



just down the road?

the future of road pricing – a local government perspective





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This report is the result of a study undertaken by a cross-party member task group of the Local Government Association, taking into account the views of a wide variety of interested organisations and local authorities on the local government aspects of the road pricing debate. The purpose of the report is to expand upon the views which the LGA has contributed to the road pricing feasibility study for the Secretary of State for Transport.

There is a challenge for central and local government to seize the opportunity to make road pricing work for the benefit of every community in the country. The LGA has observed that the biggest obstacle to innovative road pricing schemes, whether in the UK or abroad has not been technology, but political will. If road pricing is to be successfully introduced, it will need to be seen as a question not of 'government v motorist' or 'environment v industry' but as part of a package of measures giving road users and local communities real choices about travel and lifestyle, providing a level playing field for the transport community, and providing the UK with a sustainable public and private transport system

key findings of the report

1. There is a consensus that the way we pay for the use of our roads needs to change: the point has now been reached where road pricing can be considered as a realistic means of bringing about that change.

2. Experience with local scale road pricing schemes suggests that changes in driver behaviour and consequently environmental and economic benefits, can be brought about if thorough consultation is undertaken to promote understanding of the issues, and road users are provided with real choices.

3. Whilst congestion is a national problem, its impact is local and requires locally negotiated solutions. It is therefore crucial that local and central government are full partners in the implementation of road pricing

4. Transparency (ie a clear public understanding of the relationship between transport related taxation and public expenditure) is key to acceptance of road pricing. Local government is key to achieving that transparency through its role in local transport planning, and its ability to put together packages of improvements at the local level which will make road pricing both acceptable and effective. Enhancements to local councils' powers over public transport will be necessary in some areas.

5. Revenue neutrality is seen by most consultees as the key to acceptability, but may be difficult to achieve in the short term. Some advance investment in infrastructure and public transport is likely to be necessary; however this need not be an obstacle to road pricing if transparency can be achieved.

introduction

fuel duty and vehicle excise duty (VED) are widely perceived to be unfair, as they act primarily as a tax on vehicle ownership rather than use

how did we get here?

The last 50 years have seen significant changes in the way people travel and how they live and work, that have had huge, unprecedented impacts on the demand for road space. Car ownership has increased dramatically, alongside a decline in the use of public transport.

- In 1950 there were only 2m private cars in the UK;
- by 2000 there were 24.5 million;
- in 1950 only 14 per cent of households owned a car;
- in 2002 only 27 per cent of households did not own one;
- in 1972 nine per cent of households had two or more cars; and
- by 2002 cars this proportion had increased to 27 per cent.

Source *Towards 2050*, RAC 2002

Parallel with (and to some extent as a result of) the rise in car ownership there has been a steep decline in the number of journeys undertaken by public transport, as the next box shows.

- In 1950 60 per cent of all travel in the UK was by rail, tram and bus,
- in 2002 13 per cent of all travel was by those modes, and 64 per cent of all journeys in the UK were made by car; and
- between 1999 and 2001 on average six miles were travelled by private road vehicle for every one mile on public transport.

Source *Towards 2050*, RAC 2002 and *National Travel Survey*, DoT 2001

The changes in the way we travel are both the result, and the cause, of many changes in where people choose to live, work, go to school, shop, play and socialise. Car ownership has led to a decreasing need to live close to where we work, to shop locally, or to live near to family and friends. Journeys that once were too far to contemplate on a regular basis are now a frequent short car ride away. Other factors have also contributed to these changes and increased our dependence on the car. Urban decline, differential house price inflation, suburbanisation and a desire for a better quality of life has led many to move from urban areas into suburban and rural parts of the country.

Our environment has also changed to meet the growing availability of private road transport. We now have out of town shopping centres, supermarkets, multiplex cinemas and business parks designed and sited because of their accessibility by car.

the cost of freedom

The British people at the start of the 21st Century have a degree of freedom and choice that their grandparents could only dream of. However, this freedom and choice comes with a price, which society pays both directly and indirectly. Air pollution is now a significant public health concern particularly in large urban centres, with motor vehicles being a major contributor. Cleaner and more efficient engine technology has helped, but tends to be cancelled out by traffic growth. New road building to accommodate increases in road traffic, such as new motorways and bypasses, provide relief to some areas, whilst bringing substantial costs in terms of finance and environmental impact. Simply maintaining the current road network is a constant problem because of the increasingly heavy traffic in some areas, and the fact that road works often exacerbate the levels of congestion.

