

Participants

- Professor Stephen Glaister CBE, Emeritus Professor of Transport and Infrastructure at Imperial College London, Associate of the London School of Economics (Chair)
- Claire Haigh, Founder & CEO, Greener Transport Solutions
- Leon Daniels, Transport Planning Expert & Chair, Highways Sector Council
- Paul Hirst, Head of the Transport Sector Group at Addleshaw Goddard
- Paul Campion, Chief Executive, TRL
- Professor Jillian Anable, Institute for Transport Studies, University of Leeds
- Steve Gooding, Director, RAC Foundation
- Sylvia Barrett, Head of Policy and Research, Campaign for Better Transport
- Professor Tom Worsley, Visiting Fellow, University of Leeds
- Kris Beuret, Commissioner, Independent Transport Commission
- Alison Edwards, Head of Policy, CPT
- Stephen Joseph, Transport Consultant
- Professor Peter White, Westminster University
- Andrea Lee, Campaigns and Policy Manager, ClientEarth
- Julian Ware, Corporate Finance, TfL (Transport for London)
- Chris Todd, Transport Action Network
- James Coates, Chairman CILT Roads and Traffic Policy Group
- Professor David Metz, Honorary Professor in the Centre for Transport Studies at UCL (University College London)
- David Tucker, Chair, FSB (Federation of Small Businesses) Transport Policy Unit
- Phil McCluskey, Head of Sustainable Transport Demand, Climate Change Unit, Transport Scotland
- Matt Croucher, Economics Manager, SMMT (Society of Motor Manufacturers and Traders)

The meeting was held under Chatham House rules, meaning all remarks made in this summary note are **non-attributable**.

Summary of meeting discussion

Opening remarks

The session was contextualised as being focused on delivering credible and politically viable options for decarbonising transport, beginning by acknowledging a lack of progress made on a technology-led approach since 1990.

Greener Transport Solutions' manifesto, published last year, had urged shifting focus to what was needed to deliver a sustained reduction in transport emissions, including through pricing. Transport was the biggest polluting sector in the UK, but any transition needed to be considered with a whole systems approach.

There was a failure to price carbon properly and this should be at the heart of policy to tackle climate change along with mitigation measures to ensure any carbon taxes were not regressive. Electrification of the car fleet without replacing Fuel Duty would leave a £35bn blackhole and lead to an increase in traffic on the roads as drivers were able to use electric vehicles and pay less tax.

Issues of just transition to net zero needed to be considered against the background of energy security, especially with the war in Ukraine.

The main point of the roundtable series was to focus on carbon reduction and a lot of discussion around reducing transport emissions had not been followed up with action.

Pricing could help people change their behaviour, but it was not the only policy lever. The pricing incentives should be centred on paying for actions, including: taxation on fuel; taxes and subsidies on vehicle purchases; and pricing for road usage.

Fuel Duty

There was significant difference between the level of taxation on fuel used on roads and energy used at home.

Political pressures around the rising cost of living meant that the Government was leaning towards cutting Fuel Duty and every £4 of road taxation saw £1 spent on the roads. Fuel Duty was easy to collect and the rate of the tax had fallen since the year 2000 in real terms.

Work by the RAC had focused on establishing the level of revenue that had to be lost from Fuel Duty before the Treasury would notice. Between 2028-32 around £5bn from Fuel Duty would have disappeared, alongside the VAT also levelled on fuel.

There were no measures that the Government could take to either move that window forward or further back. The RAC had found that the Government was not facing Fuel Duty dropping off, but there were issues around the successor revenue raising measures.

Successive discussions around road charging had found that it only succeeded as a policy measure in terms of public opinion as part of a wider policy platform. Proposals for successors to Fuel Duty should be part of the manifestos for the next UK General Election.

Participants discussed whether £5bn was a lot of money for the Exchequer to lose, noting it was around the annual expenditure on HS2 (High Speed 2) or the pre-pandemic level of public subsidy to the railways.

It was possible that the Treasury would simply accept the revenue lost, but it was more likely to focus on the lost activities for highway maintenance and sustainable transport.

Attendees did not believe that the tipping point away from the internal combustion engine would happen before 2030-35, a change that would be driven by the vehicle purchase choices of fleet users.

Later in the session, another speaker predicted that the Chancellor would reduce Fuel Duty in the Spring Statement as a way of tackling general inflationary pressures, because it was an effective lever for doing so.

Fairness in the road taxation system

The top 10% of earners were responsible for around 25% of the miles travelled on British roads. Any restructuring of the road taxation systems needed to focus on the high-end users to help the country meet its net zero target.

