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What are the implications of the Government's response to the Eddington and Stern Reports for transport planners?

Billy Parr, London Borough of Waltham Forest, September 2008

Abstract

This paper considers the implications of *Towards a Sustainable Transport System* – the Government command paper published in response to the reports produced by Eddington and Stern – for transport planning. Although the response provides a reasonable coverage of most of the issues raised by Eddington and Stern, it is argued that the lack of clarity on some key areas means that a number of uncertainties remain on aspects such as road pricing and transport appraisal. Provided that related legislation is approved in due course, areas on which there could be more certainty in the future include transport decision-making and governance. The biggest single issue for transport planning going forward is considered to be the need to reduce transport-related carbon emissions, partly through the adoption of carbon reduction trajectories and factoring carbon into transport appraisal.

Introduction

To many within the transport sector the Chancellor of the Exchequer's announcement in the 2005 Budget that Sir Rod Eddington was to be commissioned to advise on the long-term impact of transport decisions on the UK's productivity and economic growth, followed shortly afterwards by the announcement that Sir Nicholas Stern had been asked to lead a major review of the economics of climate change, marked the first step of a noticeable shift in the way in which transport policy has traditionally been developed in the UK. With both reports being Treasury driven, the Department for Transport (DfT) looked resigned to playing a secondary, supporting role in the preparation of the two reports that will ultimately shape future transport policy.

This is not to say that all spectators saw this as a bad thing. The fact that the single most important Whitehall department appeared to be taking a keen interest in future transport policy may still be the clearest signal yet that transport will at last be given the prominence in government thinking that it arguably deserves.

Publication of the two reports towards the end of 2006 was met with mixed reaction, with the businessman like approach to analysis taken by Eddington and to a lesser extent by Stern proving to be a particularly divisive factor (Sturke, 2006). Nonetheless, the general consensus was that both reports were thorough in their approach and clear on the measures necessary to avoid transport and climate change resulting in major disruption to the UK's economic competitiveness and growth.

With the foundations laid on which to begin developing a comprehensive road pricing system and economic instruments to ensure users pay the full cost of their actions, the Government's response was eagerly awaited. For many however *Towards a Sustainable Transport System* (TaSTS) did not go far enough towards committing to the measures that could have the most significant impact in keeping the transport system moving and reversing

climate change.

This paper is split into two parts. The first part looks at the background to commissioning of the two reports, including an overview of transport policy in the UK since 1989 for the purpose of providing a context. The key recommendations of Eddington and Stern are then considered, followed by the formal Government response. Building on part one, the second part of the paper proceeds to examine the implications of the Government's response for transport planners and the wider transport planning profession. The future for transport planning – including difficulties that may arise as a result of omissions in TaSTS – is reviewed with consideration also given to the skills expected from transport planners in coming years.

Throughout this paper reference is also made to related parliamentary Bills including the Local Transport Bill, the Planning Bill and the Climate Change Bill. A summary of each is attached as an appendix.

Part One - Eddington and Stern: a new approach for transport planning?

A brief history of transport policy since 1989

In 1989, the then Government was ready to re-embark on a large-scale roads programme. Its Roads to Prosperity White Paper promised 500 road schemes and was billed as “The biggest road-building programme since the Romans” (DfT, 2007).

For the purpose of this paper the year 1989 is chosen as the limit of historical review because it was the year that marked the turning point away from the predict and provide approach that had dominated transport policy ever since the widespread introduction of the car in the 1920's. Faced with growing awareness that road transport was an ever increasing threat to environmental sustainability, coupled with increasingly costly protests from the environment and anti-road building lobbies, the Government quietly set about reducing the scope of the White Paper almost immediately after its adoption. The last vestiges of predict and provide were dropped following the publication of the Royal Commission on Environmental Pollution report in 1994, which was clear that the upward trend in road traffic would not be 'environmentally or socially acceptable' (Docherty, 2003).

The shift towards a more balanced transport policy was not formalised by way of an updated White Paper until the Labour party came into power in 1997, adopting *A New Deal for Transport: Better for Everyone* the following year. As Glaister points out, the indecision surrounding the Conservative government's response to transport could be expected from an end-of-term government reluctant to make politically sensitive policy commitments (Glaister et al, 2006).

The 1998 White Paper, although less radical than some had hoped, set out a sound basis for the development of an 'integrated' transport policy making best use of the existing transport system, with public transport at its core. With the deputy prime minister at the helm, the Government's commitment to delivering an integrated and sustainable transport system peaked with the publication of *Transport 2010: The 10 Year Plan*, which promised £180 billion in investment in the transport network by 2010 (DETR, 2000).

However, the Government's backing for arguably the most sustainable transport policy yet came under significant strain. Events including the Hatfield railway accident in 2000 and the fuel duty protests of 2001 preceded the break up of the DETR shortly after the 2001 general

election (Beecroft, 2002). In the face of inexorable growth in car ownership and congestion – and following a period which witnessed varying degrees of media scrutiny and several Secretary of State reshuffles – the *10 Year Plan* was finally superseded by the third transport White Paper in six years, *The Future of Transport*, which has once again shifted transport policy away from the public spotlight and more towards a policy of continuity of the approaches taken in the 1980s and 1990s (Glaister et al, 2006).

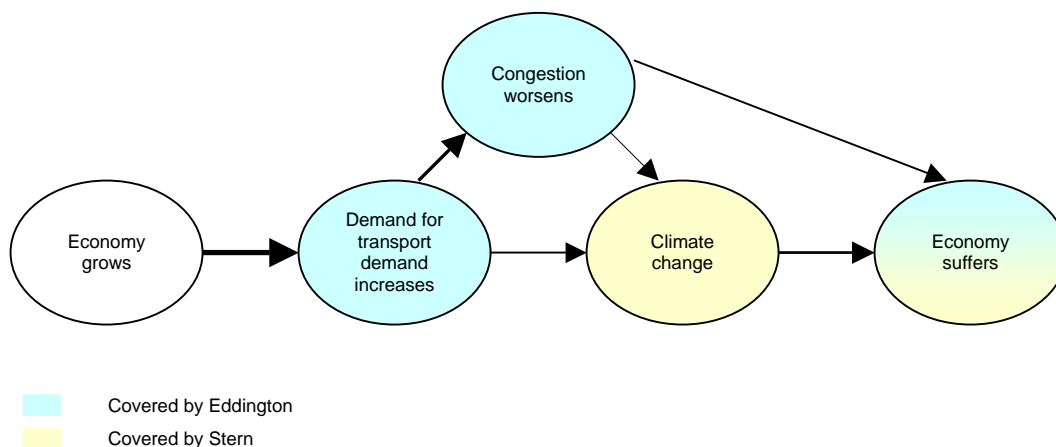
The production of a new White Paper, based on the recommendations set out by Eddington and Stern, provides some hope that a radical transport policy will once again prevail before increasing traffic congestion significantly inhibits economic growth.