Congestion itself, which at one time was a problem associated only with the largest urban areas such as Greater London is now a problem in many urban centres as well as major inter-urban roads. Government forecasts

suggest that congestion will grow by 15 per cent across the whole network and 28 per cent on the inter-urban network in the next 10 years¹.

paying the price

All of these costs are currently borne by society as a whole, and are paid for directly, through taxation and the higher cost of goods and services, and indirectly, through the impact on the environment and reductions in quality of life for some sectors of society, including those without access to a car. However, existing methods of addressing these costs are inadequate. Current motoring related taxation appears to have had little impact on behaviour, mainly because of the lack of a direct connection between vehicle use and the amount of tax paid. Fuel duty and vehicle excise duty (VED) are widely perceived to be unfair, as they act primarily as a tax on vehicle ownership rather than use. Fuel duty is a particularly blunt instrument for changing driver behaviour because it impacts disproportionately on motorists in rural areas who have longer journeys (and therefore higher fuel usage per vehicle) but who do not have the quality of public transport alternatives available to city dwellers. At the same time rural motorists contribute less to the congestion which tends to be concentrated around major population centres.

¹ *Government's Ten Year Plan*, DETR – Transport to 2010. Dec 2000.



If it is hard to assess and allocate the costs of road use, it is equally hard to manage that road use in a sustainable way. Road building alone does not appear to be the answer; there is a tendency for improvements to the road network to generate additional journeys, leading to roads reaching their design capacity years earlier than expected. Neither is investing in public transport in itself a complete solution; there is an in-built reluctance to switch the convenience of private motoring for the constraints of public transport. This seems to be so even when public transport is readily available, which is not the case in many parts of the country, particularly rural areas.

For these reasons both central and local government have recently been looking at a concept which is now becoming a realistic option – a direct charge for the use of roads through road user charging, referred to in this report as *road pricing*. At a local level the London Government Act of 1999 and the Transport Act 2000 have given local authorities across the country the power to introduce local road pricing in the form of congestion charging schemes. To date the Greater London Authority and Durham County Council have successfully used these powers to create charging schemes within their cities that have both reduced congestion and increased the use of public transport.

At the national level the Government has committed itself to the introduction of a road user charge for heavy goods vehicles within the next five years. Also, in the wake of the Department for Transport report *Managing our Roads* the government established a feasibility study to advise the secretary of state on the practical options for the design and implementation of a new system of charging for road use in the UK covering all classes of road vehicle.

The subject of road pricing touches on a wide range of issues which come within the remit of local councils, and the LGA's business plan for 2004 identified this as an area where local government has a unique contribution to make in setting the agenda for future development of national policy. Therefore, the Association established a cross-party member task group to investigate the issues and develop a view on the future for road pricing and local

government's role in that future. This report is the product of the task group's deliberations following a process of consultation with a wide range of local authorities and other public and private sector organisations with an interest in the subject. The task group received written evidence and heard oral evidence at a series of hearings in April 2004. A list of those who kindly contributed to that process can be found at the end of this report.

This report considers how road pricing could be introduced for the benefit of every community in the country as part of a package of measures for tackling congestion, including investment in public transport and the highway infrastructure. As the report makes clear, perhaps the most significant observation that the task group has made in the course of its deliberations is that the biggest obstacle to innovative road pricing schemes, whether in the UK or abroad has not been technology, but political will. Introducing road pricing will take the life of more than one parliament, and there needs to be a cross-party consensus on the issues. A consensus is possible if the proposal is seen as a question not of 'government v motorist' or 'environment v industry' but of giving road users businesses and local communities real choices about travel and lifestyle, providing a level playing field for the transport industry, and providing the UK with a sustainable public and private transport system.

what is road pricing?

In the Department for Transport report *Managing our Roads* the government set out the terms of reference for a feasibility study to advise the secretary of state on the practical options for the design and implementation of a new system of charging for road use in the UK. The report identified the following objectives for road pricing:

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

This therefore sets out the background for the development of a *road user charging system* for the UK, which, for the purposes of this report we are referring to as *road pricing*. It is important to be clear on what road pricing is, and what it is not. In theory a wide variety of measures could be called 'road pricing', including the existing tax regime of vehicles and fuel, car park charges, on-street parking charges and so on. However, the implication of the terms of reference of the feasibility study is that road pricing needs to be something radically different from the historical methods of transport pricing.

Indeed the use of the word 'pricing' rather than 'taxation' is indicative of a departure from what has gone before.

How, then can road pricing be defined? The following definition states simply what it has meant for the purposes of the task group's deliberations:

'Road pricing is a charge for the use of a motor vehicle on public roads which reflects the user's choice of where and when to drive'.

Because road pricing attaches an economic cost to the use of roads it enables drivers to directly associate the use of their vehicle with the cost to both the road infrastructure, and society as a whole. At present the closest thing we have to road pricing on a national level is vehicle excise duty (VED) (commonly called 'car tax') and fuel duty on the petrol, diesel and other fuels on which our vehicles run.

