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June 2010



## Make maintenance top priority

TT/Accent executive survey results p4



## Rail ticket overhaul is long overdue

Towards a fair fares system p17



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Time or distance based? p21

**Green**  
**Rail guy**  
**Pro-regulation**  
**Pro-road pricing**  
**Liberal**  
**Radical**  
**Green**  
**Rail guy**  
**Pro-regulation**  
**Pro-road pricing**

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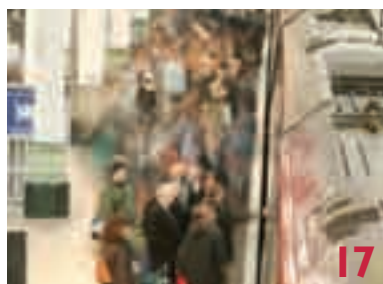


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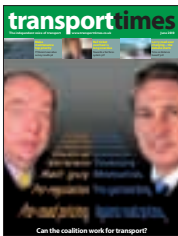
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## analysis

# Can Hammond and Baker marry two ideologies?

**P**hilip Hammond has made his mark early in delivering the reductions in his transport budget. Anything which is not contractually committed has been mothballed and projects which are legally committed have to be delivered at lowest possible cost. The target within the Department for Transport is to cut spending by 30%.

Look out for Mr Hammond meeting the cuts in his budget for the Comprehensive Spending Review due this autumn ahead of time. This will free him to be a member of George Osbourne's Star Chamber on spending cuts. His background and skills will make him an ideal person to scrutinise other departmental budgets. He can't be on both sides of the negotiating table as both interrogator and departmental defender. This should put him in a strong and influential position to argue for DfT expenditure where the case is persuasive and meets the coalition Government's criteria.

It is the relationship between Philip Hammond and his LibDem colleague within DfT, Norman Baker, which will test the coalition's ability to deliver a coherent transport strategy.

When I met Norman Baker – now transport minister with responsibility for buses and local government – a few weeks before the general election he was talking up the chances of there being a coalition government and getting his hands on a DfT post. I have to confess that I did not take the proposition seriously at the time.

When I visited him at Great Minster House last week he looked as though he had been in post a long time rather than the new kid on the block. He has immersed himself in the transport brief over the last few years and it shows. His transport philosophy has been shaped more by the radical pressure groups on the sustainable side of the transport debate than it has by the business community.

This makes him a supporter of road pricing, bus regulation, modal shift away from the car and the greening of transport. The business community – in general – will argue for more road and airport capacity and tend to be sceptical of demand management and anything that smacks of social engineering or interference from the "nanny state".



**Baker, in contrast, has arrived! He is a transport anorak and is in the department he has coveted**

While David Cameron and Nick Clegg look like two peas in the same pod in style, and to a large extent political philosophy and ideology, the same cannot be said of the ministers from both sides of the coalition at DfT – not to mention a few other departments. Hammond has a business background, will, in his own words, "view transport through the jaundiced eyes of a former shadow chief secretary to the Treasury" and will, no doubt, be pleased to be moved to a Treasury/business brief within the cabinet.

Baker, in contrast, has arrived! He is a transport anorak and is in the department he has coveted. While he would rather be covering rail – as he honestly reveals to us in the exclusive interview on page 7 – he can nevertheless crusade on environmental issues and the promotion of sustainable modes of transport in his current portfolio.

Philip Hammond's first interviews in his new post produced headlines declaring "the war on motorists has ended". This was a reference to the ending of central funding for fixed speed cameras and the rejection of road pricing for existing roads. This is not a headline that could have been produced from an interview with Norman Baker.

He still views lorry road user charging as a precursor to wider road

charging, not a view that will be supported (at least publicly) by his Conservative colleagues at DfT. Yet this is where Philip Hammond can leave his mark at transport, rather than have the one string to his bow as someone who – hopefully – efficiently manages the reduction in his department's spending.

He will be familiar with the Treasury's projections on revenue loss from fuel duty as cars become more efficient and greener, and the need to tap into road pricing funds. What will be interesting is to what extent these longer-term forecasts on tax take will have an impact on policymaking.

Mr Hammond understands the economic arguments for road pricing, the unrealistic cost of an infrastructure solution to congestion and the fact that the external cost of motoring is much higher in urban than rural areas. This could produce common ground between the parties in the coalition as they both have strong support in rural areas, and Lib Dem policy is to reduce the cost of motoring for rural drivers.

One likely outcome of the coalition is to leave some policy areas to the LibDems. This would mean Norman Baker being in the driving seat when it comes to bus policy. This will please the PTEs and LGA but frighten the bus operators with his openly hostile stance on bus deregulation.

- While we can speculate on how two politicians with different ideologies can deliver a coherent strategy, ultimately it will come down to how well they get on with each other, whether there is trust, and whether they can compromise. This is the essence of what makes a coalition work.

I get the impression that Philip Hammond is a good manager and people person. He does not appear to have the big ego that bedevils so many politicians and has the intellectual gravitas and emotional intelligence to make his department function well. Time will tell!

David Begg

David Begg is publisher of **Transport Times**.

# Safeguard existing infrastructure, executives tell *TT* survey



Cutting back on maintenance of road and rail can be a false economy, experts say

**M**aintaining existing road and rail infrastructure should be the highest priority for the new Transport Secretary, according to the latest Accent/*Transport Times* Senior Executive Panel Survey.

New infrastructure other than high speed rail ranked second and local transport spending was third from a list of possible priorities, while concessionary fares and train subsidies came in at ninth and tenth.

The emphasis on maintaining existing assets may reflect professionals' knowledge that cuts here can be a false economy, with unrepaired roads potentially leading to a higher level of compensation claims, and repairs costing more when they are eventually tackled.

Bus subsidies were ranked seventh, just ahead of new road capacity, and behind high speed rail and rail electrification.

Asked where the Government should seek to raise additional money, lorry road user charging was ranked joint first alongside carbon taxes and increased fuel duty. Tolling new roads came third ahead of

a flight tax on aviation. There was little enthusiasm for increasing VAT, ranked sixth.

Turning to the question of where the Government should seek to save money, concessionary fares came in second, after new road capacity. High speed rail was ranked third for cuts, despite the fact that spending would be relatively modest until construction began. Network Rail spending was voted the fourth most popular area for cuts. Bus subsidies and rail capacity/rail electrification were not considered high priorities for cutbacks, coming in at eighth and joint ninth respectively.

Overall, the majority of respondents (60%) expected the new administration to be beneficial for the economy. However, transport executives were undecided so far about whether the coalition would be good for transport, with 52% saying they didn't know, and the remainder equally split with 24% each responding "yes" or "no".

Rob Sheldon, MD of Accent, which co-sponsors the research programme, commented: "The political landscape has changed significantly

## Full ranking breakdowns

Which areas of transport should the new Transport Secretary make a priority?

	Ranking
Maintaining existing road and rail infrastructure	1st
New infrastructure not including high speed rail	2nd
Local transport spending	3rd
Network Rail spending	4th
High speed rail	5th
Rail electrification	6th
Bus subsidies	7th
New road capacity	8th
Concessionary fares	9th
Train subsidies	10th

Where should the Government seek to raise additional money?

	Ranking
Lorry road user charges	Joint 1st
Carbon tax and increased fuel duty	Joint 1st
Tolling new roads	3rd
Flight tax on aviation	4th
Tolling new lanes on existing roads	5th
Increasing VAT	6th

Where should the new Transport secretary seek to save money?

	Ranking
New road capacity	1st
Concessionary fares	2nd
High speed rail	3rd
Network Rail spending	4th
Delaying completion of infrastructure projects	5th
Train subsidies	6th
New infrastructure not including high speed rail	7th
Bus subsidies	8th
New rail capacity	Joint 9th
Rail electrification	Joint 9th
Maintaining existing road and rail infrastructure	Joint 11th
Local transport spending	Joint 11th

with the recent general election. This research is extremely valuable in giving an indication of what senior transport executives feel will be the impact on transport. However, perhaps more importantly it gives the Government a unique insight into what should be the transport priorities for the coming years. Ministers should pay particular attention to these opinions as our panel is very close to high level decision making on a day to day basis."

**If you are a senior executive working in the transport industry and would like to be part of this bi-monthly poll on hot topics in transport please contact Veronica Mujica (Veronica.Mujica@accent-mr.com). Each bi-monthly survey will take no more than five minutes to complete and all answers will be treated in complete confidence unless you give your permission for us to quote you.**



# Hammond looks for early cuts

**F**irst pronouncements from the new government have indicated that reducing the country's budget deficit will take precedence over spending programmes and that the aim is to reduce the deficit through reduced spending rather than increased taxes.

This means there will be a reduction in capital and revenue funding for transport in the short to medium term.

In addition Transport Secretary Philip Hammond has announced the suspension of all local transport schemes which are not yet contracted,

pending the outcome of the spending review. Mr Hammond said: "These schemes will be reviewed once the department's spending allocation is confirmed. I am taking this action to ensure that no taxpayers' money is spent unnecessarily on transport schemes that are now under review."

Observers also believe Mr Hammond is attempting to meet reductions in his transport budget early, allowing him to take part in the Treasury's "Star Chamber" which will scrutinise other department's budgets.

It is likely that full details of the

cuts will not emerge till towards the end of the year, following next week's emergency Budget and the autumn's comprehensive spending review.

The £6bn of immediate spending cuts announced by Chancellor George Osborne included a £683m reduction for transport, comprising a reduction in grants to local authorities of £309m, to Network Rail of £100m, Transport for London £108m and £166m of DfT expenditure. Of the DfT's share, £112m is cuts to direct expenditure and £54m from the deferral of road projects and rail rolling stock.

Start of work on three major

Highways Agency projects has been deferred, and no new rolling stock will be procured this year beyond that for which contracts are already signed. A £50m grant to Network Rail as part of the Better Station initiative has been cancelled.

The coalition programme for government, published towards the end of last month, focuses on reform of regional and local governance and the planning process for major infrastructure; continued development of proposals for a national high-speed rail network; and reform of the economic regulation of airports.