Background to the commissioning

With scientific consensus on the impact of climate change on the environment having grown to what was then an unprecedented level, at the time of the commissioning of the Stern Review evidence on the economic impact of climate change was limited. Together with the commissioning of the Eddington Report to examine the long term impacts of transport decisions on the UK's economic competitiveness and future growth, the Stern Review marked the first major attempt by the UK Government to gain a fuller understanding of the impact of climate change and transport decisions on the economy.

It has long been known that there is a casual link between the strength of the economy and the demand for transport and likewise between the provision of transport infrastructure and the development of the economy, providing a sound basis for looking at the two areas together rather than in isolation (Banister & Berechman, 2000). Taking this a step further, with recent statistics from the DfT indicating that the demand for transport continues to grow (DfT, 2007:p27), the consequence is worsening congestion and an increase in greenhouse gas emissions leading to climate change. A simple paradigm of the long-term links between the economy, transport and climate change is shown in the figure below.

Figure 1: The economy, transport and climate change



Actual evidence of synergy between the two studies is limited largely to mention of Stern's role as lead academic advisor to Eddington, with each team seemingly concentrating on their respective subject areas. On publication of the reports, however, the foundations were inevitably laid for the adoption of an integrated approach to key future interventions on transport taxation and charging.

Stern and Eddington: the verdict

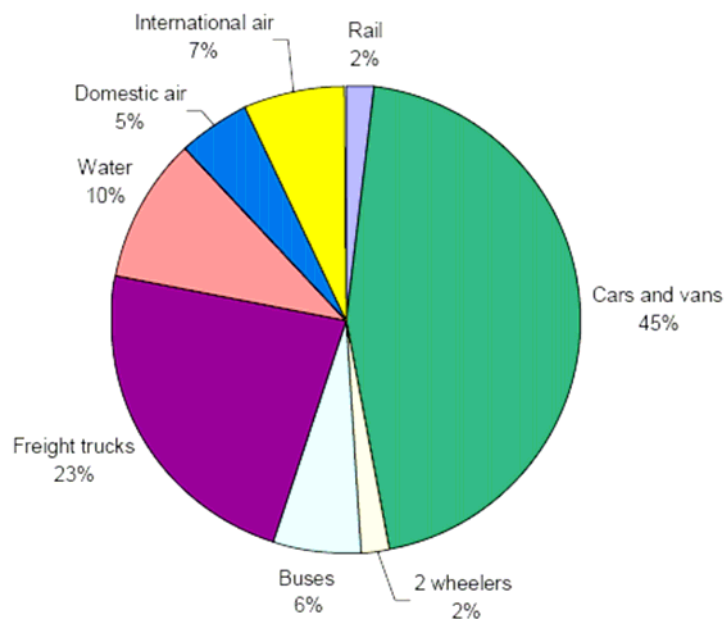
Sir Nicholas Stern delivered his report on the economics of climate change in October 2006.

Whilst the report was commissioned by the UK Government, a global perspective was taken due to the nature of the subject being examined, with the chief scientific advisor to the UN considering that Stern shows convincingly that the benefits of early global action to mitigate climate change will be far greater than the costs (Sachs, 2007).

Emissions have been, and continue to be, driven by economic growth; yet stabilisation of greenhouse gas concentrations in the atmosphere is feasible and consistent with continued growth (Stern, 2006).

With the headline conclusion of the report being that developed countries need to cut their CO₂ emissions by up to 80 per cent by 2050, it was estimated that the global cost of tackling climate change was 1 per cent of GDP per annum. Transport was reported as accounting for 14 per cent of global greenhouse gas emissions and 23 per cent of UK domestic CO₂ emissions. Whilst the majority of transport borne CO₂ emissions were reported as being from road transport – with cars and vans alone accounting for around 45% of the total – Stern noted that an increasing proportion of emissions were emanating from both domestic and international aviation, a trend which looks set to continue.

Figure 2: Global transport CO₂ emissions by mode in 2000



On the prospects for cutting emissions, Stern notes that transport will be one of the most expensive sectors from which to cut emissions due to the high monetary and welfare costs involved. This view is endorsed by Mark Lambirth of the DfT, who points out that whilst low carbon options for surface-based transport are evolving there is little evidence of any emerging low carbon options for aviation or shipping¹. Despite the difficulties, Stern is clear that it will be impossible to meet the required reduction in emissions of 80 per cent below the absolute level of current annual emissions in the long-term without a decarbonised transport sector achieved partly through robust carbon pricing:

Establishing a carbon price, through tax, trading or regulation, is an essential foundation for climate change policy (Stern, 2006).

Whilst some of the recommendations made by Stern are not applicable to the transport

¹ Mark Lambirth, speaking at TPS evening meeting held on 22/07/08

sector, the need for the pricing of carbon is fundamental and will have significant implications. Arguably the key message from Stern that needs to be incorporated into transport policy is that it is only through carbon pricing that users can be required to pay for the full costs of their activities.

Supporting Stern's assertion that users should pay the full costs of their activities, Sir Rod Eddington published his report in December 2006. The report confirmed that an efficient transport system is crucial to the UK's productivity and economic growth. However, rather than arguing for a significant expansion of the transport network, the report concludes that making the best possible use of the existing network together with a targeted approach to tackling congestion is the best way forward.