Neither of these taxes fits into the above definition of road pricing. Neither reflects the choice of the motorist on where and when to drive. They have an indirect influence on decisions about whether to own a vehicle in the first place, and some effect on the engine size chosen. That is, however, as far as it goes. VED does not increase with use, so the higher the annual mileage, the cheaper each mile of travel is on average. Fuel duty has provoked protests in recent years when it has been increased, particularly when

it coincides with an increase in crude oil prices. However, evidence suggests that fuel prices have a limited effect on driving habits. These costs tend to be absorbed by changes in other areas of consumer spending. Research by Glaister and Graham (2000)² showed that in the short term there is very little effect on both traffic levels and petrol consumption. In the long term they suggest there is an impact on petrol consumption as improvements are seen in vehicle fuel efficiency but not on traffic levels. The key difference between existing motoring taxes and a road pricing regime is one of choice. Once the decision is made to buy a car the motorist is committed to paying VED and fuel duty, and has little opportunity to vary those costs, particularly given the limited alternatives provided by public transport in many parts of the country.

Road pricing has been attempted on a local scale in a number of cities around the world in the form of cordon charges and road and bridge tolls. In principle these are similar to the congestion charging regimes recently introduced in London and Durham. The Task Group discussed at the outset, whether congestion charging falls within this definition, and concluded that it does, for the very reason that VED and fuel duty do not. Whilst congestion charging in the UK is as yet limited in scope and politically controversial, both of the aforementioned schemes are constructed in such a way as to give road users real choices about whether, where and when they drive and therefore, whether they pay the charge. As is discussed in later chapters the congestion charge may or may not form a part of a future road pricing regime, but the LGA believes that there are important principles demonstrated by the London and Durham experiments which need to be taken account of in considering the future direction of road pricing policy.

² Glaister, S and Graham, D (2000) *The Effect of Fuel Prices on Motorists* AA Motoring Policy Unit and the United Kingdom Petroleum Industry Association, Basingstoke.

road pricing is a charge for the use of a motor vehicle on public roads which reflects the user's choice of where and when to drive



the aims of road pricing

The first two chapters of this report have identified the following as the starting point for a road pricing regime:

- There are good arguments to support the belief that the way we pay for the use of our roads needs to change, and that some form of *road pricing* is all but inevitable.
- Road pricing in this context can be defined as '*A charge for the use of a motor vehicle on public roads which reflects the user's choice of where and when to drive*'.

This report does not attempt to reach a view on precisely how a road pricing system should operate, neither does it seek to take a position on the current balance between road related revenues and road related expenditure. The LGA has been, and will continue to be, involved in discussions with the government and others on the various technological options. However, whatever technical solution is chosen, the LGA believes that, to be practical, equitable, and publicly acceptable, a road pricing regime should have three key aims:

- to provide a flexible tool for national and local government to **manage the demand** for road space;
- to create a demonstrably **fair and transparent system for collecting and spending** motoring related revenue; and

- to maintain overall **revenue neutrality**: in other words, the total amount of revenue from road and vehicle taxation should not increase as a result of the introduction of road pricing, unless there are demonstrable benefits to road users.

managing demand

The theory behind road pricing is that, by placing an economic value on every mile of road travelled, it would identify a cost for each journey based on its length, its location, the type of road travelled on and at what time the journey took place. Road users can then choose whether, where and when to travel based on a fair assessment of the true cost for the journey. They would see economic benefits from changing their driving behaviour and would make informed choices based on those benefits. Clearly the national taxes currently levied on vehicles and fuel are a poor tool for influencing consumer choice: once you have paid your VED you can drive as much as you like. In theory, the price of fuel provides a brake on demand for road space, but in spite of some of the highest levels of fuel taxation in the world, the UK has a relatively high level of car ownership at 404 cars for every 1000 people, with a growth in car ownership over the last 20 years of 46 per cent.³

³ Eurostat, EU Transport figures 2000.



If traditional methods of taxing vehicle ownership and fuel do not work as demand management tools, how might the alternatives work? A theoretical road pricing structure should work – in theory. Is it possible, however, in practice, to change driver behaviour through the use of road pricing? The Road Pricing Task Group invited evidence from a range of local authorities and interested organisations to investigate this and related questions. There was a surprising level of support for the principle of road pricing on a national scale, if only from the point of view that ‘the status quo is not an option’. No country has yet introduced a national road pricing system, but there is evidence that it is possible to influence driver behaviour through pricing road use, rather than vehicle ownership.

In the UK the nearest we have at present to road pricing are the congestion charging systems in central London and the City of Durham. The London scheme (see *box A*), is not without controversy, but it has achieved its stated objectives of reducing congestion and increasing use of public transport within a substantial area of the Capital. Likewise the Durham scheme (*box B*), whilst at the other end of the scale in terms of size, has succeeded in bringing about dramatic changes in the levels of vehicular traffic in a sensitive area of the city centre.

Whilst very different in scale, it is interesting to note the similarities between the London and Durham congestion charges:

- both had a congestion problem which had been incapable of resolution before the new powers were made available
- in both cases additional investment in public transport was made in advance of the introduction of the charge.
- in both cases the solution adopted was tailored to local circumstances following extensive consultation.