Public transport ticket pricing was one policy lever available to facilitate the move to reducing transport emissions. Some countries had offered mobility credits to the lowest earners, as opposed to reducing Fuel Duty.

There were different attitudes to road pricing and the planning system meant people were often left with no choice but to drive because of a lack of infrastructure supporting active travel or public transport usage. Employers needed to take account of their employee's travel habits and clearly display it as part of calculating their carbon footprint.

The burden of Fuel Duty fell disproportionately on rural areas where residents were more dependent on cars. One possibility was a differential road user charge, accounting for differences such as whether someone living in a rural area.

One speaker warned on the ineffectiveness of adjusting bus fares for persuading road users to switch from their cars to motor transport.

Modal shift and encouraging public transport use

Road users needed to be persuaded to shift from their cars to using buses or active transport. One possibility could include increasing bus speeds by 1% that could come alongside reducing the cost of operating costs of buses by 5%.

Cutting public transport fares would be an excellent way of getting people out of their cars where adequate service provision was available. Pricing was the key to delivering this.

A project looking into road pricing was examining how the issue should be framed, for example as a taxation issue or a social justice/climate issue. Any move towards road pricing were taking place against the backdrop of the need for post-pandemic recovery funding for public transport.

One speaker referred to pressure from their daughter to act on climate change, to which they responded by saying that it was imperative to protect those who were most at risk. They cautioned that the politics around the issue would become complicated and there was a risk of being caught in the same discussions.

Efficacy of congestion charging and zonal public transport models

Attendees discussed if it was possible to replicate the London Congestion Charge to other urban areas. This included offering a discount for certain road users, for example road users.

Fuel Duty could be increased to account for the carbon in the fuel, as opposed to reducing it for political expediency. The Department for Business, Energy and Industrial Strategy had reissued the carbon prices to be used for appraisal, which should be drawn on by more sources.

Other cities could look to emulate London's zonal approach to public transport to provide simpler public transport fares and remove travel plan measures from the benefit-in-kind systems. The latter could help encourage car sharing.

Clear air zones and road user charging in London

Local authorities that had implemented clean air zones had found it to be a powerful policy tool and it was having a strong impact, which came alongside the rollout of the Ultra-Low Emission Zone (ULEZ) in London.

Some councils were pushing back on the policy and other areas were struggling to ensure legal compliance. These were useful policy tools but would only be effective alongside other policy tools.

Road user charging was one policy tool that the Mayor of London would use, and the previous Mayors had been given the powers to their powers on congestion charging. However, these powers had been devolved to tackle traffic and air pollution, but these were now being touted to tackle a hole in revenue.

One participant hoped that Transport for London worked with the Local Government Association to support the development of charging schemes in other local authorities across England.

Another speaker wondered whether there should be a flat, nationwide road pricing scheme could operate alongside local schemes, which would focus on a top-up basis.

Local transport budgets and implementing taxation

The priorities of local transport budgets needed to change to better encourage the use of public transport, whilst reducing the tax burden on small businesses.

A speaker also addressed that the levelling up agenda was the most vital component to delivering decarbonisation of transport, as well as fairer fares for public transport. The cost of motoring had become too cheap and there needed to be a better public transport network.

People needed to be encouraged to use the railways as passengers by fairer fares and better networks. Parts of the country like Devon had no alternatives to travelling except driving a fossil fuel vehicle.

Later in the session, the participants discussed whether there was an appetite for taking and passing driving test among young people.

Taxation was a boring subject and the easiest ones to implement were the ones that people only begrudged slightly but would not contest.

Trade carbon allowance

There could be a tradable carbon allowance introduced for the public, which would allow them to burn carbon for free until they hit the ceiling and then begin paying a charge.

DVLA already allowed for a similar system with differing rates of Vehicle Excise Duty (VED), and it was also possible to use distance-based charging in cars.

The debate must be broadened beyond cars to wider modes of transport.

Remarks raised by participants in the chat during the event

All remarks are unattributable in-line with Chatham House rules.