The UK has good levels of connectivity – the national networks are in the right places, comparing well with European competitors ... the key strategic economic challenge is to improve the capacity and performance of the existing network in the UK's growing and congested urban areas and their catchments; the key international gateways; and the key inter-urban corridors (Eddington, 2006).

With all aspects of the study subject to extensive economic appraisal, the report notes that congestion is already placing significant strain on the economy and if left unchecked could lead to an additional £22bn worth of time being wasted by 2025 in England alone. The focus of the report being on tackling congestion and journey time reliability, three priority areas for transport investment are identified:

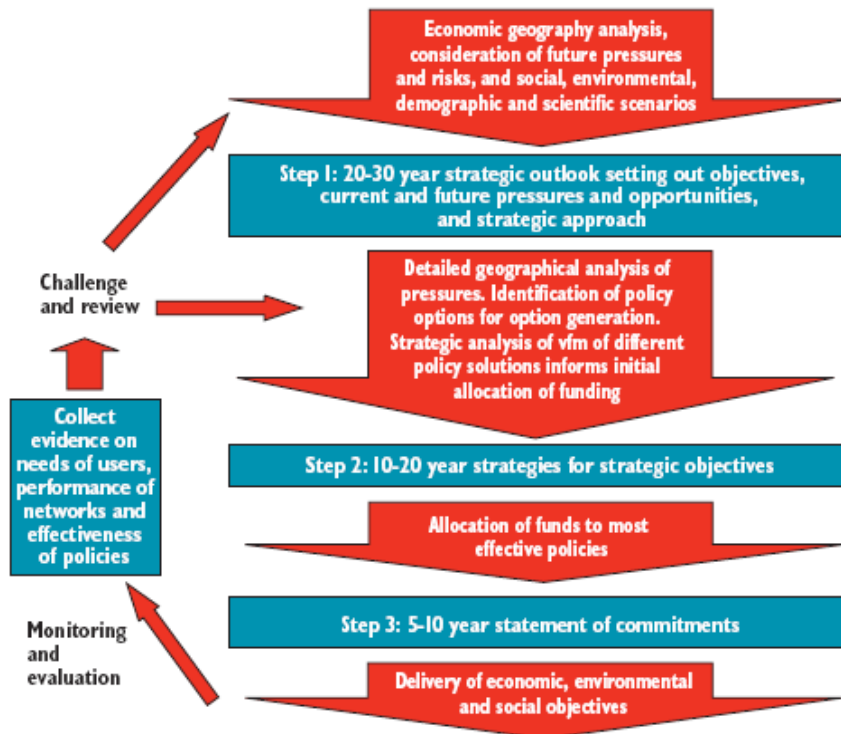
- The congested and growing urban areas and their catchments
- The international gateways and supporting surface infrastructure
- A limited number of inter-urban corridors connecting urban areas and international gateways

Fundamental to the recommendations of the report is the need to fully assess the economic, environmental and social costs of transport so that an accurate price can be put on its use. Advocating the implementation of a widespread road charging scheme as an essential component of future transport policy, Eddington estimates that a national road pricing scheme could reduce congestion by 50 per cent of what it would otherwise be by 2025. Tellingly, this assertion is broadly supported by both the Confederation of British Industry and the Freight Transport Association who have in the past been opposed to road pricing (CBI, 2006 and FTA, 2006).

With the three priority areas identified above forming the basis for long-term transport policy and funding, investment in new transport infrastructure is supported only where schemes offer high returns and meet the challenges identified by a sophisticated policy mix. Although few 'grand projects' are promoted, with little mention in the report even of Crossrail, crucially road and runway expansion are promoted in the interests of economic development (Peston, 2006). This point in particular has proved an area of contention for many groups otherwise in support of the broad direction of the report (e.g. Campaign for Better Transport, 2007).

To ensure the best long-term outcomes are delivered, Eddington recommended that a new approach to strategic transport planning be adopted that requires short-term plans (5-10 years) to reflect medium-term options (10-20 years) and a long-term outlook (20-30 years). This approach, summarised in Figure 3, is aimed at ensuring that the full range of inter-modal options are considered in response to a specific problem.

Figure 3: Proposed long-term decision making cycle



Together with the new approach proposed, additional recommendations were made on developing sub-national governance structures and reducing the delay and uncertainty of the planning system for major transport projects. Since the publication of the report, proposals for reform of the planning system have been progressed by way of the Planning Bill, with the accompanying impact assessment citing that the opening of a second runway at Stansted could be accelerated by three years if an Independent Planning Commission is established (LTT, 2007b).

Towards a Sustainable Transport System: the Government's response

Even before the government published its formal response to the Eddington and Stern Reports, the scale of the challenge faced was clear. With Eddington advocating new runway capacity and road widening where justified economically on one hand and Stern arguing for an unprecedented reduction in carbon emissions on the other, simply reconciling what some saw as contradictory recommendations was considered insuperable by some:

Currently we have a contradictory transport policy; it talks of tackling climate change, yet increases emissions by building more roads
(Rebecca Lush, Campaign for Better Transport, 2007).

In the event, when *Towards a Sustainable Transport System* was published in October 2007 it provided a reasonable coverage of most of the issues raised by Eddington and Stern but lacked the level of detail or commitment considered necessary by some (LTT, 2007a & CILT, 2008). Notable distinctions between TaSTS and previous transport policy papers were limited to, perhaps disappointingly, the increased emphasis it placed on climate change:

In an otherwise familiar re-working of policy objectives published by the DfT in October, 'less carbon' has leapt to number two in the charts, tucking in behind the perennial favourite 'a more competitive economy' (Jim Steer, 2008).

In response to the recommendations made by Eddington and Stern, TaSTS was framed as a discussion document 'intended to begin a process of debate', ultimately informing the content of the next transport White Paper. TaSTS therefore represents the DfT's initial response, which may evolve following completion of the current consultation. With this in mind, an overview of the main recommendations from Eddington and Stern, together with the Government's response is set out in Table 1.