## Summary of Coalition's Transport-Related Programme

	Government Programme	Comment
<b>Airports</b>	<ul style="list-style-type: none"> <li>The Government will not support new runways at Heathrow, Gatwick or Stansted.</li> <li>Air passenger duty will be replaced with a per plane tax. Increased revenue over time will be used to help fund increases in personal tax allowances.</li> <li>The recommendations of the Calman Commission on Scottish devolution will be implemented. These include devolution of powers on air passenger duty.</li> </ul>	<ul style="list-style-type: none"> <li>BAA has withdrawn its planning applications for new runways at Heathrow and Stansted.</li> <li>An Airports Economic Regulation Bill was announced in the Queen's Speech with a goal of driving investment in airport facilities.</li> <li>More detail could be part of the Budget on 22 June.</li> <li>The Queen's Speech announced a Scotland Bill to implement Calman Commission recommendations.</li> </ul>
<b>Links between City Regions</b>	<ul style="list-style-type: none"> <li>There will be a phased introduction of a national high speed rail network.</li> <li>Further electrification of the rail network will be supported.</li> </ul>	<ul style="list-style-type: none"> <li>The Queen's Speech announced a draft high speed rail bill. This would be a hybrid bill. Supporting announcements say that HSR will be linked to Heathrow and potentially other airports and that a link to HSI will be investigated. The coalition agreement places weight on HSR as a low-carbon alternative to domestic air transport.</li> </ul>
<b>Links within City Regions</b>	<ul style="list-style-type: none"> <li>Sustainable travel initiatives including promoting walking and cycling will be supported.</li> <li>Joint working between bus operators and local authorities will be encouraged.</li> </ul>	<ul style="list-style-type: none"> <li>The Conservatives had expressed opposition to bus regulation/quality contracts but the coalition agreement is silent on this matter.</li> </ul>
<b>Transport Delivery</b>	<ul style="list-style-type: none"> <li>A green investment bank will be created.</li> <li>A floor price for carbon will be introduced and transport appraisal will be reformed to give greater weight to low-carbon transport proposals.</li> <li>A national recharging network for electric and plug-in hybrid vehicles will be created.</li> <li>There will be longer rail franchises to encourage operators to invest in improvements passengers want.</li> <li>Network Rail will be made more accountable.</li> <li>There will be a programme to introduce national HGV road charging.</li> <li>There is a commitment to "fair" pricing for rail travel.</li> </ul>	<ul style="list-style-type: none"> <li>This would suggest a reform of rail fares and ticketing.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Regional development agencies will be replaced by Local Enterprise Partnerships. These could take a similar form to existing RDAs where they are popular.</li> <li>The Infrastructure Planning Commission will be abolished and replaced with an alternative mechanism for speeding up major infrastructure projects.</li> <li>A National Planning Framework will be presented to Parliament.</li> <li>Regional spatial strategies will be abolished along with regional housing targets. Planning for housing growth will be a local authority matter.</li> <li>Consideration will be given to abolishing regional Government Offices.</li> <li>Directly elected mayors will be created for the 12 largest English cities (subject to local referendums).</li> <li>Local government finance will be reviewed, with the goal of greater local autonomy on decision-making. Measures will be introduced to prevent councils applying supplementary business rates if this is opposed by a majority of businesses.</li> </ul>	<ul style="list-style-type: none"> <li>The Queen's Speech announced a Decentralisation and Localism Bill. This would include abolishing RSSs and the IPC and enable the creation of Local Enterprise Partnerships as well as reforming local authority planning and housing powers and giving greater financial autonomy to local government. Business secretary Vince Cable has indicated that LEPs may take a similar form to existing RDAs where they enjoy clear public support and that in reviewing RDA functions and budgets the Government will seek to mitigate the impact on economically vulnerable parts of the country.</li> <li>It is not yet clear whether the National Planning Framework will complement or supersede National Planning Statements.</li> </ul>

If pressed Norman Baker will half-jokingly admit he would “rather have had rail” as his brief. Then he quickly adds that much more significant is the fact that he’s the first Liberal transport minister for 65 years, since Archibald Sinclair was minister for aviation during World War II.

Norman Baker had impressed as Liberal Democrat shadow transport secretary for the last two years. So, as you’d expect, the new minister of state with responsibility for regional and local transport, buses and taxis, concessionary fares, walking and cycling and alternatives to travel seemed on top of his brief when we met last week. His responsibilities give him a big chunk of the sustainability agenda, an issue close to Liberal Democrat hearts.

Some think Mr Baker, from the radical wing of the LibDems, might be an uneasy pairing with his Conservative boss, Transport Secretary Philip Hammond, a man with a business background who as shadow chief secretary to the Treasury before the election is thought to be steeped in Treasury orthodoxy.

However, Mr Hammond seems to have genuinely delegated responsibility to his coalition partner. At a recent meeting of the two with bosses of the big five UK transport operators, there was some surprise that Mr Hammond was content to hand over the meeting to Mr Baker, and that the meeting turned out to be rather more critical of the industry than expected.

So we were keen to get his views about the issues facing buses, not least the possible loss of bus service operators’ grant or concessionary fares and what this might mean for fares in general.

One of the most immediate concerns for the industry is the current investigation by the Competition Commission, and the findings of a report to the Department of Transport from consultant LEK, which is believed to suggest bus operators are making excess profits. Mr Baker confirms it will be published imminently.

“That’s work commissioned by the last Government to look at company profits as part of the departmental work for the Competition Commission. I’ve had a look at it, it will be published shortly and that’ll be the department’s submission [to the investigation],” he says.

**TT: Does it say profits are excessive?**  
“Well, we probably ought to wait and see what it says when it’s released in due course, but it’s an interesting report.”



## Rising to the challenge

The new minister for local and regional transport is a Liberal who is seen as an instinctive regulator. What does this mean for bus operators, who already fear cuts in subsidy and collapsing profits? And how does he get on with his Conservative boss? **David Begg and David Fowler quiz Norman Baker.**

**Norman Baker at TT's great transport debate in February**

**One of the areas of possible tension between the coalition partners is over bus regulation, with the Liberal Democrats in favour, while the Conservatives prefer looser partnerships. But if you take the view that regulation requires a significant injection of taxpayers' money, does that rule it out for now in any case?**

“I’m not sure I accept the premise. It’s certainly the case that regulation in London has been enormously expensive; the figure for bus subsidy has gone from £1m in 1999 to £723m last year, and frankly there are questions as to whether the public is getting value for money from that arrangement. I don’t think it necessarily follows that regulation ends up costing more money.

“If you look at what’s happened since deregulation, bus company profits have increased, fares have increased above inflation, subsidy has increased, and patronage has by and large gone down. That seems to me not to be overall a success story for passengers or for the taxpayer. But

there is an issue as to whether regulation will get better value for money. I don’t think we’re starting from a philosophical, entrenched position either [on the part of] the Conservatives or the Liberal Democrats that regulation is good or regulation is bad: I think we start from the same position, that we want to get people on buses, we want to get better value for the taxpayer and we want to get better value for the farepayer. And it’s how you achieve that that is of interest.”

**There are two schools of thought on profits: the passenger transport executives say bus company profits are excessive. The City sees returns falling and profits squeezed. Do you accept that companies have to achieve a rate of return to keep their paymasters in the City happy?**  
“Well I don’t want to go into the LEK report but it does go into those sort of issues in some detail. We have a process which is in train with the

**turn to page 8**

**“The transport section of the coalition agreement is something I’m very comfortable with**



from page 7

Competition Commission; I think it's right to that the inquiry was set up. It will be taking evidence as to what the economics of the bus industry are, whether there are barriers to entry, whether or not monopolies are being created and exploited; we'll have a definitive view at the end of that which is not from the local authority point of view, a political party's point of view, or the bus industry's point of view but from somebody who is independent. And I think that's quite a good way forward."

**A lot of people are anticipating that the Bus Service Operator Grant is going to be abolished... is that a decision for the comprehensive spending review?**

"There are two parallel processes – there are the internal DfT arrangements as to how we believe we can best use the money we've got to achieve our ends – and our ends include a reduction of carbon emissions from the transport sector, and they include sustaining local economies.

"As far as bus operator grant is concerned, the issue is how best can that contribute towards particular objectives? Is it right we just have a fuel duty rebate, nothing else, is it right we have a kind of halfway house the Labour government started, a fuel duty rebate tempered by incentives to have smart ticketing

**Both parties have been committed to taxing bad things rather than good things – I don't think that's changed**

or anything else you want to have driven along, or do you think that the decentralisation agenda is such that it's better to have that decided more at local authority level?

"We're looking at all the options: we've met the big five companies, we'll be meeting local authorities and PTEs. But in parallel to that, there's a process going on which is Treasury-driven, looking at how we're going to deal with the enormous financial difficulties the country's got.

"We've got a process whereby we're looking at whether or not you have whole areas you opt out of across government rather than 5% salami slicing. I'm much more of the school of thought that says let's cut out ID cards full stop and save all the money for ID cards, for example, and I think we need to make these big decisions. But where that will come out I don't know – I don't think anyone does at the moment."

**Is the idea of replacing the fuel duty rebate by a per passenger subsidy still a live one?**

"Well, there's nothing ruled in and nothing ruled out. The per passenger idea has certain benefits that you're familiar with... on the downside what are the implications for rural bus services arising from that? You've got to weigh all these things up together and see how best to deliver a rather complicated mixture of policy objectives."

**Brighton & Hove is one of the few companies that have increased passenger numbers in recent years**

**The bus industry argues that BSOG is exactly equal to the total profits that were made by the UK bus industry last year. There is the concern that if it goes, profits go.**

"Well, I think the bus industry's profits are rather difficult to tie down because most of the big operators are not just bus companies and it's therefore not always very easy to separate out exactly which profits and losses relate to each part of the business."

**Is there a recognition that if the Treasury says that in this climate we can't justify BSOG, that fares will go up above the rate of inflation and services will be cut?**

"Fares are going up at above the rate of inflation and services are being cut – that's happening now. Fares have gone up 24% since 1997, and patronage has started creeping up again only because of concessionary fares, frankly. One or two very good companies, like Brighton & Hove, are the exceptions rather than the rule, so the present situation is not working terribly well in either the interests of the taxpayer or the farepayer. That's one of the conclusions I've reached already and we have to try and find a way of addressing that."

**Are you concerned fares are inevitably going to rise faster than the rate of inflation, but the cost of motoring will rise at a slower rate so motoring becomes relatively cheaper?**

"The trajectory over the last 30 years under previous governments of both colours is that the cost of motoring has decreased in real terms while the cost of travelling by bus and train has increased in real terms. The issue is whether we can find a way of dealing with that. I take the view that if we're going to make significant inroads into carbon emissions from transport then the relative cost of travelling by car, bus, plane train, has to be taken into account. But there are external factors which will impact on it as well as what the Government does. The long-term projection for oil prices is steeply upward and that's going to push up the cost of road transport. And that means if you have, for example, an electrified rail network, that's going to become in relative terms cheaper than road transport if road transport hasn't cleaned up its act."

**One of the policies you advocated as the LibDems was shifting the burden of taxation to "pay as you burn" rather than pay as you earn – the Conservatives favoured this as well. We might have expected to**



**have heard more about it given that we know there are going to be tax increases.**

"Well, we've only had a month of the new coalition government. I suppose all governments say this, but we have found all sorts of nasty bills under the stones to pay, and the situation is generally worse than we thought it was going to be. And there's been a need to try and deal with that reasonably. But both parties have been committed to taxing bad things rather than good things – I don't think that's changed philosophically and we've got people in key positions from both parties who understand that very very well indeed. Just because you haven't heard that come out in the last month I wouldn't be pessimistic about it."

**You still hold out hope that we can have this radical shift in taxation?**

"I do hold out hope we can move in that direction, yes."

**Is the concessionary fare regime sustainable?**

"I think the safe thing to say at the moment about everything is that nothing is ruled out. I've asked for a report on concessionary fares which has just arrived on my desk. I wouldn't want to cause unnecessary alarm by saying we're going to make radical changes but it's incumbent upon us to look at all the options: who qualifies, the age you start at, whether it takes in rail – one option could be to try and combine concessionary fares with the senior citizen railcard."

