

## Analysis

# How user pricing can ease an impasse on Britain's roads

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Otford, in the North Downs, south-east of London, is an archetypal English village. Clustered around a picturesque green with pub, church and pond, it boasts many pretty homes, some converted from the oast houses that once dried the hops grown on nearby farms.

Yet Otford has a problem. It sits in one of the most congested parts of Britain, which is generally agreed to suffer Europe's worst traffic hold-ups. Cars stream incessantly down Station Road, past the pond and on to the A225 towards Sevenoaks. From the edge of the village comes the constant roar of the M26, by some measures the most congested part of the UK motorway network.

From a bridge over the motorway, even in mid-morning, eastbound cars can be seen braking behind slow-moving trucks. In the morning rush hour, according to figures published last year by the Institute of Public Policy Research, a think-tank, the average journey on the 10-mile road takes 17 minutes longer than it would if traffic were flowing freely.

Congestion like that on the roads around Otford, along with increasingly strained railways, ports and airports, has become so entrenched a problem that Britain boasts a mini-industry producing surveys estimating the resultant costs. One of the most authoritative, last month's government-commissioned Eddington report into the relationship between transport and the UK economy, said a 5 per cent reduction in the time needed for business journeys would generate annual savings of £2.5bn. But even after the lengthy report – by Sir Rod Eddington, the former chief executive of British Airways – few believe the government has clear plans on what to do.

How government thinking on the issue develops is likely to be closely watched internationally because, while Britain's problems are especially severe, they are far from unique. Other European countries, the US and parts of Asia suffer from a similar combination of increasing mobility and constrained infrastructure. Interest in the UK is intense because, after rail privatisation and London's introduction of the £8 daily congestion charge for driving in its central zone, the country has a reputation as a trend-setter in transport policy.

The solution for congestion that probably occurs most to drivers stuck on the M26 is that the UK has inadequate infrastructure and should build more. In speeches as transport secretary, Alistair Darling, now industry secretary, would regularly blame the sector's problems on "decades of underinvestment".

Industry groups such as the Freight Transport Association, which mainly represents road hauliers, support that analysis and call for increased spending. The FTA recently ran a campaign demanding motorway widening to relieve congestion. Lobbyists for other modes of transport also often argue for more infrastructure spending, although they favour alternatives such as buses and rail to tempt people out of cars and shift freight off the roads.

Many advocates of the “more infrastructure” argument say Britain should imitate countries like France, which have invested heavily in bold projects such as high-speed rail lines. They argue that Britain sets too much store by cost-benefit analyses that tend to suggest the biggest projects are poor value for money.

Trevor Whelan, transport policy officer of the Chartered Institute of Logistics and Transport (CILT), says it seems obvious that the UK is not spending enough on transport infrastructure. “I would say that the French approach – that more bullish approach to infrastructure investment – is probably better,” he says.

There are certainly plausible arguments that the UK has underspent. Michael Roberts, director of business environment at the CBI employers’ confederation says the UK has generally in recent decades spent just under 1 per cent of gross domestic product annually on transport infrastructure. “Countries like Germany, France and Italy have spent over 1 per cent – in some cases as much as 1.5 per cent,” he says.

He acknowledges that some spending in other countries – such as on those French high-speed rail lines that have failed to attract the expected traffic – has not been sensible. “Maybe other countries have spent some of the extra money on things that don’t represent good value for money,” Mr Roberts says. “But there are good reasons in the UK to think it may be necessary to spend more.”

Stephen Glaister, professor of transport and infrastructure at London’s Imperial College, says a cost-benefit analysis of some potential investments suggests they could produce big economic gains. That goes particularly for some road schemes.

“Obviously we should be spending a lot more money on roads if you believe our methods of appraisal are telling us something useful,” he says. “Can anyone show me a better rate of return in the public sector than some of the road schemes where the benefits are seven, eight, nine times the costs?”