After maximising the competitiveness of the economy, the second broad goal identified in TaSTS was addressing climate change. In order to achieve this, the DfT asserts that it is necessary to put a price on carbon in part so that future growth in emissions from aviation can be offset by compensating reductions elsewhere. The proposal to ensure that transport is fully integrated in the EU Emissions Trading scheme is consistent with the recommendations on carbon pricing made by Stern and Eddington, as is the continued development of low-carbon technologies. Although clear emission reduction pathways are notably absent – a vital aspect of ensuring reduction targets are met – it is stated that pathways will be set following approval of the Climate Change Bill.

Following the restructuring of the DfT in January 2007 around Eddington's priority areas of city regions, international gateways and inter-urban areas, the fact that TaSTS endorsed the shift in focus away from specific modes towards these areas came as little surprise. Despite the Transport Select Committee having raised some concern regarding the restructure in the light of TaSTS², the commitment that the DfT have demonstrated in being less modally focussed bodes well for the approach to strategic transport planning laid out by Eddington.

Further commitment to Eddington's proposals for long-term transport planning comes from the intention to adopt the long-term decision making cycle (Figure 3). With short-term plans reflecting a medium-term strategy based on a long-term outlook, this approach requires the development of a sound evidence base at an early stage to underpin the progression of new transport schemes going forward. From a cynical perspective this approach will reduce the development of what Eddington terms 'grand projects' – namely large projects lacking sound justification and with little prospect of receiving funding – and this may have influenced its adoption. In any case, the knock on effect of adopting this approach is that more rigorous assessment of transport schemes is required in the future to ensure the option best meeting the various objectives prevails.

In response, the DfT has also announced that the current tool for transport appraisal – the *New Approach to Appraisal* (NATA) framework – will be refreshed. So as to provide more supporting evidence for scheme development, it is proposed that additional assessment criteria on climate change and productivity will be incorporated into NATA. Reflecting Eddington's stance on multi-modal appraisal, the framework is also intended to become more mode neutral. Although the full extent of the refresh is not yet known, based on consultation documents released thus far it could go some way towards fulfilling the recommendations for more robust option generation and appraisal.

One high-profile area on which there is obvious discrepancy between Eddington and TaSTS, however, is road pricing. This is particularly noticeable in relation to the urgency of introducing a national scheme:

Given the scale of the congestion challenge, I believe that there is no attractive alternative to road pricing: without a widespread scheme by 2015, the UK will require very significantly more transport infrastructure (Eddington, 2006).

² Transport Select Committee, 2008

Table 1: Key recommendations from Eddington and Stern and the Government's response

<i>Report</i>	<i>Recommendation</i>	<i>Government's response</i>	<i>Comments</i>
Eddington	Focus on improvement of existing networks, reducing congestion, capacity constraints and unreliability	Support expressed for focusing on improving existing networks, including road widening and tackling pinch points	Not fully consistent with climate change objectives
Eddington	Refocus strategic economic priorities for transport on congested and growing urban areas, key inter-urban corridors and key international gateways	Economic priorities to form core objectives for transport at a national level	DfT restructured to reflect new priorities
Eddington	Adoption of sophisticated policy mix to meet both economic and environmental goals	New transport policy goals proposed: climate change, competitiveness, equality, health & safety and quality of life	
Eddington	Together with the private sector, delivery of sustained and targeted transport investment	The majority of transport infrastructure is committed up to 2014, both on major projects such as Crossrail and more modest schemes. More scope for funding post 2015.	Highly unlikely that additional infrastructure projects will be delivered by 2015
Eddington	Expansion of network only where this meets all policy objectives	Schemes fundamentally at odds with policy objectives will not be supported	The policy objectives need to be weighted
Eddington	Multi-modal option generation required for scheme development	Significant refresh of NATA to facilitate multi-modal assessment	Currently NATA does not fully reflect the Eddington agenda
Eddington	A three part decision making cycle should be developed for scheme evaluation	Decision making cycle proposed by Eddington to be adopted into policy	
Eddington	Prioritise schemes offering the highest value for money to achieve greatest benefit from funding	Support expressed for smaller schemes with high economic returns	Potential for a negative impact on the development of larger schemes
Eddington and Stern	Transport prices must fully reflect costs of all externalities (including environmental)	Promoting the EU Emissions Trading scheme	Not likely to reflect all externalities in foreseeable future
Eddington	Introduction of widespread road pricing scheme by 2015	Continued development of local schemes and technology through TIF funding to help inform future national scheme, on which a decision will be taken at a later date	Extremely unlikely that a widespread scheme will be in place by 2015
Eddington	Implement proposals for additional runway capacity where the case is robust	Delivery of additional runway capacity supported, especially in South-East	Not fully consistent with climate change objectives
Eddington	Reform of sub-national decision making	Local Transport Bill will enable creation of new integrated transport authorities	Sub-national decision making enabled but not promoted
Eddington	Enable local bodies to introduce bus franchising in local areas	Local Transport Bill will enable local bodies to require bus operators to enter into statutory Quality Contracts	Full franchising not enabled by LTB nor promoted by TaSTS
Eddington	Reform of the planning system for major transport infrastructure projects	The Planning Bill proposes establishment of Infrastructure Planning Commission to speed up scheme decision making	Consistent with Eddington's recommendation
Stern	Implementation of emissions trading policy, including for aviation, linked with strong targets	Promoting the EU Emissions Trading scheme and pushing for aviation to be included	Largely consistent with Stern's recommendation, if implemented
Stern	Early and sustained investment in mitigation measures, at an amount equating to 1% of GDP per annum	Carbon emissions trajectories to be set by Climate Change Bill and promotion of EU Emissions Trading scheme	Measures proposed do not reflect urgency or perceived importance of Stern's recommendations
Stern and Eddington	Removal of barriers to behavioural change	Continued investment in smarter choice measures with high economic returns	Limited revenue funding for transport
Stern	Technology co-operation, increased support for Research and Development and innovation in low-carbon technology	King Review commissioned to look at low carbon cars, just part of the R & D being undertaken	R & D investment lower than for many other developed countries

Tackling urban congestion is our priority, and congestion charging has a role in this, backed by investment in public transport. Whilst it is possible that pricing could have the potential to be extended to include parts of our national networks, that is a decision for the future, informed by the development of local schemes...
(DfT, 2007).