"I think the great thing about having a new government, and indeed having a coalition government, is you can start with a blank piece of paper and say let's look at this from scratch. I don't think we should automatically assume it's all doom and gloom. There's the option of coming up with some interesting ideas that may not cost very much money. But it's an issue for the Treasury ultimately as to how far if at all it wants to start means-testing stuff. That's not for us to say over here."

**Were you disappointed that in the coalition agreement road pricing was ruled out?**

"Well it wasn't quite ruled out, was it, because we're moving forward now with lorry road user charging and that can be seen as an important step in establishing the principle that there is payment for use of the network. And it might also create an infrastructure which might be usable in the future. The LibDem manifesto in the end said we will prepare in

the first Parliament with a view to having something in the second Parliament, so there's not a great deal of time lost by what's happening now. The transport section of the coalition agreement is something I'm very comfortable with."

**What is the coalition position on the High Speed 2 route, which you endorsed as LibDem shadow transport secretary while the Conservatives reserved their position?**

"To be fair that's not quite true. What I did say was that it seemed to me the route the Labour government had chosen had merits to it. I didn't actually endorse the route. I said we should have one route for consultation out of which will flow any problems – because what happened in HS1 was a disaster, where you had all these different routes for consultation which blighted a huge number of properties everywhere in Kent."

"I think it's right to have one route and focus on that. Obviously the Secretary of State is now looking at variations, which the Tories said they would do. The process is quite inclusive – I've been involved in the meetings with HS2 and so on in the department, I've looked at different options, and I think by and large that the objectives we've all got are the same, which is to deliver a high speed rail network going as far as it can providing the best value for money, and getting on with it as quickly as we can consistent with the financial situation."

**You're steeped in a Liberal Democrat radical sustainable transport agenda, and alongside someone like Philip Hammond who's come from a business/Treasury background, I can't help thinking it's going to take some time for you to get on the same page, if you ever will...**

"I think that completely overstates the position. We have a shared view about sustainability – Philip's got that too; he's given me the brief, which is about sustainability; he's written into the brief stuff that wasn't there under the previous government such as alternatives to travel, looking at videoconferencing, looking at home working, all that sort of stuff."

"There's a lot more in common than you might imagine. The sustainability argument and the economic background that he's got actually coincide, because when you start analysing the economic consequences of the different activities and you start using economic instruments as is in his training to

do, then you end up with some of the solutions that I want to see."

"I don't want to put words into his mouth but ultimately he would understand the value of, say, lorry road user charging because it's an economic measure to achieve something. Philip will look at the situation from an economic point of view and say, actually there is an economic value to poor air quality, to greenhouse gases and so on. So I think it's not true to say that we're that far apart. We might come to it from different directions but we'll get to the same point."

**The survivors: few would have bet before the election that Baker would be the only one of this triumvirate to be a minister**



## Norman Baker's CV

Norman Baker has been MP for Lewes since 1997. Born in Aberdeen, he moved to Hornchurch in Essex in 1968 and took a degree in German at Royal Holloway College, University of London.

After university he held a variety of jobs, including a regional executive director for Our Price Records, being in charge of a small railway station, and was also employed as an environmental campaigner.

He was elected to East Sussex County Council in 1989; in 1991 he led the Liberal Democrats to victory on Lewes District Council, becoming that council's first ever Lib Dem leader. He was elected as MP for Lewes in 1997 becoming

the seat's first non-Conservative MP since 1874.

As an MP Norman made his reputation for uncovering scandal and exposing conflicts of interest and uncomfortable facts; in 1998 he was named "Best Newcomer MP" for his campaigning on environmental issues.

He joined the Liberal Democrat shadow cabinet in October 2002 where his roles have included shadow environment secretary, and shadow minister for the Cabinet Office.

He was appointed Shadow Secretary of State for Transport in 2007, where he has campaigned for better and greener public transport.

## David Begg's

## MINISTER WATCH

*Transport Times'* publisher **David Begg** keeps his eye on Philip Hammond's first month in Great Minster House



**Thursday 13 May:** Press conference with transport journalists 24 hours after his appointment as Secretary of State for Transport. Philip Hammond gave an impressive performance with an early command of his brief. First impressions count and the press pack clocked they were dealing with an intelligent individual who came over as engaging and unassuming. However it was clear that changing the way we travel was nowhere near the top of his agenda!

**Friday 14 May:** Fixed safety cameras will no longer receive central Government financial support and the road safety grant will be cut by £38m. Yes, we have to cut spending but I'm always nervous about doing anything which could comprise our good road safety record. I hope the road safety campaigners are wrong when they say that this will cost lives.

The RAC Foundation's Professor Stephen Glaister is on strong ground when argues that accidents cost the country £18bn each year and that a few million spent trying to prevent them is good value for money.

I'm longing for a minister to say that if motorists don't want to pay fines they should stop speeding.

Simple message. Not sure if the *Daily Mail* would like it though.

**Thursday 27 May:** Interview with Joe Murphy, political correspondent of the *Evening Standard*. This was a good scoop for the paper. The headline was about getting tough with BAA, the owner of Heathrow, about improving the customer experience – particularly reducing the check-in

**Better value for money is the only way we are going to protect train services**

queues. Probably didn't take account of the dramatic improvements that have taken place at Heathrow in the last couple of years – especially Terminal 5. Buried in the story was a good policy direction on how the Civil Aviation Authority should incentivise airport operators to make things better for passengers. This would be supported by BAA.

**Friday 28 May:** Letter to Rick Haythornwaite, chairman of Network Rail, urging him to keep executive bonuses in mind. Good move. It allows the minister to cover himself if bonuses are in the press firing line and it reminds everyone what his main focus is – cutting spending. It chimes with the coalition's strategy of the top earners in the public sector leading by example. Look out for sharp exchanges in the coming months between DfT and Network Rail.

**Monday 14 June:** The McNulty Rail Value for Money Study is brought forward. A necessary move. The £5bn spent annually on rail is not sustainable in this climate. With the rail regulator expressing concern that Network Rail is 30-50% less efficient in maintenance and renewals than comparable European railways, Mr Hammond is right to question why our railways 'are so much more expensive than those in the rest of Europe'.

For those rail buffs (I have to confess to being one) who defend every penny spent on our railways, they should remember that better value for money is the only way we are going to protect train services and avoid hikes in fares.

## Assured performance from Hammond

**Tuesday 16 June:** Just before we went to press I attended Philip Hammond's first speech as Secretary of State for Transport to a London First audience.

Transport Secretaries are either on their way out of cabinet or it's a stepping stone to something bigger. With Mr Hammond the latter applies. He looks a future Chancellor of the Exchequer. His performance was assured, panoramic and engaging.

He talked about the coalition's shared vision to get the UK back on the road to prosperity and a low-carbon future. Discretionary expenditure was to be axed and he wanted to absorb budget reductions through productivity gains in the first instance and not by cutting front line services. It was going to be an era where we had to "sweat

public assets" and project costs had to be "ruthlessly controlled". He talked about the country having a "moral duty" to do this.

It was during the question and answer session that Mr Hammond demonstrated that he had quickly mastered his brief. He sent a warning shot out to Boris Johnson that the new arrangements for Tube Lines must demonstrate value for money and be independently assessed and benchmarked. It was important that Transport for London ditched the costly parts of the PPP but retained the good aspects.

He spelt out again the Government's commitment to Crossrail and Thameslink. They were not just important for the economy of London but for the UK.

He was at pains to stress that the coalition's opposition to a third

runway at Heathrow did not mean it was anti-aviation.

The answer he gave which I thought was suspect was his argument against the third runway on climate change grounds. There are noise, community severance and local pollution costs but unless the Government is going to reduce the demand for flights I fail to see how restricting runway capacity in this country is going to cut CO<sub>2</sub>.

In response to a London First Report, which highlighted the wider economic benefits from transport projects in the capital, he said that while investment appraisal was important the Government also had to be aware of "regional equity".

A good performance and full marks to him for hanging around to speak to people for some time after his speech.



# Put social regeneration at the heart of the recovery

Projects such as the East London Line show how transport and social inclusion can contribute to the rebalancing of the economy and employment

**D**avid Cameron's first major speech as prime minister, in late May, was on the economy. It dealt with the question of the shape of the economic recovery his coalition government wants to inspire. He said: "Our economy has become more and more unbalanced, with our fortunes hitched to a few industries in one corner of the country."

It attracted surprisingly little comment. Cameron wants to re-balance Britain, not only to strengthen the economy outside the now clearly over-represented financial & business services sector, but also in spatial terms. He wants to see expansion shift to areas outside south-east England. As he said: "It doesn't mean ignoring London – in fact we support Crossrail – but it does mean having a plan to breathe economic life into the towns and cities outside the M25."

The shift David Cameron seeks has profound implications for transport. Market demand has led to a situation over the last 40 years where growth takes place south-east of the famous Wash/Severn diagonal, and, absent a firm policy on development and strategic planning at a national level, this would surely continue for the next 40 years. This is because London is a world city, with all the attributes and advantages that term confers. We live in a highly centralised country, and that's why the south-east has long prospered in a disproportionate way.

But are there any real instruments to change this, you'll wonder, and – if you can remember that long ago – didn't all earlier attempts at regional development fail?

It would be harsh to decry the achievement over the last 40 years of at least averting massive decline across the Midlands and the North, Scotland and Wales. While the hearts of the inner cities and industrial bases were ripped apart, the populations of the larger city regions remained largely unchanged. True, employment is now far too heavily placed in the

public sector, and this is one reason why it is seen as essential to back smart manufacturing, value-added design and production, the creative industries, new green technology and so on. Better that than civil unrest or a further drift south-eastwards.

One instrument that the government will have at its disposal is – wait for it – a national planning framework. While rejecting Labour's National Policy Statements (plural), there will be an overarching planning statement (singular) across national economic, environmental and social priorities.

**This is an opportunity to set out a transport policy embedded in a wider notion of what we're trying to achieve**

This is an opportunity to set out what we surely all would welcome: a transport policy described in broad terms and embedded in a wider notion of what we're trying to achieve together across a spectrum of policy fields.

But we ought to be seeing some more flesh on the outline given by the prime minister *before* the detail of the spending cuts is worked through. There will be spatial distribution implications from whatever is decided: just think of the major transport projects being lined up for the shooting gallery, which include Crossrail as well as Thameslink, hard shoulder running on motorways, and the Manchester Hub. All these build capacity and have good business cases, but wouldn't it be wise to have some sense of purpose? Do we still believe in the projections of the London Plan for 2025 that Mayor Livingstone so wisely used to underpin the capital's

transport planning, and secure the case for Crossrail?