- *'Is there a 'tipping point' on fuel duty and the rise of EVs (electric vehicles)? Could there be a much more sudden change?'*
- *'The calculations would also need to keep changing depending on the price of fuel and how long the potential fuel duty cut lasts for.'*

- *'There are "public opinion tipping points" ...if a national newspaper were to take it into their head to start a campaign on it could suddenly become a topic of discussion...we can see all sorts of topics suddenly achieve salience in this way...'*
- *'Lord Deben has talked about spending the RIS2 money on sustainable transport measures to help motorists - we need to reframe the narrative.'*
- *'And the implications for the case for more road capacity and subsidy to other modes is an additional cost to the public sector as road taxes decline.'*
- *'External costs need to be considered if we are talking about fairness.'*
- *'<https://t.co/TsHppuXDSR> This is the IEA's 10-point plan for reducing fuel consumption. All these things make sense to the likes of us but not those that take the decisions...'*
- *'I think the scope 3 in the Greenhouse Gas protocol does include the transport impacts of businesses, including employees. Tax benefits for company travel plans, including carpooling as well as public transport, might help (the US and Ireland do this).'*
- *'Rural areas - It is curious why larger cars and those most expensive to run tend to be purchased by those in rural areas. VED needs to be much more strongly tied to the size of vehicle and not allowed to be subsumed - and hidden- into new car monthly leasing costs.'*
- *'Moving commuting emissions to scope 3 would be easy and cost-free but might help.'*
- *'Bus fares need to be part of a package of measures. Many people find bus fares 'expensive,' yet they are important for a significant minority to access goods, services, and jobs - a levelling up issue.'*
- *'In terms of air pollution in rural and semi-rural areas - I know several places (without having extensively searched for them) where national air quality objectives are breached because of road traffic.'*
- *'On fares, work done on 'free fare' cities and countries for the UITP (International Public Transport Union) suggests that free fare arrangements are not sufficient to incentivise modal shift from car - but do discourage walking and cycling. They also raise the question of how else you pay for the public transport system.'*
- *'What about higher taxes for second car as a start?'*
- *'80% of car miles are done on trips longer than 5 miles in length. Therefore, car use reduction is not something we can solve by modal switch - car use must come down by reducing journey lengths (destination switch) and virtual travel. Changes to fiscal incentives should be based on the reality of the behaviour shifts required - and they point more to things like parking charges, capturing land value uplifts (to alter where we build houses) etc.'*
- *'Worth remembering that "rural" covers all sorts of various kinds of areas, from deep rural to suburbia, and fringe of cities to a series of villages. Each of these have quite different travel patterns, car use, car dependence etc.'*
- *'So, the only way to achieve this is to stop building roads and price driving much sooner. Being upfront with people that we need to drive less.'*
- *'Car clubs too to reduce the need to own second/third cars.'*
- *'I should declare I am an EV (Electric Vehicle) owner - paying no VED, no Congestion Charge, often parking for free, reclaiming the VAT on the lease charges and only paying £12 to fill it up. (However less than 500 miles per month!).'*
- *'Policies like school streets also reduce second car ownership - in suburban areas, especially their primary use.'*
- *'We also need to talk about the local vs national scheme. I do not see any other cities talking up road user charging.'*
- *'Surrey CC currently flagging up an ecocharge for cars in their LTP4'*
- *'Glasgow's new transport strategy includes a commitment to develop a regional charging scheme. Think Cardiff is planning something similar.'*

- *'Totally agree about perceived costs being key Fuel price is ineffective and only has an impact when it goes up in jumps like now. Just look at the composition of the new car market - if fuel price was so impactful, why have SUVs grown to over 30% of the new market?'*
- *'The political debate around clean air zones is made much more challenging by the fact that many of the same LAs (Local authorities) that are introducing these are the same ones that are supporting expansion of their local airport.'*
- *'I'm told that SUVs are much cheaper/more profitable for manufacturers to make and sell - I'm not quite clear why this is the case and whether there are fiscal measures to change this and changing the leasing calculations which drive SUV adoption.'*
- *'So, the question is, should a national scheme: a) cover SRN (Strategic Road Network) only and leave it to cities/towns to complement it with local schemes) cover SRN and mandate for cities/towns to implement local schemes (like CAZs (Clean Air Zone) (Clean Air Zone)) c) cover all roads with a flat charge and mandate that cities complement with schemes for congestion/pollution.'*
d) cover all roads with a variable charge that reflects local issues from the start.'
- *'Leasing rates are strongly driven by residual values...i.e., in the case of SUVs the perception that they will be more attractive on the second-hand market.'*
- *'So, changes to VED could change residual value calculations?'*
- *'Don't forget workplace parking levies as a way of influencing travel behaviour.'*
- *'On the SUV conundrum it is important to at least muse on whether if SUV purchasers chose a different vehicle, they would necessarily choose a more fuel-efficient model. I suspect it is not necessarily so....'*
- *'Yes - but they would need to be significant changes. If a new SUV is (say) £40k and the calculation is that it will be worth £25k (say) in 2 years, then the lease rate is £15k + interest (~0) / 2 yrs. VED is tiny compared to that...'*
- *'But it comes down to perceived costs again. If the £2.5k first year VED is spread out over the monthly cost (which it tends to be), the policy signal is completely lost. This is a gross oversight from policy makers and must be rectified!'*
- *'I completely agree - there is a signal there but not all signals are perceived equally...'*
- *'Thinking about the political challenge remember there is growing evidence that young people are driving less so different age-related attitudes to carbon reduction and taxation.'*
- *'But he will do exactly the opposite. The chancellor is decidedly pro-car.'*
- *'So, the question is, how do we get arguments about decarbonisation and social equity on an equal footing.'*
- *'OR find a way to re-frame our policy recommendation in terms of the things that are seen as easy to sell.'*
- *'At the same time, papers like the DM, can sometimes give good coverage to measures like CAZs when it's presented along a human story on the health impacts of air pollution.'*
- *'We are in the situation where the Treasury simultaneously sees VED going away as a problem AND sees reducing VED as the pragmatic short-term tactic...'*
- *'And yet, I do not know when we will get a better opportunity than right now to capitalise on a general awareness that we need to reduce our dependence on oil. If the government cannot fight off the argument for reducing fuel duty now, it will never be able to.'*
- *'Might the chancellor consider a rate of fuel duty which varied inversely with the price of crude? The UK is not such a large consumer of crude as to influence the market price.'*
- *'Yes - what other ways of telling our story can be more effective than the argument that increasing taxes to reduce carbon is sensible...which is not an argument that people want to hear.'*