Whilst Eddington aptly demonstrated the economic rationale for the introduction of a national scheme no later than 2015, the Government's reluctance to even recognise this timescale may partly be explained by the huge political and social hurdles yet to be overcome. Since the anti-road pricing petition that attracted 1.8 million virtual signatures in early 2007, the DfT have made little progress on a national scheme and much of the responsibility has been placed on local government through the Transport Innovation Fund (TIF) (Transport Select Committee, 2008).

Crucially for sub-national and sub-regional government, the DfT does not discount that there could be a role for new governance structures in the delivery of future transport policy. Whilst TaSTS stops short of promoting new governance structures in certain circumstances, the development of new arrangements is set to be enabled by the Local Transport Bill. Staying on the theme of transport decision-making, TaSTS supports the creation of a new Infrastructure Planning Commission (IPC) as legislated for in the Planning Bill. Should the IPC be established, the long decision-making times associated with major transport schemes could be reduced substantially.

Part Two – Implications

Overview

In publishing TaSTS, the DfT took an important step in the development of a new transport policy for the UK. Together with the accompanying documents published since October 2007, the Government's official response to Eddington and Stern represents a shift in the way transport policy has traditionally been developed. The key implications for transport planners are considered to be as follows, categorised broadly in order of perceived significance:

- carbon reduction
- road pricing
- a new approach for transport planning
- scheme assessment
- new schemes going forward
- governance
- job prospects

The implications for each, building on Part One of this paper and drawing on Table One, are now considered in turn.

Carbon reduction

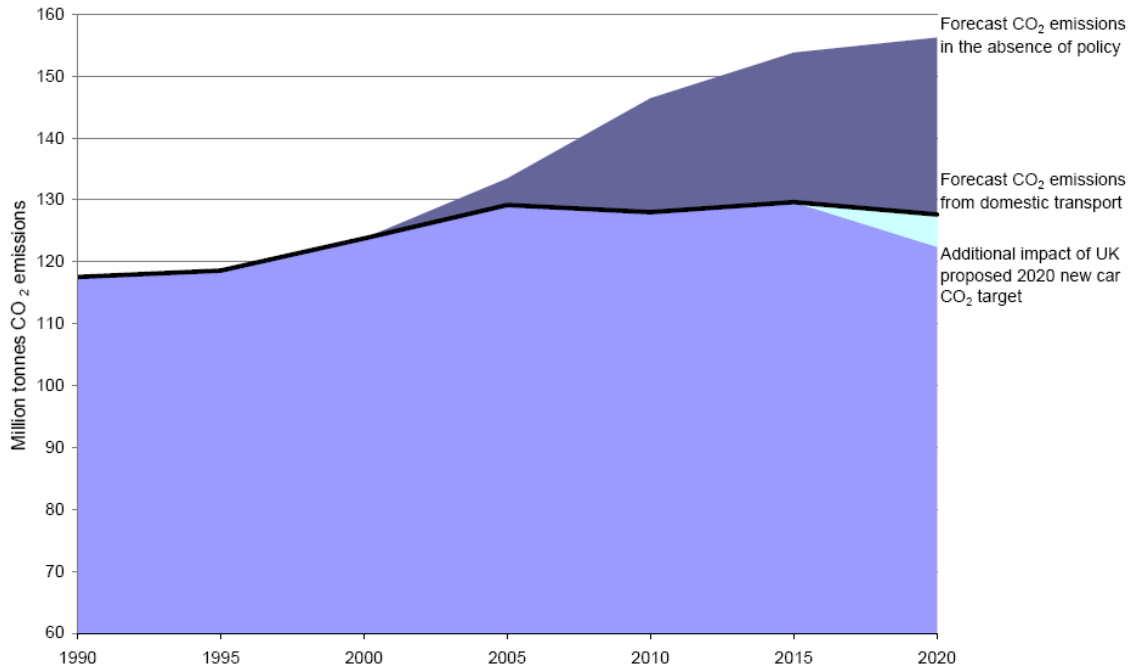
Supporting Economic Growth in a Low Carbon World – the strapline to TaSTS – perhaps go some towards demonstrating the importance now attached to climate change by the DfT. The continued rise of the climate challenge up the political agenda, reflected in the proposed transport agenda, will inevitably have to be adopted and embraced by the transport planning profession going forward if the goals for carbon reduction are to be achieved.

With necessary interventions including the continued development and take-up of low carbon technologies and restricting growth in transport demand, it is clear that formidable challenges

will need to be overcome. The biggest single challenge, however, is likely to be putting a price on every tonne of carbon emitted from the transport network. Although the Department for Environment, Food and Rural Affairs has previously set a Shadow Price of Carbon (SPC), this currently falls short of what is considered necessary for transport.

With Stern keen on the setting of carbon reduction pathways, work done to date highlights the scale of carbon reduction required from the transport sector. The figure below shows the forecasted CO₂ emissions from domestic transport up to 2020, provided suitable policy interventions are put in place.

Figure 4: Historic and future CO₂ emissions from transport in the UK



Of all the modes, air travel in particular is set to experience the full scale of this challenge. Provided that the EU ratifies the proposal to include aviation in the EU Emissions Trading scheme in 2012, any increase in carbon from air travel will need to be matched by reductions elsewhere in the sector. The result would mean that post 2012, emissions from aviation net of reductions purchased elsewhere would remain at 2004-2006 levels (DfT, 2008).

Factoring carbon into the decision making process is dependent to some extent on the refresh of NATA but also on the adoption of robust carbon emission trajectories as part of the Climate Change Bill. The carbon pathway analysis undertaken by the DfT suggests that foundations are being laid for ensuring that carbon is factored into decisions on transport going forward. Fundamental to ensuring that a consistent approach is taken, however, is the weighting of the new goals identified – not least so that scheme promoters and decision-makers alike are aware of the importance attached to carbon relative to other policy goals. Hitherto there has been little evidence to indicate that this will be done, potentially resulting in serious difficulties to the transport planning profession as a result.

With Stern now saying that the cost of tackling climate change may have doubled to 2 per cent of GDP per annum, one thing that is clear is that effective action needs to be taken as a matter of urgency (Jowit & Wintour, 2008).