These two schemes are an important reminder that although traffic congestion is a national problem, it manifests itself locally, and locally negotiated solutions are required to solve the problems. Rising bollards would have been totally impractical for London, and number plate

box A London congestion charge

The central London congestion charging scheme was introduced on 17 February 2003. The primary aim of the scheme is to reduce traffic congestion in and around the charging zone. The scheme was expected to contribute directly to four of the mayor’s 10 priorities for transport as set out in his transport strategy published in July 2001:

- to reduce congestion;
- to make radical improvements in bus services;
- to improve journey time reliability for car users; and
- to make the distribution of goods and services more reliable, sustainable and efficient.

A review of the congestion charge in 2004 showed that in its first year the charge has contributed to the above priorities. There has been a 30 per cent reduction in congestion with a 38 per cent increase in bus journeys with half of those being attributable to the congestion charge. Journey reliability has increased with the proportion of time drivers spend stationary or in slow moving traffic in the zone reduced by a third. This also translates into more reliable and predictable journey times for both cars and buses.

Source: Transport for London, Impacts monitoring – second annual report 2004

recognition cameras would be inappropriate for Durham. Furthermore, a congestion charging scheme for somewhere like Birmingham would need to be radically different from either the London or Durham schemes: the scale of the problem is comparable with London, but without the comprehensive public transport system that exists in the capital, a solution in Birmingham would need to be very different again. The need for locally negotiated solutions is highlighted in the case of London by research sponsored by the John Lewis Partnership which produced

box B Durham City road user charge

The Durham City road user charge was the first road user charge in the UK. Introduced in October 2002, has delivered both environmental and road safety benefits to Durham’s city centre. The scheme restricts access to the world heritage site which includes the cathedral and castle. Although much smaller in scale than London it has addressed the congestion and traffic issues the city faced.

It has significantly reduced traffic in the city’s historic centre, reducing unnecessary journeys into the centre with more journeys taking place on the buses provided as part of the scheme. The scheme has also made an impact on long stay commuter parking, through the creation of a city centre parking zone throughout the city centre.

The effects of the charge include:

- a reduction of 85 per cent in traffic volumes based on 1992 levels;
- an increase in pedestrian activity by 10 per cent;
- a 50 per cent reduction in HGV and LGV activity during the restricted period;
- increasing bus patronage.

Source: Durham City Council

evidence of unintended consequences in terms of lost business for one major retailer within the charging zone. The Mayor of London is now appointing consultants to undertake a major survey of the economic, business and social impact of the Congestion Charge.

No other country has introduced a national road pricing scheme on the scale now being contemplated for the UK. A few city-wide cordon schemes (similar to the London Congestion Charge) have been introduced, with others in

box C Swiss heavy vehicles fee

The Swiss heavy vehicles fee, the LSVA, was introduced in January 2001 and is applicable on all of Switzerland’s public roads as well as to manage demand and reduce alpine transit road traffic. The charge is made on both weight and distance travelled and is also emission dependent.

Evaluation of the project has shown that following its introduction the project was successful in managing demand with a significant decrease in the volume of heavy vehicle traffic being recorded. However, there was no decrease in the volume of goods moved, suggesting that Swiss hauliers are operating more effectively and carrying the same amount of goods whilst using roads less.

the consultation and planning stages. Singapore has an electronic road pricing scheme covering all of its central roads, but the only nationwide scheme to have been introduced so far is the Swiss Heavy Vehicles fee. This clearly does not include private motor vehicles, but has, as box c shows, had positive effects in terms of changing behaviour of haulage firms.

Both internationally and in the UK central and local government are at the experimental stage in terms of achieving measurable changes in driver behaviour through road pricing. However, what is clear again is that the key element in the success of such schemes is choice.

- In the case of the Swiss scheme, the hauliers were able to mitigate the effects of the charge by changing the way they organised their business. It was already in their interests to manage their operations more efficiently – the new charge just amplified the incentive.
- In London and Durham, road users were provided with viable alternatives via public transport provision, and those choosing to pay the charge will have benefited from freer flowing traffic in the congestion zone.



At this point, it would be tempting to conclude that the answer to our traffic problems is to invest in public transport. However, there is evidence that investment in public transport alone is not sufficient. Passenger numbers on some of the new tram systems introduced in British cities have been disappointing, partly because of a lack of incentives to use them in preference to private cars. There was something of a minority view, at our hearings, questioning whether changing driver behaviour is a realisable aim for such a policy. It has been suggested to us that some European cities have congestion problems even with the benefit of excellent public transport. The London experience suggests that, whilst it is possible to change driver behaviour, both the 'carrot' of up-front, visible investment and the 'stick' of a charge are required for any road pricing scheme to be effective.

transparency and fairness

As we have been reminded by media reports during the course of preparing this report there is general discontent in the UK at levels of fuel duty as well as discontent that the majority of revenue raised is not spent on improving roads or providing public transport. At present the revenue raised from motorists through VED and fuel duty is in the region of £30bn⁴. Central⁵ and local government⁶ spend perhaps half to two thirds of that on highways and transportation. Other figures are often quoted. For instance the RAC Report on *Motoring 2004* refers to total motoring taxation of £42bn (which includes other taxes such as VAT) and compares this with £3.7bn spent on highway maintenance. There are other areas of public expenditure (such as traffic policing, healthcare costs arising from traffic accidents and the effects of pollution) which can be brought into the equation.