Prof Glaister also advocates significant spending on railways in the South-East, to cope both with the strain of carrying people to work in the London area and rising freight volumes coming from ports.

Nevertheless, few think investment alone can resolve Britain’s problems. That is partly because changes in the economy are fast boosting demand and infrastructure construction is unlikely ever to keep up.

A walk around Otford illustrates the problem. The village is surrounded by estates of modern executive homes. The managers who own them prefer to commute the 25 miles to London than to live nearer their place of work. They are part of a trend across the UK towards longer-distance commuting, which has combined with other changes in where people live, work and shop to put strain on parts of both the road and rail networks.

Demand has also been boosted by Britain’s increasing reliance on imported goods. The M26 is filled with trucks registered in continental Europe or carrying shipping containers to or from seaports. Britain’s unusually strong run of economic growth has also played a big part. In Otford, the prosperity is obvious in the well-maintained houses and busy shops. Steve Agg, CILT chief executive, points out that when 3m were unemployed there were few complaints about congestion.

Bent Flyvbjerg, professor of planning at Denmark’s Aalborg University, says that in light of these pressures, the UK has a reasonable record of coping. Other densely populated parts of Europe – such as the Netherlands – also face severe congestion, he points out. “People in Britain are giving themselves a hard time for not being as good as other countries,” Prof Flyvbjerg says. “I don’t think that’s the case.”

Sir Rod made similar points when he published his report. He pointed out that, despite their poor public image, Britain’s railways were handling the fastest traffic growth anywhere in Europe and yet nearly 90 per cent of trains arrived on time.

Prof Flyvbjerg adds that any programme to build significant numbers of roads – the most congested form of infrastructure – under present circumstances could simply block things up more. Since most of

the costs of motoring are fixed and the cost of driving an extra mile is relatively low, an expansion of road capacity could stimulate additional car journeys that congest the expanded infrastructure.

The area around Otford experienced one of the most famous examples of such a failed expansion when the 117-mile M25 orbital motorway around London, which links to the M26, was built in the 1970s and 1980s. Instead of reducing congestion, the motorway quickly became clogged with short-distance traffic that switched from existing roads. It is now often referred to as “the world’s biggest car park”.

Such experiences have, however, encouraged interest in techniques to manage infrastructure use more effectively. On the roads, that is likely to mean the introduction within the next few years of a distance-based charging scheme, where drivers will pay more to use the busiest roads at the busiest times and less for quiet rural roads. The government pledged in 2004 eventually to introduce such a scheme nationally and to run pilot schemes soon to test technology.

The scheme is expected to reduce congestion, because around one in five vehicles on busy roads at peak times could make the journey earlier or later, according to surveys. Confronted with a steep bill for travelling at rush hour, many such drivers are thought likely to bring forward or delay their journeys. A 20 per cent drop in traffic would produce a far larger reduction in congestion itself.

Most transport analysts – even those who stress the importance of building new infrastructure – see a road charge as vital. The CBI’s Mr Roberts points out that charging would produce a steady stream of income that could be used to fund investment.

Road-user charging was a central recommendation of the Eddington report, which said that by 2025 such a scheme could bring £20bn of benefits annually. He also called for changes to the planning laws, to make it easier and quicker to undertake infrastructure investments. However, his report found that many of the schemes providing most economic benefits were small-scale improvements, even including cycle routes, rather than large prestige projects.

It is a prescription that appeals to transport economists but could prove difficult to turn into government policy. Most politicians would rather boast they are building a high-technology rail line than talk about funding cycle lanes. They also have a weakness for promising sometimes unwarranted transport investments in electorally important places. One of Britain’s most notoriously underused infrastructure investments – the Humber Bridge – was built largely to satisfy a promise made to win a tricky by-election in nearby Hull.

The key, according to Prof Glaister, is for politicians to forget prize projects and concentrate on the ideas that make economic sense. Only then can they start to alleviate the problems of places such as Otford.