Road pricing

An area on which there has been significant debate in recent years, recent research suggests that whilst there is almost total acceptance by those in the profession that road pricing is a future necessity, there is considerably less agreement by the public (DfT, 2008a). With a lack of public support, the political sensitivity associated with road pricing is undoubtedly at the core of the DfT's reluctance to accelerate proposals for a national road-pricing scheme. Failure to even outline plans for a pilot scheme on part of the national network, as advocated by the Institution of Highways and Transportation amongst others (IHT, 2007), means it appears unlikely that Eddington's recommendation for a national scheme by 2015 will be achieved.

The consequence for transport planners is that – at least until the outcome of the next general election – lack of a clear direction on road pricing will continue. The onus for progressing road pricing looks set to remain at the local level, with the Transport Select Committee considering that there is “little evidence to suggest that local authorities have the appetite for submitting the necessary bids and securing TIF support” (Transport Select Committee, 2008:p16). Coupled with the Select Committee's assertion that local schemes cannot be effective pilots for a national scheme (ibid), it is difficult to see how the current position taken by the DfT will not lead to increasing congestion inhibiting economic growth as forecasted by Eddington.

Referring back to Figure 1, and based on the premise that congestion is a significant contributor to transport-borne carbon emissions, absence of widespread road pricing by 2015 will not only impact on the economy but also on climate change. Unless significant alterations are made to the policy proposed in TaSTS prior to the adoption of the next transport White Paper, reconciliation of achieving the policy goals on one hand with the DfT's position on national road pricing will be a considerable challenge.

Reform of the transport planning system

The new structure adopted by the DfT from April 2007 arguably signals the increased emphasis that will be placed on the three priority areas identified for investment going forward. With this in mind, the new approach to long-term transport planning (as set out in Figure 3) will require the Government to ensure that short-term plans reflect a medium-term strategy which in turn takes into account a long-term outlook (DfT, 2007). The upshot is that the decision-making process will be much more empirical, with all possible options considered in response to a specific issue. Whilst Eddington focussed on a national agenda, it is clear from TaSTS that a similar approach will be required at a regional, and perhaps to a lesser extent, a local level.

Depending on the viewpoint taken, adoption of this new approach could suggest that the Government is seeking to restrict funding to only the most worthwhile schemes. By the DfT's own admission, once a scheme has been assessed in this more rigorous way it should have more security in terms of being funded (ibid). Although increased transport funding in real terms is promised in TaSTS, whether or not this will be sufficient to deliver the infrastructure considered necessary by Eddington remains to be seen. As Emerson argues, significant work remains to be done on reforming the funding regime for transport if the proposed goals and objectives are to be fully delivered (LTT, 2008a).

Focusing on major schemes, the Planning Bill appears likely to play an important part in improving the delivery of nationally significant infrastructure projects through the establishment of an Infrastructure Planning Commission. For the transport planning profession, this new approach to planning approval could facilitate timely and resource-efficient decisions on transport schemes, reducing the unpredictability and cost of the current public inquiry system (DCLG, 2007). Linked to the new long-term approach for transport

planning by virtue of the need for long-term policy statements, the IPC will present a new yet not necessarily unwelcome challenge to the promoters of major schemes. Particularly given that transport schemes are likely to form a significant proportion of the Commission's casework, transport planners will be required to pick up on the new requirements quickly if undue delay to schemes is to be avoided.

Assessment and appraisal

One of the key requirements of the new transport planning system proposed is the need for better supporting analysis. Whilst Eddington noted that NATA is already one of the most highly developed assessment tools available, the emphasis placed on "listening to the numbers" partly by attaching greater weight to Benefit-Cost Ratios (BCRs) could have implications for transport planners involved in scheme appraisal. Taking the goals outlined in TaSTS as a basis for the scope of the refresh, it is expected that monetisation of the full economic and carbon-related impacts of transport will feature highly in the revised NATA framework that emerges following the consultation that is currently underway.

Assuming that growth in the coverage of NATA will be matched by growth in the complexity of its application, the overall quality of appraisal for new schemes could become an increasingly significant issue. The growth in the complexity of NATA is something that has been noted by the DfT:

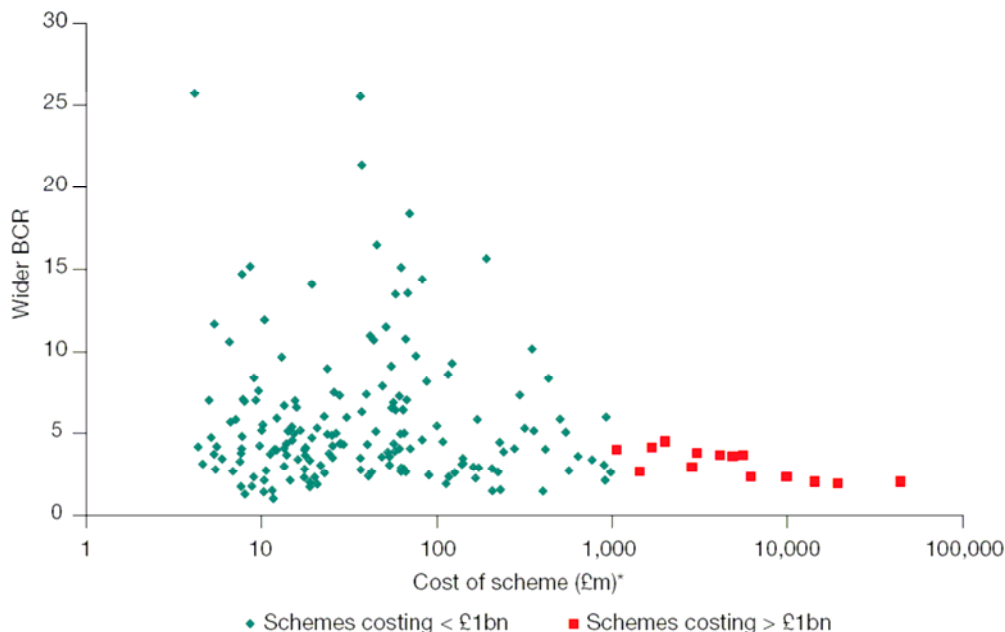
The Department recognises that advances in transport appraisal methodology over the last ten years have placed an increased burden of effort on scheme promoters, and that for smaller schemes there is the perception that this increased effort has become disproportionate (DfT, 2008c).