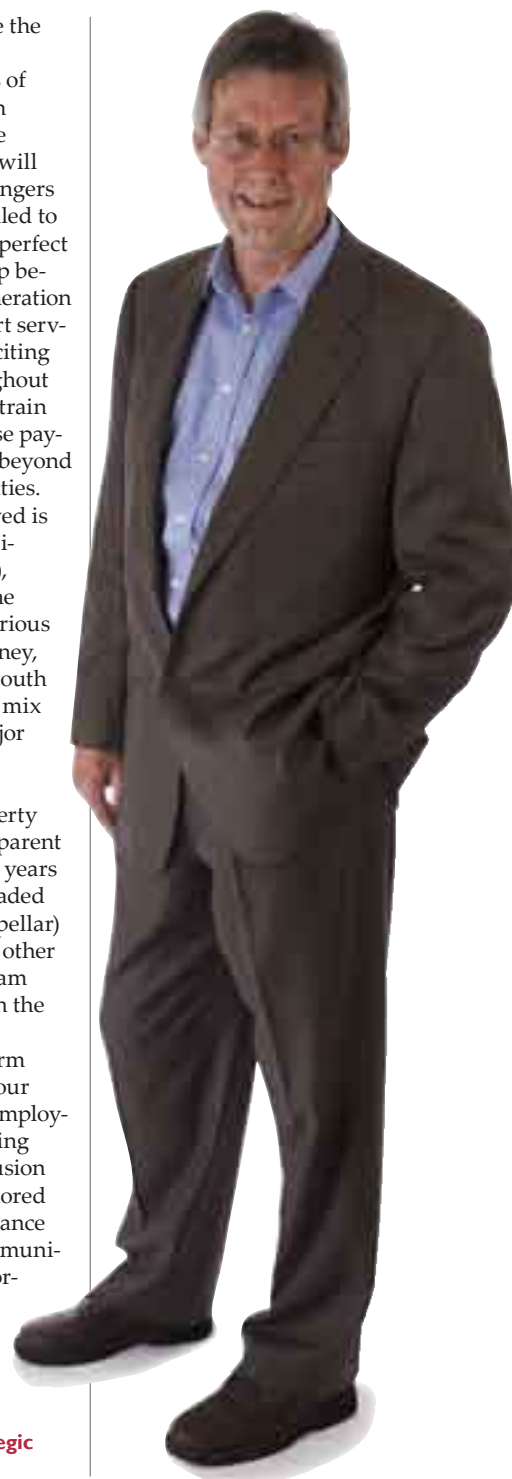
Well, we shall see the results of the East London Line extension soon enough, and, if the Jubilee Line Extension is any guide, it will probably carry a flood of passengers that the demand forecasters failed to anticipate. It also serves as the perfect model to assess the relationship between social/community regeneration and transformation of transport service quality. Its stations have exciting designs, and are staffed throughout operating hours, there's a new train fleet, Oyster cards form the base payment system: this is a package beyond the dreams of our provincial cities.

Yes, the density of areas served is high, with a mix of already revitalised urban villages (Hoxton), established suburbs south of the river and a string of areas of serious social deprivation across Hackney, Tower Hamlets and the inner south London boroughs. But this is a mix commonly found in all our major cities.

It was the congruence of the planned line of route with poverty indicators, together with its apparent shovel-ready status after many years of painful planning that persuaded the minister of the day (John Spellar) to authorise its funding. Sadly, other equivalents (think of Merseytram Line 1) didn't follow suit, lost in the 2003 spending round.

Social regeneration has to form part of the story of rebuilding our national economy on a wider employment base. With PTEG reminding us recently that the social exclusion agenda seems to have been ignored of late, we need to seize this chance to study the effects on our communities of what amounts to transformational investment in local transport.

**Jim Steer is a director of Steer Davies Gleave and was responsible for strategic planning at the erstwhile Strategic Rail Authority.**



# In praise of a different kind of Subway

Bus passengers value punctuality more highly than service frequency, and time spent waiting at interchanges can be used productively if there is somewhere comfortable and conducive to working nearby



**T**he only hidden blessing I have observed from rupturing my Achilles tendon is that it has forced me to catch buses and given me a much better perspective of the real backbone (sorry all you rail enthusiasts) of Britain's public transport network.

I occasionally felt pangs of guilt, during nine years as transport correspondent of *The Times*, about failing to get more bus stories into the paper. It was always much easier to sell stories about trains to my news editors, even though buses attract three times as many people.

Snobbishness and steam-driven nostalgia help explain why there are 50 rail stories in the national press for every one about buses. The railway is also seen as an important national public service and we judge our political leaders on how well they run it.

Buses are a local issue and it is much less clear whom we should hold responsible for their quality.

Buses require no grand new infrastructure from which politicians can garner cheap publicity by cutting ribbons at openings (unless you count the outrageously expensive and late Cambridge guided bus, which is in fact trying to imitate a train).

Yet it is buses, not trains, which must take the strain if we are to achieve major modal shift to low-carbon modes of transport. The railways would be dangerously overcrowded with just 10% more passengers at peak times because there are no more paths available. Bus operators could provide any number of extra services as long as they could be sure of a continuing market for the extra vehicles and drivers.

However, the number of bus services in the next couple of years is likely to shrink under the public spending squeeze, even if passenger numbers continue rising. The frequency of many rural routes will decline as

subsidy is withdrawn.

But the big learning point for me, as an enforced bus passenger temporarily unable to cycle, has been that frequency is not as important for many people as I had always thought.

London's metro-style turn-up-and-go train had made me lazy about consulting timetables and I often arrived too early or late. On Solent Bluestar Route 9 from Hythe to Southampton, I met several people who had memorised the entire timetable and timed their arrival at the bus stop to the minute. They knew the precise time of the ridiculously early weekday watershed (6.20pm) when Route 9

**Public transport professionals talk about the end-to-end journey experience, but rarely look at the facilities outside their own networks**

shifts from being three times an hour to once an hour.

My straw poll revealed that punctuality and reliability (both 100% for my 20 journeys in the past three months) were much more important to regular passengers than frequency and overall journey time. This suggests that bus companies forced to cut services could soften the backlash from passengers by running the remaining services precisely to timetable.

Long gaps in services can of course become a problem when the passenger needs to change to another bus or train. Yet I discovered, from several long waits at Southampton Central station after arriving on evening trains, that the amount of irritation I felt was linked not to the length of time spent waiting but to the degree

of comfort in which I waited.

Waiting rooms and bus stops are always miserable places, but being able to find a café with comfy chairs and good coffee near the stop transforms the experience.

In the Blackberry and iPhone age, no moment ever need be wasted because there are always another dozen emails in your inbox. Until recent years, most of us were only able to be productive when at the office. Now we can work anywhere, as long as the surroundings are conducive (ie not a windswept bus stop shared with a drunkard swigging Special Brew or teenager unwilling to keep his stereo personal).

Lord Adonis complained last year about being unable to buy a cup of tea after 8pm at Southampton station during his national fact-finding rail tour. If he had ventured just 50 yards outside the station, he would have found a Subway with leather armchairs open until 11pm.

Bus companies should start publishing links on their timetables giving the nearest café to each stop and its opening times. Perhaps they could negotiate discounted coffees for their bus passengers.

Public transport professionals often talk about the end-to-end journey experience, but rarely do they look outside the facilities within their own networks. Solent Bluestar and Subway are now part of my commuting network, but I bet those two companies have never spoken to each other.

Bus companies love to brag about their real-time information displays, but why are they only at stops where it's hard to use the waiting time productively? They should install the displays inside convenient cafés.

Buses are never going to compete on speed, but comfort and predictability can more than make up for the extra time in transit.

**Ben Webster is environment editor of *The Times*.**



# A bold Transport Secretary can still leave a mark

Even with money in short supply, there is scope for Philip Hammond to make a significant impact during his tenure at the DfT if he is so minded

It is rather ominous, but hardly surprising, that the new Transport Secretary Philip Hammond put reviewing spending as the first of the tasks he has been allocated.

We all know that the axe is going to be wielded and that transport is a prime target. Already in the £6bn first round of cuts, transport took 11% of the hit even though it represents only 4% of government funding. Worse is surely to follow in the emergency budget and spending review. What can Mr Hammond do to make any sort of mark – if, indeed, that is what he wants to do?

There is more scope than he might think. The lesson that can be drawn from the 13 years of Labour rule is that the character of the ministers and their ability and desire to get things done can make a tremendous difference. Crucially, it is not all about money. John Prescott may have been constrained by the financial situation and by the “teenyboppers” in No 10, but he did manage to save the Channel Tunnel Rail Link and produce a ten-year plan which, had it been implemented by his followers, would have brought widespread benefits to Britain’s transport system.

Lord Adonis showed just what could be done with imagination and knowledge. He not only got the HS2 bandwagon on the road, but restarted the railway’s long-dormant electrification programme and kept the train operators on their toes, none of which cost very much. Alistair Darling, on the other hand, was a sitting-on-his-hands transport secretary with a deliberate intent to avoid doing anything, who consequently left no inheritance. Nobody will ever suggest naming a locomotive or train *The Alistair Darling*.

Transport secretaries tend to be either road or rail oriented and undoubtedly Mr Hammond is of the former ilk. His expenses claims may not have attracted the attention of the *Daily Telegraph* but they were spot-

ted by sharp-eyed *Rail Professional* columnist Paul Clifton, who noticed that Mr Hammond spent only £225 on trains in 2008/09 compared with £1,800 on car mileage. What makes that all the stranger is that he is MP for Runcorn and Weybridge, typical commuter country.

Mr Hammond said that when he was stuck in traffic jams, he used to long to be transport secretary and sort out the mess. I suspect he now realises it was a wish that might have been better left unfulfilled. There are few quick gains on the roads. Since money is in short supply, big road schemes are out of the question. Better to focus on the management of the system.

**The lesson from 13 years of Labour rule is that the ability and desire of ministers to get things done can make a tremendous difference**

The Highways Agency has improved immeasurably the operation of the trunk road and motorway network over the past few years but there is still much to be done. Mr Hammond’s hand will be limited to ensuring that the provision of information is improved, accidents are cleared up more quickly, new technology is applied to better effect – far more effective than spending more than £1bn on one improvement scheme to the A14.

On the railways, there may be more scope to please people, even with limited resources. Somehow, by cajoling and negotiating with the train operators, Mr Hammond has to persuade the train operators to be more responsive to consumer needs. As Adrian Lyons, former

director general of the much-lamented Railway Forum, put it at a recent conference, “one searches in vain for any statement that pleasing the passenger is the purpose of the train operators’ business and that poor service will be immediately recompensed”.

Indeed, the whole performance regime is something that Mr Hammond could look at. Currently operators are rewarded for disruption by Network Rail, while they routinely fail to ensure people entitled to refunds get them by failing to provide information on delayed trains.

The other area of possible gain for Mr Hammond is Network Rail. As Mr Lyons suggested in the same speech, there is a need for far more openness in the rail industry, and much of that starts with Network Rail. The information it provides publicly is insufficient to ensure that the public – or indeed the government – knows whether we are getting value for money. There is also a case that the operators should stop hiding behind “commercial confidentiality”. Opening up the industry to more scrutiny will not cost anything and will undoubtedly highlight areas where there are huge potential savings.

So the question for Mr Hammond is this: will you go the way of Mr Darling and sit on your hands, or will you use the austerity period to be innovative? It is worrying that Mr Hammond has the same sort of Treasury feel to him as Mr Darling, but it is to be hoped that he will have more imagination than our ex-chancellor in making best use of resources, and more political ambition to leave a mark.