Transparency in road pricing in its simplest form works as follows: If a road pricing regime were introduced, charging for every mile travelled, vehicle users would be able to see the direct cost of undertaking a particular journey, thus enabling informed choices to be made. There would be 'winners' and 'losers', but if those who paid more were doing so because their driving behaviour was more costly to society as a whole (driving in a city

centre in the rush hour, or driving through environmentally sensitive areas), it would be seen to be fair. This element of transparency and fairness is absent from the present system of paying indirectly through the current taxation on fuel and car ownership.

Fairness is, however, also about equality of access. Charging on its own without accessible and affordable alternatives to car use will not be seen as fair. Any road pricing system must, therefore, go hand in hand with visible improvements in roads, public transport, and the local environment in general. The experience with congestion charging so far tends to support this view. Durham has seen a reduction of 85 per cent in traffic volumes based on 1992 levels⁷ and London a 30 per cent reduction in congestion.

Research carried out in a survey by NOP for the RAC⁸ suggests that motorists would be more willing to pay motoring related taxation if they could see the benefits from this taxation. More than 70 per cent of motorists surveyed said that they would accept charges if they were part of a package of improvements to the UK's transport system.

Can transparency be achieved in practice? The evidence heard by the Task Group suggests that the technology is, or will soon be, available to measure the road usage of individual vehicles. The speed of technological change, combined with the long timescale for the introduction of road-pricing on a national scale, suggests that it is reasonable to assume that technology will itself present no insurmountable barriers to the introduction of road

⁴ 2003/04 estimated revenue from: fuel duty £22.8bn; VED £4.7bn, total £27.5bn – source: *HM Treasury Financial Statement and Budgetary Report 2004*, Table C8.

⁵ 2003/4 *Department for Transport budgets: Resource Budget* £8bn, Capital budget £3.3bn, total £11.3bn – source: *HM Treasury Financial Statement and Budgetary Report 2004*, Table C8.

⁶ *Local Government net expenditure on Highways and transportation 2003/04: £7.5bn* (including capital expenditure and charges) – source: *Highways and Transportation Statistics 2003–04 Estimates: CIPFA Statistical Information service* ref 13.04, February 2004.

⁷ Durham City Road User Scheme, Durham City Council

⁸ *NOP Automotive: Motoring Towards 2050*, Survey carried out for RAC Foundation for Motoring in March 2002.

pricing.

However, the very fact that technology would allow a government agency to monitor where and when a vehicle is used raises issues of civil liberties, which may, politically, prove a far greater obstacle even than the cost of a high tech road pricing scheme.

maintaining revenue neutrality

The issue of revenue neutrality arises for two main reasons:

- the Treasury is anxious to ensure that any change in the tax regime does not result in *less* money being collected overall, as any shortfall would need to be met by increasing other taxation or reducing other public expenditure; and
 - road users, who already see motor vehicle taxation as being too high, will not support a new form of taxation which *increases* their tax burden unless these are accompanied by demonstrable improvements in the transport infrastructure.
- The debate on revenue neutrality needs to be more sophisticated than just seeking to achieve equilibrium between those two pressures. There are several reasons why:
- there would be a need for additional investment in public transport, and other alternatives to motorised road transport such as walking strategies, cycle routes, and initiatives to reduce the incidence of the 'school run'. Much of this would be needed ahead of the introduction of road pricing to give road users real choices about transport modes, in addition to improvements to the road network itself, and some element of 'spend to save' is likely to be required in any assessment of the costs;
 - there are benefits to be realised from more efficient road use in terms of, for instance quality of life, time saved by individuals and businesses, a cleaner environment, better general health, which should be taken into account;

- congestion tends to be an urban issue, but access to transport and services for rural communities is an important issue that can be missed if the focus is only on matching income raised through road pricing (on urban and inter-urban roads) with spending on highways and public transport (in the big conurbations); and

- if road pricing is properly constructed and introduced, it may not be necessary to be as dogmatic about revenue neutrality. Opinion polls, and the early results from the London congestion charge experiment, would suggest that motorists may be willing to pay more if there are tangible benefits in return.

It would seem that the transparency and cost issues are intimately linked. Even if overall revenue does not change, road pricing would possibly be unworkable, and certainly unpopular, unless transparency and fairness are integral to the road pricing scheme.