Whilst note is also made of the fact that smaller schemes in particular may be subject to onerous appraisal, hitherto no firm commitment has been made to the development of a "lighter-touch" appraisal for full assessment of schemes with the least impacts or the initial screening of larger schemes. In the interests of reducing the timescales often associated with scheme appraisal, proponents of a lighter-touch alternative include – amongst others – the Chartered Institute of Logistics and Transport (CILT, 2008). Unless the DfT adopts such an approach, transport appraisal will become an even more onerous and complex business.

New schemes going forward

Repeated references made in TaSTS towards "listening to the numbers" in scheme appraisal suggests that, in future, Eddington's take on small-scale and better use schemes may well form an important part of transport policy. Going back to the suggestion that the Government is seeking to restrict funding to only the most worthwhile schemes, from a BCR perspective smaller schemes (such as cycle lanes, junction improvements and multi-modal freight facilities) score more highly than major schemes. This point is emphasised by the Figure 5.

Figure 5: Economic returns of smaller schemes relative to larger schemes (greater than £1 billion)



What is clear from the above figure is that returns on the biggest schemes are lower than those for smaller schemes. It has already been stated that adoption of the new approach to strategic transport planning could reduce the development of ‘grand projects’, and the fact that TaSTS quotes in full Eddington’s stance on the significant risks of such projects adds weight to this. The consequence for transport planning is that the delivery of major projects will become increasingly difficult, with only those boasting economic benefits on par with smaller projects being approved.

But perhaps that is not quite the full story. Ruth Kelly’s³ recent announcement that the results of the current Network Rail study on High Speed Rail (HSR) would be considered with interest suggests that the growing political and public momentum behind HSR may yet influence the Government’s interest in a mode on which Eddington remained cool (Webster, 2006).

Governance and decision-making

Whilst reform of the planning system (through establishment of the IPC) will go some way towards improving the delivery system, the governance arrangements covering transport – particularly at sub-national and sub-regional levels – remain an area to be addressed. Currently a wide range of authorities are required to work together on transport schemes that cover more than one area, including Passenger Transport Authorities (PTAs) and local highway authorities, which is often a long and laborious process. The establishment of co-ordinated transport authorities covering major cities and conurbations, such as *Transport for London*, can be very successful in overcoming these difficulties and this is recognised by the DfT:

... the benefits of joined-up planning at the city level have been clearly demonstrated by London (DfT, 2007b).

The Local Transport Bill includes provision for the making of new Integrated Transport Authorities (ITAs), which would include an extension of powers held by existing PTAs. There

³ Current Secretary of State for Transport, 2007 - present

is little doubt that the forming of ITAs would have considerable benefits for the delivery of joined-up transport policy and large schemes. Crucially, however, the LTB is only *enabling* as opposed to *prescribing* legislation. As a result, whilst this allows for greater local flexibility it also leaves open the possibility that its take-up will be limited, exemplified by the failure of local authorities to use Quality Contracts to impose greater control over local bus services. This risk is offset to a degree by the powers conferred by the LTB to enable the Secretary of State to require the establishment of ITAs in certain circumstances, although in practice use of these powers is likely to be far from straightforward.

For want of a more definitive conclusion, the fact is that approach to governance taken by TaSTS means that only time will tell if full advantage is taken of the opportunity to reform existing arrangements. Whilst most transport planners might agree that ITAs are a positive step forward, this may not necessarily be representative of the views of local politicians.

Job prospects

For those in the profession perhaps the most anticipated part of this paper is this section – on future job prospects – although if that is the case unfortunately what follows may come as somewhat of an anti-climax. The first and most obvious point to make is that, in light of the additional work that will be created by a more rigorous NATA framework together with the limited but additional funding to be made available by the DfT, growth of the industry as a whole looks set to continue.

On a related area, any increase in the complexity of NATA application will require those working on scheme appraisal to develop new skills. A number of transport planning practitioners responded to the recent consultation of the NATA refresh, with concerns centred on the size of the skills pool required, the use of 60-year appraisal periods and the treatment of Wider Economic Benefits (LTT, 2008b+c). To date the DfT has given little indication as to how these skills will be developed, although it appears likely that scheme appraisal by the NATA framework will become an increasingly specialised area.

The final point relates to the sector in which transport planners will work in the future. Whilst the possible creation of ITAs could lead to a reshuffle in public sector structures, and possibly the creation of additional posts, the increasingly specialised skills expected of transport planners (for instance for scheme appraisal) mean that the private sector will continue to require a significant proportion of transport planners.

Conclusion

Nobody could have quite known what the end product would be when Eddington and Stern were asked to look at the economics of transport and climate change respectively. With growing consensus amongst those in the profession that the Government's approach to transport had become staid and drawn-out, the taking of a new approach to policy formulation was viewed with interest. On publication, the two reports were generally considered to be thorough and clear on the recommended actions needed to avoid economic competitiveness being stifled by climate change and an increasingly congested transport system.

Public as well as professional interest grew in the months following the publication of the reports – partly demonstrated by the anti-road pricing petition of early 2007 – with the Government's formal response being eagerly awaited. In the event, whilst TaSTS provided a reasonable coverage of most of the issues raised it is considered to lack the detail and commitment required on a number of key areas.

The biggest single implication of TaSTS for transport planning is, perhaps arguably, the shift needed towards a less carbon intensive transport sector. Carbon will inevitably need to become a key factor in decision-making, as will the associated cost attached to carbon relative to other aspects. For transport planners, the fact that the new goals identified by the DfT have not been weighted could result in considerable difficulty in scheme promotion and assessment should competing externalities arise. Adoption of robust carbon reduction trajectories, enabled by the Climate Change Bill, will be key if carbon reduction on the scale required is to be achieved.