**Christian Wolmar’s new book, *Engines of War*, will be launched with a lecture at the German Gymnasium, St Pancras, on the evening of Tuesday 28 September at a charity event in aid of the Railway Children. For tickets, contact the Railway Children website at [www.railwaychildren.org.uk](http://www.railwaychildren.org.uk).**



# Public-private integration could benefit both sides

Spending cuts do not mean there will be any less need for skilled staff. A closer relationship between local authorities and private consultants and contractors could be the answer



**A**s local government braces itself for the funding cliff face of 2011/12 on top of the massive in-year savings we are expected to make in 2010/11, it is almost inevitable that the soft targets of development and training budgets, coupled with the use of consultants and contractors, will be at the forefront of the thinking over where service cuts will need to fall.

The irony is that in such difficult times we need highly skilled and motivated staff more than ever to help us through. However, the relationship between these two target areas could help ensure the continuity of the transport profession, which finds itself in serious jeopardy as the government grapples with the task of reducing the huge national deficit. How and where the axe falls will affect the industry for decades to come.

In recent years the public sector has had the good fortune to ride the growth wave and there is a whole generation of transport professionals and managers who have known little else other than the rationalisation of back-office functions. It remains to be seen how they will cope with unprecedented front-line service cuts. The more astute will be thinking ahead about the skills and capacity we will need in future in the light of the new financial reality.

Many will be seeking to grow and develop talent from within, but the ability to do this and attract the right calibre of staff to local government will be difficult if career prospects appear limited. It is against this background that we will be looking to our colleagues in the private sector for help and support in providing the breeding ground for the next generation of transport professionals.

The downturn in public spending will have its knock-on effect on our private sector colleagues. At

a time when local authorities will be questioning the value of traditional consulting and contracting arrangements, a new opportunity will arise for the private sector to come forward with new offers more focused on delivering results and a wider range of outcomes, including a legacy of public sector skills and capacity, given that no organisation will be able to retain the complete range of competences needed for the future in a viable way.

Greater "integration" of our collective workforces will be a natural progression regardless of who is responsible for pay and rations.

Local authorities will be looking to reduce their revenue burdens by

**Local authorities will be looking to reduce their revenue burdens by taking staff off their books while at the same time retaining control over policy direction**

taking staff off their books while at the same time retaining control over policy direction. The private sector that relies heavily on public finance will in turn need to reposition itself and diversify in order to meet this challenge if it is to survive.

There is no doubt that we are in this together. Within my own county of Northamptonshire we are well on the way towards such integration and the early signs reveal a tremendous potential for a win-win situation that will safeguard the profession and at the same time provide improved service quality. It's not just about cuts.

It will not be long before the de-

bate turns sharply towards increasing productivity rather than just making savage cuts. A recent CBI report suggests that productivity in the public sector declined by 3 to 4% in the decade 1997. A rise of just 1% a year could result in savings for the taxpayer of around £31bn annually.

Getting the best out of staff and optimising all our available resources, including our assets, will be paramount given the size of the national budget deficit. This will involve developing much better workforce management as well as rethinking processes that span the public and private sectors. Both parties will need to be better engaged in understanding the values of local authorities if productivity is to be increased.

Decreasing the reliance on consultants and partner contractors which provide traditional services is likely to be one step on the journey, but it does not follow that there will be a weakening of our interdependence. We need to change fundamentally the way in which we work and redefine the public/private sector relationship in the transport sector in order to meet the challenge of localism and to help people to help themselves. To do this we will need a new approach and new skills appropriate for the task.

We know from experience the long-term impact on skills and capacity of turning the financial taps on and off, but we've never really taken the steps needed to preserve the future of the industry. Attracting the right sort of people has always been difficult. We have a long way to go if we are to turn things around.

**Tony Ciaburro is corporate director for environment, growth and commissioning at Northamptonshire County Council.**



# Looking for cuts? Start with free bus travel

Paying for concessionary travel for all over-60s, many of whom are relatively well-off and still in full-time employment, makes no sense when alternatives would hit poorer families

**T**wo weeks ago a convoy of engineers, labourers, diggers, excavators, tarmac layers and assorted machinery arrived in my quiet London street and proceeded to dig up the road. The work, replacing the top surface, took nearly a week, with the inevitable accompaniment of noise, fumes and disruption. The convoy then departed around the corner to a neighbouring street and proceeded to dig that up.

Goodness knows what all this was about, let alone the cost which must have run into tens of thousands of pounds. There is not a pothole in sight for miles around this residential area. I can only assume that the council has money to burn and is coming to the end of a year's budget, so needs to spend money fast. Perhaps that also explains why many of the pavements are being relaid and replaced with new paving stones though the old ones appear to be fine.

The Chancellor, George Osborne, has asked for ideas on how to fill his budget hole. Well, here are four. The first is to put a stop to unnecessary make-work such as the above.

The second is to speed up essential road works by a system of licence fees and fines on contractors. Victorian sewers and leaking gas pipelines have to be replaced. But drivers are rightly infuriated by key traffic junctions being paralysed for weeks without any obvious work being done, even during the day. Twenty-four-hour working should be the rule where delays merit it. The sums should not be difficult to work out.

A third would be to insist that all new road construction should be financed by user charges wherever practicable. A fourth would be to reintroduce lorry road charging, which would not only have the benefit of raising revenue from foreign-based vehicles, but would also equate the damage done by heavy

goods vehicles to the revenues produced by them.

The harsh austerity that the government warns is just ahead will only be acceptable if the targets are carefully chosen. Before benefits and pensions are cut back for working families, and hundreds of thousands of public sector workers lose their jobs, it is folly, as the ministers have done, to exclude from review state handouts to often wealthy pensioners. There is no reason why these large transfers of taxpayers' money (£4bn and rising fast), ranging from free travel and winter fuel payments to free eye tests and prescriptions, should not be subject to means testing.

**The most obvious target for a cut is the free travel subsidy given to all those over 60**

The most obvious target for a cut is the free travel subsidy given to all those over 60, which has cost the 33 London boroughs more than £2.5bn over the past 20 years. To subsidise the travel of those still in a full-time job, often at the peak of their earning power, while those who really need help have to pay full whack, is absurd. At a time when life expectancy is growing, and we are all being urged to work longer, it makes no sense to dole out such a bonanza to the relatively well-off young.

One reform would be to raise the qualifying age to 75, the same as the qualifying age for a free television licence. Another would be to relate the travel benefit to income. Everyone over a certain age would qualify for a Freedom Pass, but the amount of subsidy would depend on your tax code. The government should also scrap the nonsensi-

cal handout introduced by the last government, at a cost of more than £350m, extending free bus travel all over the country.

I accept that such reforms would be unpopular. Taking benefits away from those who have them is never easy. Buckshee travel is prized by pensioners of all income levels. But the alternative choices for cuts are even less palatable, though they may not be as immediately obvious.

The political pain of withdrawing or amending free benefits could be lessened by sensible transitional arrangements, in which means-testing could be gradually introduced, and the right to free benefits could be withdrawn from those who had not yet reached the qualifying age.

Jean-Baptiste Colbert, the minister of finance under King Louis XIV of France, famously remarked that the art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing. That wise political maxim that has stood the test of centuries. But it is also important that whatever cuts and tax increases are introduced, they should be seen as fair and proportionate.

Making large transfers of taxpayers' money from one section of the population to another on the basis of reaching the relatively young age of 60 has always been dubious. It is indefensible when living standards for many poor working families will have to be cut.

**Adam Raphael, a former executive editor of *The Observer* and transport correspondent of *The Economist*, is the associate editor of *Transport Times*. He is a former presenter of BBC's *Newsnight* and an award-winning investigative journalist.**



# Choose the right cuts, not the easy cuts

There are wide benefits from shifts from big transport schemes to local projects, better management of the road network and improving rail services, while linking transport decisions to other policy areas, says **Stephen Joseph**



**Stephen Joseph:** "Transport priorities link to wider policy objectives"

**T**he new Government has made reducing the budget deficit its prime target. It has ring-fenced some budgets, but transport is not one of them. This means that transport spending is likely to be cut by 25% or more. The report that CBT produced this week *Smarter cuts: making the right cuts not the easy cuts*, looks at the implications. It argues that the Government has choices in what it cuts, and also how it does it.

So far the focus of discussion has been on specific transport projects such as Crossrail in London. But the implications of the transport priorities the Government will set go far wider than this, and link to other Government policies and objectives for the economy, climate change, social justice and health as well as how and where new development takes place. Transport spending priorities, combined with other Government decisions on transport regulation, planning and taxation, will increase or reduce the choices open to transport users.

The Government can't duck out of transport – it has a critical role to play if it wants to meet its wider objectives of reviving the economy and being "the greenest Government ever".

Traditionally, transport planning and funding have tended to be dominated by building big new infrastructure schemes. These have tended to take political and financial priority over smaller schemes and local travel; siren voices still suggest that people want to drive to places and that big motorway widening is the only answer.

This ignores the evidence from many places, here and in other countries, that if people are offered good alternatives to the car, and cities, towns and villages are planned so that people can get to places without lots of driving, enough will choose to use these alternatives that we can have prosperity and a good environment with low levels of car use.

New communications technology provides alternatives to travel – some of the arguments for new roads and airports and for providing for increased travel seem to imply a world in which the internet, broadband and remote working haven't been invented yet.

So our report sets out the choices. On one scenario, the Government could slash spending on rail and buses and on local transport, but keep building new roads. This would result in some small lengths of new roads, but potholes in existing ones. We could expect increasingly expensive and scarce trains and buses could all but disappear outside the bigger cities.

**The Government has choices in what it cuts**

This scenario would increase traffic jams, pollution and potentially road casualties, and hurt rather than help the economy and the environment. Available spending would buy very little new road because road construction is extremely expensive. Pensioners might have free bus passes, but many would have no buses to use them on. There would be an increased north-south divide.

But there are alternatives. On another scenario, even with much less money, the Government could fund a lot of smaller, local transport projects. It could focus road spending on maintaining and managing better the roads we have, rather than building new ones. It could improve and electrify rail services, while reducing the costs of providing them. It could protect and enhance bus services.

It could get freight off the roads and on to the railways. It could fund schemes and training which would get people cycling rather than using

cars for short distances. And it could join up transport so that people get a range of door-to-door transport services, with smartcards, connecting services, good interchanges and reliable information.

But this scenario is not just about transport projects themselves. We argue too that there are a wide range of new approaches that could make transport work better. These include joining transport up to other government decisions, so that for example decisions on health services or the future of rural post offices have to take account of the transport consequences.

Joining transport up to planning policy will reduce the need for people to travel and shorten journeys. It will also bring big savings to people, businesses and public spending. Bringing together local transport services so that health, education and social services are no longer commissioning their own transport independently also allows savings and efficiencies.

We also point out that there are alternative sources of funding for transport. The Government has ruled out general road user charging, but has proposed road charging for lorries and a per plane tax for aviation – some of the revenue from these could go into transport. There are also examples of new forms of local transport funding – business rate supplements, developer contributions, parking charges and others.

Our report is work in progress. We will be seeking people's views on what we've said and producing a revised version as a submission to the spending review. The decisions on transport spending that the Government will make are not just about transport – they are about what kind of society we want to live in and what kind of economy we want.

