the road? That would be the case if there was a big increase in the tax burden on motorists.

That might come post-Stern with all the problems on climate change of course.

If the government wants to carry public opinion, especially motorists with them, they might try and bring it in by reducing other taxes, fuel duty and vehicle excise duty. That wouldn't go down so well with environmentalists.

If we don't do national road pricing, and we want to keep congestion constant in Britain over the next 20 years, we'd have to build five times the amount of roads the government are planning.

Hardly the kind of environmental policy we need."

#### **Edmund King, RAC Foundation**

"We believe road pricing on 10% of the network at certain times would help.

I think the problem with this is, it's an easy thing to say, it's a quite different thing to implement.

We've been talking about road pricing for 42 years, and it's always 10 or 15 years away.

What we need to do, and what the government needs to do, is show the motorist what's in it for them. And that must include some other kind of tax reduction to get people to support it.

But it must include trust, and this is one of the problems. Nine out of 10 people don't trust the government to deliver a fair system of road pricing."

#### **Sir Patrick Brown, Independent Transport Commission**

"At least he [Sir Rod Eddington] is trying to get the government to do things which would make sense.

He says road charging is inevitable, but it will take a long time and it should start small.

It is clear we need some kind of national charging scheme, because everyone at some point drives into congested areas.

We ought to be saying the technology is available for road charging, let's get on with it. Politicians in every party are running scared.

What else can help solve the problem? Road charging is not everything.”

### **Transport 2000, Environmental Transport Campaigners**

“Overall, Transport 2000 supports the Eddington message, though we remain opposed to the growth in roads and airports he supports.

We need to see action on road charging, with a clear package of measures to bring in a national scheme while investing in alternatives.

With this, government must review the roads programme - with road pricing, much of what's planned will be unnecessary or outdated.

We need a growing railway, and while we might not need a high speed line, we will need big increases in capacity to cater for increased use with road pricing and new development.

By 2050, aviation will account for 46% of UK carbon emissions, and the Eddington report makes it clear that a lot of the airport expansion supported by the government is not essential to the economy. We need a rethink.”

### **Tony Bosworth, Senior Transport Campaigner, Friends Of The Earth**

“This review sends mixed messages about the role of transport policy in tackling climate change.

We welcome Sir Rod's acknowledgment that large-scale road-building is not the answer to our transport problems, and that road-pricing and more investment in alternatives to the car are needed.

But aviation is on a collision course with UK climate targets, and airport expansion will send us in totally the wrong direction.

The government's response to this report is critical. Cutting carbon dioxide emissions must be the central theme of future transport policy.”

### **James Hookham, Deputy Chief Executive, Freight Transport Association**

“Forty-five per cent of everything we spend on transport we spend on transporting goods rather than people.

Protecting freight flows along our key Trade Routes should be a priority for government that cannot wait for the introduction of road pricing or the other recommendations in the Eddington Transport Study”

### **Paul Smith, Safe Speed Road Safety Campaign**

“Threats of 'gridlock' are false. There is no long term gridlock anywhere in the world and there never will be. People will avoid travel long before they sit in gridlock. In this way congestion self-limits traffic long before gridlock.

Travel time is - and always will be - the fundamental journey choice regulator. If it takes too long to travel, then we don't travel. It really is as simple as that.”

### **Jeremy Clarkson, Motoring Journalist**

“It seems to me that we already have a perfectly fair system of road pricing which is fuel tax.

Some might say it's too high but nevertheless the system is very fair - because if you drive a very thirsty, expensive car and you drive a very great distance in it then you pay a very great deal in fuel tax.

If you have a thrifty, small car and you use it infrequently, you pay a very small amount of fuel tax.  
Now that seems to me to be a reasonably fair system. “

**ENDS.**

<b>Contact:</b> Gareth Elliott – <a href="mailto:g.elliott@britishchambers.org.uk">g.elliott@britishchambers.org.uk</a> - 020 7654 5810.
--