Road pricing would, logically, be an integral part of the fiscal system. In order for any road pricing scheme to be a success it must not be seen just as a way of raising additional revenue from motorists. Research suggests most motorists would be happy to pay a charge if equivalent reductions were made on other duties. The NOP Automotive survey mentioned above also found that, whilst 84 per cent of drivers would not be willing to pay tolls to drive on all roads, three quarters of motorists would accept road pricing if there were equivalent reductions in either fuel duty or vehicle excise duty. The experience in London and Durham suggests also that public transport investment in advance of the scheme played a large part in the public acceptability of the scheme, as well as its actual effectiveness. This suggests strongly that a successful road user charge would have to be introduced as part of a package including both reductions in other taxes and duties, and visible improvements in the transport infrastructure.

A marriage of the concepts of revenue neutrality and transparency about how the money from road pricing is spent would need three elements:

- a broader definition of 'revenue neutral' to both:
 - include areas of public expenditure in the equation that might not be immediately obvious, such as public health, environmental protection, policing; and
 - take into account a longer timescale, recognising that many benefits from a more efficient transport system are long term in their nature, and may not be capable of being quickly expressed in terms of cash savings.
- improvement plans for transport (perhaps as a development of the present Local Transport Plans) which link the income from road pricing with agreed outcomes agreed either nationally (in the case of trunk roads) or locally (in the case of local and non-trunk roads). This link could be established by assigning revenues from road pricing to the appropriate authorities/agencies (eg local authorities for local and non-trunk roads, the Highways Agency for trunk roads and motorways); and
- improved data on road transport and congestion. Any road pricing scheme which is sophisticated enough to charge each vehicle according to its use of the roads would be capable of collecting vastly superior and frequently updated information on how roads are used, which could make the whole issue of allocation of funds for transport purposes much more transparent.

This may mean the specific allocation of revenues to local government which have previously been part of national taxation. This would be controversial, but perhaps not as much as previously. The balance of funding review has been considering the localisation of vehicle excise duty as one of a number of options, and even if that does not feature in the measures eventually arising from the review, it is possible to conceive of something like that operating in the context of a national road pricing scheme.

The Treasury might be expected to be reluctant to hand over such a large volume of central taxation income to local government. Local authorities might fear being given new targets and responsibilities without the resources to carry them out. This is understandable given

past experience which is based on relatively crude methods for allocating funds. The formula spending shares for Highway maintenance are, for instance calculated using a range of factors, including road length, annual average traffic flows, daytime population, day and night time visitors, snow lying days, predicted gritting days and an area cost adjustment. Some of these use historic survey data which can be many years old, and all are basically proxies for the sort of detailed information about how many vehicles of what type are using which roads at what time of day or year, which can only be obtained infrequently. Until now, that has been the best data available. Road pricing could, however, change that.

Road pricing would have to be sophisticated enough to provide that sort of data as a natural by-product of the charging system, and, provided issues of data protection are properly dealt with, it ought to be possible to use such data to allocate funding on a much more scientific basis than at present. Thus confident of funding which reflects the traffic conditions on the ground rather than historical statistics, local authorities, would be able to develop their own packages of solutions to the local problems of congestion, access to services, pollution, economic development and so on as part of the overall 'deal' for the switch to road pricing.

the role of local government in road pricing

Previous chapters have highlighted the broad aims of any national road pricing scheme. In short the scheme should:

- be seen to be **fair** in terms of price, and work on the principle that the user pays;
- operate as an effective tool for **managing demand** for road space at local and national level;
- be **flexible** in its implementation at the local level; and
- achieve a high degree of **transparency** in terms of the relationship between the revenue collected and resultant public expenditure.

Congestion is a national problem which impacts each local community in different ways. Therefore road pricing needs to be part of a package of measures aimed at improving local as well as national transport infrastructure, and managing demand for roads at both the strategic and local level. Whilst central government's role is to establish road pricing as part of the national taxation structure, local councils would be responsible for other elements of the road pricing 'package'. The main aspects of the local government contribution to the 'package' are set out below.

improving infrastructure

Local authorities are responsible for maintaining most roads, and have the powers to improve standards, build new roads, improve junctions, alter signalling, and widen carriageways etc, all of which are key elements in any strategy for relieving congestion both within and between urban areas.

transport planning

The Transport Act 2000 requires local authorities to prepare local transport plans and bus strategies. It would clearly be crucial for such plans to take account of road pricing, and to form an integral part of the process for deciding when and where to introduce charges.

traffic management

Local authorities have extensive powers and responsibilities relating to traffic management; indeed these powers have been recently extended by the Traffic Management Act 2004. These powers include the ability to:

- restrict the use of roads, on certain days, at different times of the day, by different classes of vehicle;
- restrict or regulate on-street parking, provide off-street

parking, provide 'park and ride' schemes;

- provide traffic calming measures, pedestrianised zones, and bus lanes; and
- regulate street works by statutory undertakers.