**Stephen Joseph is executive director of the Campaign for Better Transport. The Smarter cuts report is available at [www.bettertransport.org.uk](http://www.bettertransport.org.uk)**

# An overhaul of the fares system is long overdue

Passenger Focus will be working to ensure that passenger views are considered as the Government works up the detail to its railway policies, says **Anthony Smith**. Fairer prices for flexible tickets are top of the list

It has only been a few weeks since the Cameron-Clegg coalition took office and appointed a new transport team headed by Secretary of State Philip Hammond. There have been some early promises on Great Britain's public transport system which are positive – including a commitment to high speed rail, longer franchises to encourage investment in the railway for passengers' benefit and a pledge on fair pricing for rail travel. Passenger Focus is particularly interested in working with the Government on developing its "fair fare" system.

A key message we'll be reinforcing is that Great Britain's rail fares are a problem that is long overdue for a solution. While passengers are broadly happy with the quality of services they receive – 83% of passengers tell us they are satisfied overall with the railways – only 45% are happy with the value for money they are getting. The price of tickets is a key factor behind this, as is performance, overcrowding and managing delays.

To help improve passenger satisfaction, industry and government need to tackle overcrowding and continue to improve punctuality. The industry must also improve the information it gives to passengers when disruption occurs.

But price and the perception of price is fundamental. As the independent passenger watchdog, we will be lobbying this new Government to continue the policy set last year by restricting train companies' ability to increase some prices by more than the headline inflation figure plus 1%.

Additionally, passengers tell us that the fares system is too complex and passengers lack faith that they're getting the best deal on their ticket. When we examined fares, ticketing and value for money, our study confirmed that the underlying fares structure is too complex; that it must be seen to be fairer to passen-

gers; and that the price of flexibility in travel plans is too high. The research found that if you can get a ticket at the cheapest possible "buy in advance, one train only" price, long-distance travel to London can be cheaper than travel to other European cities. However, having to travel at short notice or needing flexibility can be considerably more expensive travelling to London than to the other cities.

Ultimately, a fundamental review of the long-distance fare structure is needed to improve understanding and address the issues of fairness and the high price of flexibility. In the short term, we believe there are

**A fundamental review of the long-distance fare structure is needed to improve understanding and address the high price of flexibility**

things that the rail industry can do immediately, including making the cheapest "buy on the day" return price more transparent and taking into account what passengers have paid already if they miss the train on which they were booked. Introducing an installment payment system so more passengers can take advantage of the benefits annual season tickets offer would also help.

Passenger Focus and the ORR have been building a working relationship over recent years to ensure the regulator knows the issues that matter most to passengers and can consider these when making its decisions. Passenger Focus will be meeting with the Government in coming weeks and months to ensure

it is clear on what passengers want and need from Great Britain's public transport – on the railway as well as on buses, coaches and trams.

Other messages we will be taking to the Government and rail industry generally are the need for continued investment; keep putting passengers' priorities at the heart of new franchises; don't lose the focus on performance – one in 10 trains still arrives late at its final destination; during engineering works use bus replacement services as a last resort; invest in more passenger information; and ensure there are visible staff available to help passengers.

Offering passengers an effective public transport choice will both aid economic recovery and help combat climate change. The Government and the transport industries must continue to focus on understanding what drives passengers' satisfaction and what passengers' priorities for improvement are as difficult spending choices loom.

**Anthony Smith is chief executive of Passenger Focus**

**Overcrowding is another issue passengers want tackled**



**Anthony Smith: "Put passenger priorities at the heart of new franchises"**





# This road scheme is too important to shelve

Improvements to the A453, one of Nottingham's arterial routes, have been deferred as part of the Government's initial £6bn of cuts. But it is an essential component of the city's economy, argues Jane Urquhart



Jane Urquhart: "Improvements will complement the extension of the Nottingham tram system"

**T**he A453 is a major route for our city – it links Nottingham to the M1, the A52 ring road and East Midlands Airport. It is a vital part of our road infrastructure and is central to keeping businesses and the public moving throughout the region.

The road itself is nationally recognised as one of the most congested of its type, with a poor safety record and high traffic volumes. It urgently needs widening to help it manage the flow of traffic.

The A453 has been prioritised for improvement, but after more than 10 years of developing the scheme and working to secure the funding there's a chance that the improvements could stall, depending on the priorities of the new government.

On 24 May the Treasury announced that the scheme would be deferred as part of the Department for Transport's contribution towards cuts for 2010/11. The scheme was one of three Highways Agency schemes nationally where works will no longer start this year.

A public inquiry into the scheme was completed in November 2009 and we are expecting the inspector's report to be positive. However, as yet, there has been no formal response from the Secretary of State.

The regional transport group of all East Midlands authorities agreed that the A453 is the highest priority transport investment in the East Midlands. The road is the weakest link in an otherwise impressive local integrated transport system. It is an essential piece of infrastructure required by the conurbation to accommodate planned large-scale housing growth.

The current A453 proposals will bring improvements in safety, as well as enhanced links to work, learning, leisure and services between Nottingham and the M1, including East Midlands Airport.

The A453 serves as the main arterial road for Clifton, a Nottingham

suburb with a population of 40,000 people. The traffic delays incurred as a result of insufficient road capacity make it very difficult for bus operators in Clifton to maintain a network of high-frequency bus services. Yet these services are essential for commuters and those accessing key services such as the main hospital.

The improvements are also needed to complement further Nottingham Express Transit tram developments to the south of the city. The NET extension will create a new park and ride site providing approximately 1,000 car parking spaces. This park and ride site has been designed to provide relief to the A453, allowing

**The road is the weakest link in an otherwise impressive local integrated transport system**

drivers to catch the tram to travel through Clifton and on into the city centre. It is yet another example of how the Nottingham transport system seeks to meet the rising demand for travel, through providing integrated, joined-up transport that is orchestrated to help everybody get where they want to go – in a way that is safe, minimises congestion and supports economic growth.

Congestion and road traffic accidents hold back sub-regional economic recovery, growth and business competitiveness. For this reason the British Chambers of Commerce considers the A453 scheme to be its highest priority in the East Midlands.

Many members of the business community have pledged their support for the scheme. Matthew Varley, head of corporate facilities management at Experian, said: "As an FTSE 100 company we consider the A453 scheme will provide a huge

added benefit to our organisation in terms of getting our people into work and to be able to bring customers and new business to us and the local economy. Providing a dual carriageway road that connects to the motorway network will provide a huge benefit to us and to all businesses in Nottingham. This is key to future economic growth in the East Midlands."

Roger Summerton, chair of Nottingham Development Enterprise and recently retired senior partner of KPMG in Nottingham, said: "I believe that the A453 is slowly strangling economic development in the city. It is a major impediment to inward investment and is the single most important piece of infrastructure investment required to improve the economic health of the conurbation."

We are now awaiting the outcome of the public inquiry and, with the new priorities of the coalition government along with considerable pressures on the public purse, it is possible the scheme will be put on hold for a considerable length of time.

But we believe we have a good case and strong support for lobbying the new government. Nottingham is the only core city without good dual carriageway links to the motorway network. And the benefits of upgrading the single carriageway would be widely felt by Nottingham's citizens and businesses.

The local authorities and business community will continue to support the case for A453 improvements. We will be pressing for an early response from the new Secretary of State to the public inquiry inspector's report. We will continue to work to secure funding and to maintain the scheme's top priority status at a regional level.

**Councillor Jane Urquhart is portfolio holder for transport at Nottingham City Council. For more information about the A453 and for a link to the public exhibition report visit [www.thebigwheel.org.uk/a453](http://www.thebigwheel.org.uk/a453)**

# The mayor's last chance to secure a legacy

After two years in office, Boris Johnson's tenure as London mayor has been characterised by a lack of ambition. But he can still make a mark – by defending Crossrail, says **Val Shawcross**

**A**mbition may be a “great man's madness” to the writers of drama. But to a modern City grappling with major economic and environmental challenges it is the essential ingredient for our future success.

Over the past two years we have seen the Mayor of London drop ambitious aspirational projects pursued by his predecessor such as the Cross River Tram, Croydon Tramlink extensions, Greenwich Waterfront Transit service and the Thames Gateway Bridge, citing a lack of identified funding to deliver these projects and accusing the outgoing administration of deceiving Londoners in this regard.

This simply reveals a lack of understanding about how major infrastructure projects are developed. As the Leader of Croydon Council during the implementation of Tramlink, I know that this kind of proposal needs a sustained period of all-party, community and business support, time and development, before a substantive case for funding is accepted. Dropping development funding in the earlier stages of a project simply kills it dead.

The long queue for infrastructure projects begging at the Treasury door closes up behind you and all that has been spent is wasted. In the case of the proposed Thames Gateway Bridge, PFI credits had already been allocated for the project and its associated regeneration benefits, and yet it was dropped as a proposal by the mayor in an act of shortsighted political ineptitude.

Having jumped out of the queue for this essential river crossing, it's sadly no surprise to see the mayor's Transport strategy rediscover the need for this project and try to resurrect a proposal for a crossing at Gallions Reach – although the £200m of funding which had been in place has now floated away down the river. Ken Livingstone must have had many “I told you so” moments in the last two

years – all made more poignant by London's refreshed understanding of the need to develop its infrastructure and economy beyond the financial services sector and old City walls.

London's partial success in pushing modal shift away from private cars has been fuelled by the dramatic increase in bus services since 2000 and the creation of the congestion charge zone, facilitated by those increased bus services. The current mayor's determination to see the bus subsidy as a problem and to drive up bus fares – despite the population growth in London – risks undermining the strategic achievements made in the last decade.

**The mayor's determination to see the bus subsidy as a problem risks undermining the strategic achievements made in the last decade**

And this has to be seen in the context of the renewed announcements that the Western Extension of the congestion charge zone is to be withdrawn by Christmas. Not only does this have negative implications for London's air quality and climate change efforts but it will deprive TfL of £55m in revenue each year.

Despite this, the mayor continues with a high unit cost vanity project to replace the Routemaster bus. Essentially, this is a piece of window-dressing to hide a long-term downplaying of London's bus services.

There are also questions about whether the new buses' rear “hop-on-hop-off” platforms will actually be closed off, due to the costs of employing a conductor to operate them. These are, in my view, prohibitively

expensive vehicles at this time of economic uncertainty.

Similarly, the mayor's obsession with removing the bendy-bus from service is not good value. These buses are unpopular with some, but move large numbers of people around London quickly and efficiently.

Despite pledging more success on modal shift, the mayor is promoting policies that run counter to this aim. Looking at the mayor's ill-defined “smoothing the traffic” policy, how does altering traffic signals in favour of traffic over pedestrians encourage walking rather than driving? And the new Cycle Superhighways – while admittedly still in development – have been criticised by cyclists as “superficial highways”, and merely a blue stripe on key roads.

But I believe even the mayor's wasteful and short-term attitude towards London's transport system pales into insignificance alongside the possible threats which his colleagues in the new Government pose to Crossrail. We're seeing Crossrail, and essential Tube upgrades, potentially put under threat from the new coalition government's comprehensive spending review. In a growing city, hungry for transport infrastructure and economic regeneration, we need Crossrail in its entirety, with none of the branches lopped off to make short-sighted, short-term savings. And some parts of the Tube network will simply grind to a halt if vital upgrading doesn't happen.