Failure to outline clear plans for the progression of a national road pricing scheme is the second main criticism of TaSTS, with the net result being that Eddington's recommendations for a national scheme by 2015 are unlikely to be realised. It is hard to see how the consequences outlined by Eddington, in terms of the impact of worsening congestion on the economy, will not be felt to a greater extent as a result.

Insofar as TaSTS has positive implications for transport planning, the proposed reform of the transport planning system at a national level will ensure that a full range of options are considered in response to a specific problem. Coupled with the proposed reform of NATA and assuming that this results in only the most worthwhile schemes being progressed, this could lead to increased certainty around what schemes are likely to attract funding. The introduction of the IPC by way of the Planning Bill and advocated by TaSTS could also go a considerable way towards speeding up the decision-making process for major schemes. Provided that opportunity is taken to reform existing governance arrangements, the introduction of ITAs in particular will have many benefits although for this more credit is due to the Local Transport Bill.

Looking at how TaSTS will affect transport planners on a more personal level, what is clear is that a range of new skills will need to be learnt by those involved in transport appraisal and assessment. The number of jobs within the sector more generally could reasonably be expected to grow, not least because of the additional workload created by TaSTS.

Importantly, since the commissioning of the reports, there is relatively little evidence to suggest that the initial interest in transport shown by the Treasury has been maintained. The additional expenditure proposed for transport, which is by and large committed up to 2015, is by any account limited. Nonetheless, the scale of the challenges faced in the transport sector have at least been clearly demonstrated by Eddington and Stern and this could provide a platform on which the DfT could yet make a compelling case to the Treasury for additional funding in future.

By way of a closing remark, whilst TaSTS will undeniably have some positive implications for transport planning it is not considered to go far enough on certain key areas such as road pricing and carbon reduction. Unless rectified by the time of the next transport White Paper, significant difficulties could be created for transport planners as a result. Going back to the history of transport policy, it is considered unlikely that the policy resulting from TaSTS will be radical enough to avoid an increasingly congested transport network from inhibiting economic growth and failing to reverse climate change.

Appendix – Related Parliamentary Bills

At the time of writing, three Bills that could potentially have a significant impact on transport planning and policy – namely the Climate Change Bill, Local Transport Bill and Planning Bill – are or recently have been before Parliament. Each has been through the committee stage and dates have yet to be set for the third readings.

Overview

A Bill is a proposal for a new law, or a proposal to change an existing law that is presented for debate before Parliament. Bills are introduced in either the House of Commons or House of Lords for examination, discussion and amendment. When both Houses have agreed on the content of a Bill it is then presented to the reigning monarch for approval (known as Royal Assent). Once Royal Assent is given a Bill becomes an Act of Parliament and is law⁴.

Climate Change Bill

The Climate Change Bill contains provisions that will set a legally binding target for reducing UK carbon dioxide emission by at least 26 per cent by 2020 and at least 60 per cent by 2050, compared to 1990 levels. Key areas:

- Requires the Government to publish five yearly carbon budgets as from 2008
- Creates a Committee on Climate Change
- Requires the Committee on Climate Change to advise the Government on the levels of carbon budgets to be set, the balance between domestic emissions reductions and the use of carbon credits, and whether the 2050 target should be increased
- Places a duty on the Government to assess the risk to the UK from the impacts of climate change
- Provides powers to establish trading schemes for the purpose of limiting greenhouse gas
- Confers powers to create waste reduction pilot schemes
- Amends the provisions of the Energy Act 2004 on renewable transport fuel obligations.⁵

Local Transport Bill

The Local Transport Bill looks at important areas of public transport like local bus services and sets out proposals for a more consistent approach to local transport planning. It plans to reform the existing laws on road pricing schemes for local authorities who wish to have schemes in their areas. The Bill takes into account the recommendations made by the Transport Select Committee which scrutinised the draft Bill in June and July 2007. Key areas:

- Enable local authorities to improve the quality of local bus services, building on the measures set out in December 2006 in the Department for Transport report, 'Putting Passengers First'
- Reform the arrangements for local transport governance in the major conurbations. This aims to encourage stronger local leadership and a coherent approach to transport across individual local authority boundaries and across different transport modes
- Reform the existing legislation relating to local road pricing schemes. This would ensure that, where local authorities wish to develop local schemes, they can do so in

⁴ Source: <http://www.parliament.uk/about/how/laws/bills.cfm>

⁵ Source: <http://services.parliament.uk/bills/2007-08/climatechange.html>

a way that best meets local needs - while ensuring that any schemes are consistent and interoperable.⁶

Planning Bill

The Planning Bill introduces a new system for approving major infrastructure of national importance, such as harbours and waste facilities, and replaces current regimes under several pieces of legislation. The objective is to streamline these decisions and avoid long public inquiries. Key areas:

- Decisions would be taken by a new Infrastructure Planning Commission
- Decisions would be based on new national policy statements
- The hearing and decision-making process by the Commission would be timetabled
- The new regime would be used for energy developments like nuclear power
- The Secretary of State would no longer have the final say on major infrastructure decisions
- There would be a new Community Infrastructure Levy on developments to finance infrastructure. The idea of this would be to raise money from developers to pay for facilities needed as a consequence of new developments, such as schools, hospitals and sewage plants.
- Planning appeals for minor developments would be heard by a panel of local councillors rather than by a planning inspector.⁷

⁶ Source: <http://services.parliament.uk/bills/2007-08/localtransport.html>

⁷ Source: <http://services.parliament.uk/bills/2007-08/planning.html>

Acronyms and abbreviations

BCR	Benefit Cost Ratio
DCLG	Department for Communities and Local Government (2001 to present)
DEFRA	Department for Environment, Food and Rural Affairs (2001 to present)
DETR	Department for Environment, Transport and the Regions (1997 to 2001)
DfT	Department for Transport (2002 to present)
GDP	Gross Domestic Product
HSR	High Speed Rail
IPC	Infrastructure Planning Commission
ITA	Integrated Transport Authority
LTB	Local Transport Bill
LTT	Local Transport Today
NATA	New Approach to Appraisal
PTA	Passenger Transport Authority
R&D	Research and Development
SPC	Shadow Price of Carbon
TaSTS	Towards a Sustainable Transport System
TIF	Transport Infrastructure Fund

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