land use planning

Local authorities as planning authorities have to take account of transport provision in the development of planning policies. In the longer term those planning policies, designed to encourage development which minimises the need to travel, for work, education and public services, would have a major role to play in the 'package' alongside road pricing; producing new developments with a better balance between public and private transport, walking and cycling for the benefit of all road users.

service planning

Local authorities at all tiers can and do contribute indirectly to the management of road space by providing services in a user friendly way, which require fewer and shorter journeys for the communities they serve. Initiatives already in place include: extended schools which provide multiple services on a single site; multi-use library sites; e-government initiatives, which enable citizens to access local authority services remotely. Services which are now commonplace, such as meals on wheels and mobile libraries are all part of the equation.

the Gate Library – Newham MBC

The Gate Library in Forest Gate has recently benefited from a £2m refurbishment creating a state of the art library that not only provides opportunities for people of all ages to read, learn, surf the web, but also provides a local service centre that provides benefits advice, payment of bills etc for the local community and is fast becoming a central hub for the community.

local authorities as community leaders

In the main, policies for reducing congestion have historically been centred around improving roads and public transport, or placing restrictions on the use of roads. Road pricing as a concept works best when both are achieved in a co-ordinated way that makes sense for, and secures the support of the community. Local authorities, because of their unique community leadership role have a pivotal role in engaging with local communities to ensure that the balance between 'carrot' and 'stick' is appropriate, and sustainable. It is likely that pilot programmes would precede a wholesale introduction of road pricing, and local councils would again play a key role in developing innovative ideas in this realm as they have over many years in the context of traffic management, traffic calming, public transport, and 'park and ride' schemes.

the Cambridge Core Traffic Scheme

The scheme is a mix of street closures supported by rising bollard technology that was implemented following traffic surveys that showed that over half the traffic using Cambridge's inner ring road (the Core Area) was using it to avoid delays on the surrounding network.

The core area closure has had a huge impact on the use of public transport in the city with a record of 27,000 people per day now travelling in and out of Cambridge by bus: far higher than government targets for bus use. The County Council set a Local PSA target for increasing bus traffic in the city by 20 percent over four years; they have in fact achieved 30 per cent in three years

Any national road pricing scheme needs to have the facility for local decision-making about the level and coverage of charges for road use. It is crucial that road pricing is seen to be fair not just as a principle, but in practice. To achieve this it is likely that pilot programmes will need to be run to find out the best ways of

implementing road pricing. The end result should be a national scheme, with local flexibility about the level and incidence of charges to reflect local circumstances, and in particular the extent to which road users have alternatives to incurring a charge for using particular roads.

The Congestion charge in London has shown what can be done by local government given the tools for the job. Before the introduction of the London congestion charge the mayor and Transport for London invested heavily in improving public transport – primarily the bus network which has had a significant impact. London has seen a 38 per cent increase in the patronage of buses, of which half is estimated to be a modal switch in transport use as a result of the congestion charge. London is unique, and it is unlikely that London's public transport infrastructure would be duplicated elsewhere. There is, however 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.

congestion is a national problem that impacts each community in different ways



the role of national government in road pricing

the future of transport

On 20 July 2004 the government published a white paper *The Future of Transport – a network for 2030*.

Accompanying that paper was the report of the feasibility study into road pricing⁹, to which the LGA contributed. That study reached many of the same conclusions as this report, and the LGA would endorse those conclusions and the commitment of the Government to involve local government in any national scheme. The Government's commitments as set out in the report are to

- **inform the public** about what road pricing is and how it might work, and undertake the further research recommended, so that people can engage with a clear proposition, not just an abstract concept;
- **lead a debate** on what would make such pricing acceptable to motorists;
- **seek to build a public consensus** around the objectives of road pricing, and how to use the revenues;
- **work alongside forward looking authorities and areas**, to help them put in place packages of measures which tackle local congestion problems. Resources from the new Transport Innovation Fund will be available to support packages which combine road pricing, modal shift, and better bus services; and

- **begin a process** which would lead to international standards for in-car equipment, taking account of current, market-led developments.

real partnership

The LGA believes that for the opportunity presented by road pricing to be realised, there needs to be a partnership between central and local government. Local government, with the right powers, funding, freedoms and flexibilities, can provide the 'package' of measures that will make road pricing effective and publicly acceptable. It will require more than just working alongside forward looking authorities, although the recognition of the contribution local government can make is welcome. It will also require more than just encouragement. In addition to funding for innovative pilot schemes, greater local influence over public transport provision will in some cases be required. Central Government needs to provide the national leadership, the long-term commitment to the introduction of the charge and to the transparent funding regime that will support it.