Winning the battle to save the full Crossrail project is mayor Johnson's last chance to secure any kind of legacy for himself and our great city. As it stands he plans nothing else which can be compared with projects like his predecessor's London Overground service, which he recently launched. Let's hope that Boris will at least leave one ribbon for his successor to cut – that of London's new Crossrail service in 2017.

**Val Shawcross is London Assembly Labour group transport spokesperson.**



**Val Shawcross: “We need Crossrail in its entirety”**

# Managing the UK Road Network with Less Public Funds

30 June 2010, ICO Conference Centre, London W1T 3DD



Our road assets are in need of maintenance. Road traffic growth needs managing and stabilising. And carbon must be reduced. However, making progress in these areas is challenging given the next decade is likely to be one of austerity – spending cuts will really start to bite and industry is going to have to ‘sweat its assets.’

To deliver future strategies a more intense focus than ever before will be made by highways professionals on generating greater efficiencies through innovation, partnership and technology especially. Realpolitik may also force the return of contentious tools like road pricing that could generate too attractive a level of funding to be ignored in these leaner times – Lorry Road User Charging is already working its way back to the current political agenda. With so much emphasis on the local, the debate may soon turn again to the national arena, with a national strategy for roads similar to the HLOS/SOFA for rail being called for.

**At this one-day event, we will be discussing a way forward for those professionals with the difficult task of having to improve the UK road network with less public funds.**

## Confirmed speakers include:

**Stephen Glaister**, Director, RAC Foundation

**Garrett Emerson**, Chief Operating Officer, London Streets, TfL

**David Leather**, Chief Executive, GMPTE

**Mel Ewell**, Chief Executive, Amey

**Jim Stevens**, Head of Transport, Transport for Buckinghamshire

**Sharon Kindleysides**, Managing Director, Kapsch TrafficCom Ltd

**George Batten**, President, Adept

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# Time for a fairer system



Lorry road user charging is firmly back on the agenda as a way of raising new revenue. But should it be based on time, or distance travelled? High-tech or low? And should the haulage industry be compensated by lower duties on vehicles or fuel? **Simon Chapman** of the Freight Transport Association and **Sharon Kindleysides** of Kapsch TrafficCom (overleaf) put both sides of the argument

**B**oth the Liberal Democrats and Tories set out their stalls early in favour of Lorry Road User Charging (LRUC), before they formed the first coalition government since World War II, so it was little surprise to the industry that the idea has now been revisited. After all, UK operators commonly face road pricing on the other side of the Channel, so why shouldn't the same trading conditions be extended to foreign lorries visiting the UK, especially now the Department for Transport has been left reeling from severe budgetary cuts?

True enough, foreign vehicles make an important contribution to the UK's economy and their presence on our roads is a reflection of the very strong trading links we have with continental Europe. However, they don't contribute a penny to Treasury coffers, leaving the taxpayer to foot the bill for the external costs they cause.

To compound the situation, foreign trucks fill up with diesel bought outside the UK, where fuel duty is far lower, so not only do they avoid contributing to the UK economy at the pumps, they also put domestic companies at a massive commercial

disadvantage. Lorry road user charging would be one way, in principle at least, to help level the competitive playing field.

After years of painstaking work Labour failed to deliver on its promise to implement LRUC. The original plan to introduce a distance-based LRUC was based on sound principles, but, in retrospect, overly complicated. Distance-based schemes found in countries such as Germany and Austria typically charge users around 15p to 20p/km, but, of course, they aren't addressing a massive fuel duty disparity at the same time.

Indeed, the eye-wateringly elaborate rebate system needed to ensure that domestic hauliers were not being hit with the double whammy of road pricing and disproportionate fuel duty was simply too cumbersome and costly for the Labour government to implement, and effectively sounded the death knell for the scheme.

So what makes Mike Penning, the transport minister with the remit to investigate LRUC, any different from Paul Boateng and John Healey? The truth is that we don't yet know which direction the development of the LRUC will take. What we do know,

**A time-based charge paired with a limit on fuel carried by foreign trucks could work quite neatly**

however, is that the providers of the telematics systems behind other road pricing schemes in Europe are already wooing the powers that be with the sort of revenue-raising forecasts that a newly elected coalition government faced with the prospect of wholesale retrenchment can't help but find seductive. The concern is that if the technology providers have the government's ear and are left to steer the debate then the real point of introducing LRUC in the first place may get lost.

The less sophisticated time-based system (the sort most commonly found in Europe and used throughout the Benelux countries) seems more feasible, at least as a starting point. The concept of a time-based "vignette" is not without its challenges; a daily charge of between £6 and £7 (the limit imposed in Europe) is clearly set too low to make a difference in levelling the playing field where the typical operating cost of a vehicle is around £200 daily.

But if a time-based LRUC were paired with a limit on the amount of fuel carried in the running tanks of

**Foreign trucks avoid buying diesel in the UK and make no contribution to the upkeep of Britain's roads**

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foreign trucks entering the country it could work quite neatly. Indeed, last year the UK's "bring your own fuel" policy cost the Treasury some £215m in lost revenue. Enforcing such a method would have the additional benefit of allowing authorities to keep track on those foreign companies operating on UK soil more easily.

System providers forecast that a distance-based LRUC could generate around £20bn over 10 years. Clearly, the prospect of a new tax revenue stream such as this is not something a cash-strapped government can afford to sniff at. However, the Government must not focus entirely on the charging mechanism itself, no matter how compelling the figures, but look also at how to make the scheme work for the logistics sector.

Here, the key question should be: how can UK commercial vehicle operators be compensated for a road charge in the first place? Vehicle Excise Duty is close to the EU minimum levels and the annual testing fee is around £70 annually, so it is really only the fuel duty lever which can be pulled with any real consequence. With diesel duty in the UK by far the highest in Europe (57.19 pence/litre) and almost twice that of the EU average, a fuel duty rebate that meant UK businesses were not out of pocket would certainly make sense. Moreover, fuel duty could be structured to give those more fuel-efficient companies a more significant rebate.

LRUC could undoubtedly help to fund the UK's ailing road infrastructure, but it would also provide the Government with the means to bring further advantages. For example, road pricing incentives could engender behavioural improvements by encouraging off-peak deliveries or by rewarding operators of cleaner, Euro 5 engines.

LRUC offers the Government and the logistics sector fertile ground from which to reap mutual benefits, but this will only occur through engagement at the highest level. FTA is, of course, in favour of seeing foreign trucks pay their way, but we will be pressing the DfT for more details on how this can be achieved equitably for UK hauliers.

For now our message to the Government is simple: to get the most out of a potential lorry road user scheme, engagement with industry is not only recommended but essential to securing a solution that achieves the greatest benefits.

**Simon Chapman is chief economist of the Freight Transport Association**



Germany is among countries to have introduced automatic charging schemes

## Sharon Kindleysides puts the case for a distance-based charge

**D**uring his first days in office, the new Transport Secretary Philip Hammond said that he was "exploring electronic pay-as-you-drive charges for lorries – to ensure that foreign freight firms do not dodge the charges levied on UK companies". At the same time, there was a commitment in the coalition document to "work towards the introduction of a new system of HGV road user charging to ensure a fairer arrangement for UK hauliers".

The Freight Transport Association (FTA) has welcomed the Government's proposals to introduce a tax on foreign lorries, but the body insists that for a Lorry Road User Charging scheme (LRUC) to be worthwhile it must bring tangible benefits to commercial vehicle operators (see Simon Chapman, opposite).

Malcolm Bingham, FTA's head of road network management policy, has said: "Foreign lorries make a considerable impact on UK roads, which has so far gone unpaid. This is in stark contrast to the rest of Europe where road pricing is evident in the majority of member states."

These views, coupled with the immense pressure on the Treasury to raise extra revenue, make distance-based LRUC an attractive proposition. A number of goals would be achieved, including reducing HGV traffic and in turn improving air quality, encouraging the use of cleaner vehicles and more efficient opera-

**The Government must take a firm hand with large-scale transport users and direct them to accept the additional costs**

tor behaviour, and ensuring that all HGVs pay fairly and proportionally for their use of the road network.

Any such scheme must base its charges on the driven distance. A time-based, paper vignette system does nothing to encourage vehicles to drive less; rather it is in the interest of those foreign hauliers who have bought a "year's ticket" for the UK's roads to make as many trips as possible so that the purchase of the vignette is worthwhile.

Charging HGVs for their road use is widely accepted within Europe to ensure they pay for the damage they do to the road infrastructure and environment. In particular charging is used to target vehicles in transit that may pass through a country without buying fuel locally. Austria, the Czech Republic, Germany, Slovakia and Switzerland already have automatic charging schemes and are reaping the benefits. Poland and France are currently working on the introduction of such schemes.

In 2008, the Austrian roads authority raised €1,062m (£882m) from their LRUC scheme (the LKW Maut). This has been invested in maintenance and improvements to the existing road network including noise reduction, new road sections, improved safety, and a building programme for new service station areas, removing the costs for such work from the public purse.

To understand the benefits that an LRUC scheme could bring to the UK,



Kapsch has modelled two scenarios for the UK: one based on charging all HGVs over 3.5 tonnes for using the motorway and trunk road network and one for HGVs over 12 tonnes. The figures in Table 1 were calculated based on an average tariff of around £0.19/km (the average tariff use in the Austrian scheme).

On average, foreign vehicles coming into the UK are around 40 tonnes. Accordingly, a scheme to target larger vehicles would proportionally cost foreign hauliers more than UK-based operators and would specifically target the vehicles which cause more damage to the road infrastructure. The downside with this approach is that it might encourage the use of multiple smaller vehicles to avoid the charge which could in turn increase the levels of congestion on the roads.

The technology for LRUC is mature and operates on the Dartford Crossing, M6 Toll and other tolled crossings in the UK. It is low cost, reliable and fully proven and, as the tables above show, the return on investment is impressive. So why – in this time of promised deep spending cuts, austerity and ministers having to travel second class – has the UK not already started implementing LRUC?

The answer appears to lie with the UK haulage industry. In most European countries, the costs of LRUC are simply passed on to the end customers. However, because of the extremely competitive nature of the UK haulage industry, UK hauliers do not believe they are able to pass the additional costs on. Their opinion is that they have had to simply accept the recent fuel duty rises as a hit on their bottom line. Conversely, the haulage industry can single-handedly bring the country to a standstill by following the tactics used in 2000 of blockading fuel depots and slow driving, protest convoys on the motorways.

The Government believes that it is unable to consider LRUC in isolation and is fully aware of the hauliers' desire to be compensated for any rise in their costs. However, there are a number of issues with this.

First – notwithstanding the fact that it would be practically impossible to make the scheme revenue-neutral for every single vehicle – is it appropriate to make the scheme revenue-neutral at all? This approach would negate many of the benefits such a scheme would bring including the additional revenue and improvements in air quality, pollution reduction, and so on.