- *'We need a fuel price stabilised escalator - a published rate at which the pump price of fuel duty will increase year on year and fuel duty could then go down in periods when the barrel price is such that it satisfies the price increase on its own.'*
- *'I agree there is a moment: the cost of living overall is going to be horrible for several years: what is our way of helping people with cost of living BY reducing activities that are generating atmospheric carbon.'*
- *'What do you think is the right framing? Filling a fiscal hole is just as controversial.'*
- *'The UK is far more reliant on Russian oil for diesel than on Russian gas! I know T&E UK is putting out a paper on reducing reliance on Russian diesel, including better alternatives.'*
- *'Correction, I mean there would be a published price of fuel at the pump.'*
- *'We need a way to sell RUC as a cost-of-living/levelling up improvement...'*
- *'We need to focus on the machinery that RUC would use - and frame it as a way of subsidising travel for the disadvantaged.'*
- *'Let us not talk about the tax, let us talk about the way we could deliver subsidies. Bus, train, other subsidies do not feel like personal benefits - let us re-direct them as personal subsidies.'*
- *'Several press briefings from the scientific advisors focusing on the climate emergency.'*
- *'Many drivers will disagree because they should subsidise others to use modes they don't use.'*
- *'One of the popular solutions is 'off setting' is there a fiscal solution using this motivation - not the current crude tree planting deals etc?'*
- *'There is a failure to acknowledge by many that the climate emergency requires urgent action. Politicians saying, we will still get to net-zero, but it is not the priority now - because they see 2050 as a long way away.'*
- *'Of course, you are right - but it is never possible to create a change that EVERYONE will like. We need to find stories that are strong enough to ride out the noise...'*
- *'Car drivers are not all the same - and most of them are also walkers, cyclists, bus users, etc...they stand to gain on roundabouts as well as lose on swings.'*
- *'Ring fencing is important - carbon tax spend on NHS is different to general taxation disappearing into the general pot.'*
- *'You are right of course; I am just in a pessimistic mood today with the fuel duty cut stories.'*
- *'I feel the same - but we have no choice except to have an optimism of the will. Concluding that we are doomed means all reasons for action go away.'*
- *'This is exactly what we need to do, and it needs to cover more than cars.'*
- *'The machinery needed to implement RUC includes a 'personal travel account.' If we add other modes to it, then we have a way to give negative standing charges (i.e., subsidies) and THAT is the positive message we can sell.'*
- *'Something like the Future Transport Zone in Warwick, lots of options <https://www.wmca.org.uk/news/ground-breaking-trial-project-launched-to-reduce-private-car-use-at-the-university-of-warwick/>.'*
- *'I suspect the Government has a problem with encouraging more homeworking as a blanket message when that is likely to further hurt public transport in some places (I do not think I will ever buy another rail season ticket). I suspect one of the things we need to do is re-think public transport.'*
- *'This is another "thing we are going to have to do anyway" that we should try to use as a lever to make the changes we need more attractive.'*
- *'Why restrict the allocation of tradeable carbon rights to car owners? Really agree with two tariff system and 'free' initial allowance. Positive acceptance of frequent flyer levy in recent climate assemblies etc give indication of the public acceptance of this. But driving is even less equitable than flying.'*