It seems likely that road pricing must be operated nationally, but it may need to be introduced gradually, perhaps on a region by region basis, probably with pilot

⁹ *Feasibility Study on Road Pricing in the UK – A report to the Secretary of State for Transport July 2004* DfT publications ISBN 1 904763 49 9

schemes first to enable the technology to be tested, and early lessons to be drawn on the likely knock-on effects of changing traffic patterns. There would need to be extensive discussions with local communities to ensure that both central and local government are able to deliver their respective sides of the bargain with the road user.

political will

Perhaps the most significant observation that the LGA Task Group have made in the course of their deliberations is that the biggest obstacle to innovative road pricing schemes, whether in the UK or abroad is not technology, but political will. Introducing road pricing will take the life of more than one Parliament, and there needs to be a cross-party consensus on the issues. It seems likely that such a consensus is possible if the proposal can be seen as a question not of 'government v motorist' or 'environment v industry' but of giving all road users and local communities real choices on a level playing field to provide sustainable communities joined together by a sustainable transport system.

*the biggest obstacle to road pricing
is not technology but political will*

international examples of road pricing schemes



scheme	coverage	operational	technology
Austria – ‘Electronic Toll System Ecopoints’	All Austrian motorways and express roads HGVs >3.5 tonnes	Since 2004	5.8Ghz. On board unit 120 Camera enforcement gantries 420 Tolling gantries Automatic licence plate reading
France – ‘Autoroute’ Toll (Liber-t and TIS scheme) Spain – Autopista Tolls Portugal – Motorway Toll Italy – Autostrada Toll	Most major national motorways All vehicles	For many years. Big growth in 1980s.	Fixed stop and start toll booths
Germany – HGV Toll	All federal motorways (7,400 miles) HGVs > 3.5 tonnes	From 1st Jan 2005	GPS satellite system with OBU
Hungary – National Motorway Toll	Selected Hungarian motorways All vehicles	Not before 2005	Vignette or ‘badge’ system
Italy – Rome Road Charge	All Central Rome roads All vehicles	Since Jan 2001	OBU 5.8Ghz transponder based Number plate recognition for enforcement. 27 gates
Norway – Autopass	Variety of Norway’s principle motorways and roads All vehicles	Autopass technology since 2001	Autopass contract and onboard unit required to obtain toll reduction Pass works with all toll roads regardless of operational company

scheme	coverage	operational	technology
Singapore – Urban Road pricing First variable rate scheme in the world	Central Singapore all roads (2.7miles sq) All vehicles	September 1998	On board units in vehicles with smart card 44 gantries
Sweden – Congestion Charging in Stockholm	All Stockholm city centre roads All vehicles	Full scale experiment 2005–2006 Referendum 2006	DSRC Transponder technology
Switzerland – Heavy Vehicles Fee Reduce alpine transit and shift to rail a key objective Swiss OBUs can be used in Austria, first example of interoperability	All public roads HGVs >3.5tonnes	Since Jan 2001	On Board Unit linked to tachograph DSRC 5.8Ghz and GPS antennas 100 equipped border stations Automatic licence plate reading
UK – National Lorry Road User Charge (LRUC) The DfT’s road user charge (LRUC) now due to begin in 2008	All UK roads HGVs >3.5tonnes	Delayed 2006 start Will now start 2008	GPS Satellite based system. Receiver to record vehicle’s position, tachograph to record mileage
UK – Edinburgh	All city centre roads All vehicles	Residents vote in Feb 2005. Operational from 2006 / 2007	Automatic Number plate recognition cameras
UK – Nottingham workplace parking levy	Specified employers Specified commuter vehicles	Will start April 2005	Permit system

scheme	coverage	operational	technology
UK – Durham Congestion Charge	Specified city centre roads All vehicles	Since October 2002	Payment on exit Rising bollard control
UK – London Congestion Charge	All central London roads All vehicles	2003	Camera enforced number plate recognition
UK – Existing M6 Toll	27km of M6 All vehicles	December 2003	Stop & start toll booths or Electronic tag for free flow
UK – Proposed new Birmingham to Manchester Toll road	50 miles along existing M6 from Manchester to Birmingham All vehicles	Not yet declared	Will combine with a carpooling scheme offering dedicated motorway lanes for vehicles carrying more than 2 people

OBU – On Board Unit
DSRC – Direct Short Range Communications
GPS – Global Positioning System



This is a report compiled by the LGA Road Pricing Task Group who were:

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The following gave evidence at the LGA task group's hearings on 19 April 2004
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The following provided the task group with written evidence:

ATCO (Association of Transport Co-ordinating Officers)
Bristol City Council
British Chambers of Commerce
British Waterways
Commission for Integrated Transport
Confederation of British Industry (CBI)
County Surveyors' Society
Durham County Council
Edinburgh City Council
Environmental Transport Association
Freight Transport Association
Gateshead Council
Greater London Authority/ Transport for London
Local Government International Bureau
Nottinghamshire County Council
RAC Foundation for motoring
RAC plc
Rail Freight Group
Road Users' Alliance
Rutland County Council
Society of Motor Manufacturers and Traders Limited
Transport 2000



Local Government Association

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The LGA welcomes comments on the ideas in this paper

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