Second, any attempt to compensate UK hauliers directly may run the risk

of being classed as state aid. Mattieu Ruete, the European Commission's director general for energy and transport, gave a speech on the impact of the recession on the road transport market in April last year. While he outlined revisions to *de minimis* state aid rules to allow state intervention to companies directly affected by the economic downturn, he went on to say that any protectionist measures, for example the cabotage safeguard clause which would prevent access for new or non-resident hauliers, should be discouraged. He argued that "in the long-run, these measures work against market integration, and are counterproductive".

Finally, why should the haulage industry be treated as a special case? Apart from its ability to bring the country to a stop, what grounds are there to subsidise it at the expense, for example, of repairs to the very roads they are damaging, or cuts in other areas of public spending? Haulage is vital to the UK; however an LRUC scheme would not specifically penalise UK hauliers any more or less than their foreign competition, as all operators will experience the same rise in costs for the same route.

In the spirit of "we're all in this together", the Government must take a firm hand with the CBI, supermarkets and other large scale transport users and direct them to accept the additional costs. This is by far the fairest approach. Economically there would be a small, one-off, increase in inflation – in the Czech Republic this was a negligible 0.04% – but the scheme would generate millions in extra revenue for the Treasury.

The Government's options for reducing the existing costs of the haulage industry are limited. The minimum level of VED for HGVs is set by the Euro Vignette Directive and the UK already has some of the lowest levels in Europe. Indeed approximately 10,000 vehicles are currently paying below the minimum level for their class. The EU also sets a minimum level for fuel duty which is approximately 30p/litre below the current level; reducing this to its minimum value would only equate to a saving of around 11p/km for an average HGV, based on average consumption of 8mpg. It should also be noted that simply reducing fuel duty also reduces the costs of those journeys made outside the charged road network that are not being paid for via the LRUC.

**Table 1: Costs and revenues of potential UK lorry road user charging schemes**

	Scheme for vehicles over 3.5 tonnes	Scheme for vehicles over 12 tonnes
Initial upfront capital expenditure for design, supply and introduction of a tag and beacon system	£367m	£365m
Operations costs per year	£57m	£56m
Revenue per year	£2,150m	£1,550m
Contribution per year	£2,050m	£1,451m

Alternatively a mixture of approaches could be adopted, with fuel duty being reduced to the minimum level acceptable to the EU and the remaining costs of the charge being passed on to the end consumer. This would have a net effect of increasing the cost to UK-based hauliers of around 8p/km and would still raise slightly over £1,000m annually. For comparison, if it were possible legally and practically to implement a scheme that was fully cost-neutral to UK hauliers, it would only generate revenue of around £190m annually and a contribution of around £133m.

This is not to say that the hauliers should not receive recompense in some form. The strategy for road network improvements should prioritise key routes for HGVs. The same system that is being used to charge the vehicles could also be used to facilitate the management of, and access to, secure parking areas. The framework and approaches derived by the DfT's Interoperability Forum could be implemented enabling HGVs to pay all their road and bridge tolls and parking charges via one single on board unit.

The data generated by the scheme would provide a wealth of highly accurate traffic information that could be linked to real time traffic information systems and roadside variable message signs, and would also provide historic data for use by road planners enabling areas of priority for improvements and investments to be identified.

There is every reason for the Government to proceed with lorry road user charging; the benefits are huge and the political issues manageable. Go on, Mr Hammond – be brave and reap the rewards.

**Sharon Kindleysides is managing director of Kapsch TrafficCom Ltd**

**A single on-board unit could pay all road and bridge tolls and parking charges**





# Transport secretaries...

As the Conservative-Liberal coalition takes the helm, we look back at the secretaries of state since 1997 and what



**Philip Hammond**  
In office: 2010-?

**Key policy:** Transport spending cuts?

Philip Hammond has been Transport Secretary for only a month, and his immediate concern has been to find his department's share of cuts.

He has demonstrated an early command of his brief. The question being asked by transport professionals is whether he will be content to let the issue of cuts define his tenure at Great Minster House, or whether he has a wider transport vision that will emerge in due course.

As our columnists write elsewhere in this issue, there remains much that a determined Transport Secretary can do even with limited resources, and the potential benefits of marrying transport with other policy areas are considerable.

If Mr Hammond can address that challenge, he will rank among the relatively few Transport Secretaries who have left a lasting legacy.

## Andrew Adonis



**In office: 2009-2010**  
(Minister of state 2008-09)

**Key policy:** Putting high speed rail firmly back on the agenda

**Key criticism:** Too rail-oriented

**What the media remember:** High speed rail and cycling initiatives

Could have achieved much more if he had been put in charge of transport earlier and had ambitions to address bus policy had the general election not intervened, but in two years not only reinstated high speed rail and rail electrification as priorities but promoted cycling links and transport plans for stations, set up the Green Bus Fund to get hybrid buses on the road, promoted smart cards and much more.

**Ruth Kelly's espousal of hard shoulder running was a landmark**



**Ruth Kelly**

**In office: 2007-08**

**Key policy:** Extensive roll-out of active traffic management across the motorway network

**Key criticism:** A month into office, published the rail five-year high-level output statement with no reference to electrification or high-speed rail, on advice of civil servants

**What the media remember:** dramatic overnight resignation announcement at the 2008 party conference after news she was intending to stand down leaked prematurely.

Ruth Kelly was unfortunate in arriving in office a month before the long-term plan for the railways was due for publication and was unable to stamp her mark on it. Her espousal of hard shoulder running rather than motorway widening was a significant landmark, however.

## Geoff Hoon



**In office: 2008-09**

**Key policy:** Gave the go-ahead for Heathrow's third runway

**Key criticism:** the same

**What the media remember:** Night watchman

In what proved to be his last cabinet post Mr Hoon maintained a low profile and left Andrew Adonis to make most of the running.

# ...and what they achieved

they will be remembered for, and forward to the choices facing Philip Hammond

## Douglas Alexander



In office: 2006-07

**Key policy:** The Local Transport Bill  
**Key criticism:** About-turn on road pricing  
**What the media remember:** Downing Street anti-road pricing petition

Came into office promising that road pricing was a matter of "when, not if", then swiftly backtracked in the face of the motoring lobby and the Downing Street anti-road pricing petition. He also promised 1,000 new rail carriages, about half of which have still not arrived. But he was the architect of the Local Transport Bill, which gave local authorities extra powers to influence bus services.

## Alistair Darling



In office: 2002-06

**Key policy:** road pricing and the Transport Innovation Fund

**Key criticism:** Inactivity in many areas

**What the media remember:** grey, dull

Rescued transport from a reputation as a disaster area for policy gaffes partly by avoiding doing anything. Cancelled tram schemes in Merseyside, Leeds and Southampton. Putting road pricing and the Transport Innovation Fund at the centre of policy was a bold and radical move which in the event failed to come off. Also started the ill-fated Intercity Express projects as a replacement for the ageing high-speed train.

## Stephen Byers



In office: 2001-02

**Rescued transport from a reputation as a disaster area for policy gaffes partly by avoiding doing anything**

**Key policy:** Creating Network Rail

**Key criticism:** Ignited fierce opposition from Railtrack shareholders

**What the media remember:** his adviser Jo Moore's email after the World Trade Center attack on 11 September 2001 that this was "a good day to bury bad news"

Byers' controversial decision to put Railtrack into administration and set up Network Rail polarised opinion but arguably put infrastructure maintenance and renewal on a sounder footing. Otherwise he failed to build on the sustainable transport agenda set by his predecessor John Prescott – a step backwards.

## John Prescott



In office: 1997-2001

**Key policy:** 10-year Transport Plan, High Speed One

**Key criticism:** Ineffective at managing the sprawling Department of Environment, Transport and the Regions

**What the media remember:** "two Jags"

Despite a lack of resources in the early years of the Labour government he exerted considerable influence and moved transport up the agenda. He had a vision for reducing car dependency and was responsible for the legislation that allowed Ken Livingstone to introduce the London congestion charge. He was also responsible for rescuing High Speed 1 from financial collapse, finishing the work that had been started by Michael Heseltine and securing a lasting legacy.



## Competition winners

**T**he IAM (Institute of Advanced Motorists) has extended its remit to include cyclists with the launch of a new book, *How to be a better cyclist*.

Last month we offered readers the opportunity to win one of three copies by answering the following questions:

1. What two skills does the IAM believe are key for avoiding trouble?
2. In what year was the IAM formed?
3. In 2008, which city was named England's first Cycling City?

The answers are: Hazard awareness and anticipation; 1956; and Bristol.

The first three correct entries, selected at random, were sent in by: D.R. Hayman, Neath Port Talbot CBC; Michele Quinn, north London area manager of Sustrans, and Kevin Kilburn of Surrey County Council. Congratulations to all!

*How to be a better cyclist*, compiled by John Franklin, is an essential guide to experiencing the pleasure of cycling safely and efficiently. With

colour photos on every page, and lots of demonstrations of how the IAM advise cyclists to carry out manoeuvres safely, the book is informative and detailed.

The book teaches individuals Advanced Cycling techniques such as increased hazard awareness and anticipation. By better understanding how the traffic system operates and how cyclists can best integrate with it, cyclists can respond dynamically to the changing traffic situation.

The IAM is also offering a membership option for cyclists which will include the book, vouchers and some essential hi-vis equipment, plus cycle training options for those who wish to improve their skills.

IAM cycling development manager Duncan Pickering says: "Cycling is economic, environmentally friendly, and has fantastic health benefits, as well as often being a more convenient way to get around."

To find out more, please visit the website at [www.iam.org.uk](http://www.iam.org.uk).

## J Michael Thomson

David Begg

**J**Michael Thomson (1928-2010), transport economist and influential campaigner against motorway building in London, died last month. He had a major impact on many people's thinking on transport, including my own.

It was his 1977 book, *Great Cities and Their Traffic*, which was a tour de force, timeless, and a must for any transport planner. He concluded, after an extensive world tour, that regardless of the strategy employed to tackle traffic congestion – from a road building approach to an ambitious public transport one – average traffic speed during the peak hours settled at an equilibrium level of 15-18km/h.

Congestion itself regulated traffic volumes and speeds. While new road capacity would improve speeds in the short term, in the longer term it would act as a signal to attract new journeys on to the network, what he called latent demand. These were trips which

were previously not made because journey times were too slow.

He applied the same logic to public transport improvements. These did provide an incentive to get motorists out of their cars but the road space they vacated was taken up by latent demand. While both extra road capacity and public transport improvements led to more trips, they did not reduce journey times in the long run.

This seminal work shaped my thinking when I was responsible for transport policy in Edinburgh in the 1990s. I realised that a pro-public transport strategy on its own was too myopic. It had to be accompanied by road-pricing and land-use policies which reduced the need to travel.

I never did meet Michael Thomson. I regret not taking the time to thank him for having such a profound impact on my transport philosophy.

He leaves a legacy which places him amongst the giants of modern transport thinking.

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# national transport awards

## Awards dinner 2010

The Awards will be presented on the  
**15th July 2010** at the  
Palace Hotel, Manchester

The Awards ceremony is an excellent  
opportunity to showcase new initiatives and  
provides an environment which brings the  
transport community closer together.

Visit [www.transporttimesevents.co.uk](http://www.transporttimesevents.co.uk) for  
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