

Transport Committee

Oral evidence: [Strategic transport objectives, HC 84](#)

Wednesday 1 May 2024

Ordered by the House of Commons to be published on 1 May 2024.

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Members present: Iain Stewart (Chair); Jack Brereton; Fabian Hamilton; Paul Howell; Grahame Morris; Gavin Newlands.

Questions 226–282

Witnesses

[I](#): Ben Hopkinson, Policy Researcher, Britain Remade; Stephen Joseph, Visiting Professor, University of Hertfordshire; Dr James Laird, Director, Peak Economics; and Andrew Meaney, Partner, Oxera.

Examination of witnesses

Witnesses: Ben Hopkinson, Stephen Joseph, Dr Laird and Andrew Meaney.

Q226 **Chair:** Welcome to today's session of the Transport Select Committee, in which we continue our inquiry on strategic transport objectives. We have a split panel today in the sense that three of our witnesses are here in person in Westminster and one joins us from, I think, Inverness via virtual link. Before we get going, I invite each of you to state your name and organisation for our records.

Ben Hopkinson: I am Ben Hopkinson, a policy researcher from Britain Remade.

Stephen Joseph: I am Stephen Joseph. I am a professor at the University of Hertfordshire.

Andrew Meaney: I am Andy Meaney. I am a partner at Oxera Consulting LLP.

Dr Laird: I am James Laird. I am a director of my own company, Peak Economics, and a visiting fellow at the Institute for Transport Studies at the University of Leeds.

Q227 **Chair:** Welcome all. We are very grateful to you for giving us your time and opinions this morning.

Andrew and Stephen, at our initial session Lord Hendy, the chair of Network Rail, made the point that "transport is not an end in itself mostly; it is a means to an end. Better transport connectivity produces growth, jobs, housing, social cohesion and sustainability". What do you understand the Government's strategic transport objectives to be?

Andrew Meaney: Thank you for inviting me here. It is pretty clear that there are some objectives written down for the Department for Transport and agreed with the Treasury around levelling up, through to operational things to do with being an effective Department; but perhaps there is a disconnect between those objectives—we may come on to that—either for the Department or, more generally, for the current Government and future Governments. Those flow through to what the Department for Transport is focusing on, and what it is trying to enable the transport network to achieve, and then play through into its value-for-money assessments, for example. One can find objectives for the Department for Transport, but perhaps they are not entirely consistent with the Government's wider objectives, and those objectives are not necessarily the ones that might be focused on in a strategic case for a piece of infrastructure or a case for digital investment in our road network.

Q228 **Chair:** Thank you. We will start to explore all those themes as the morning goes on. Stephen, your initial thoughts, please.

Stephen Joseph: You have heard in previous sessions about the difficulty of linking up transport and land use planning. For me, that



seems to be a particular disconnect, with a huge impact. Transport is a means to an end, but the way in which it plays out in relation to land use planning is really important in terms of the kinds of transport patterns that appear on the ground. We see transport contributing to and being part of wider challenges that the Government face, on social exclusion—I think the study by Transport for the North on transport-related social exclusion has already been quoted—and on tackling climate change. Transport is now the biggest single contributor to carbon emissions. The challenges are also at much more local levels, in relation to local economies. There are some really big issues.

We did a study, at the university, for the Transport Planning Society. In fact, we did two studies, in 2020 and 2022, on the state of the nations in transport planning. We found that Wales and Scotland had much clearer transport strategies than the Department for Transport did for England/the UK. In fact, in 2022 we did a whole chapter on how the four nations of the UK were moving differently on transport, particularly on the issue of strategic transport objectives.

Q229 Chair: Thank you. Ben, and Dr Laird, do you have any initial thoughts to add to those?

Ben Hopkinson: I completely agree with Stephen about the role of land use being important but not properly considered. It is also important to highlight that there are clearly broad goals that the Government want to get through transport, whether levelling up or trying to reach net zero and decarbonisation. It is hard to say that those goals actually shape a coherent strategy and a coherent pipeline of projects. Right now, it is “How do you apply these goals to individual projects?” Instead, a proper strategy would be, “Across a number of projects, how do we reach a goal?” It would be about how we electrify a number of lines at a time, and get a rolling electrification programme going, to reach net zero, rather than how an individual line meets certain predetermined objectives around net zero. There is a real need to consider the application of broad goals towards a pipeline of projects, if we are talking about strategic transport objectives.

Q230 Chair: Thank you. Dr Laird.

Dr Laird: On the question of what I think the Department’s strategic objectives are, I have to admit that I don’t know. I have looked at their website and their publications, and they identify priorities. The delivery agencies—National Highways and the rail networks—have objectives and investment strategies and programmes. In my role with the University of Leeds, I and my colleagues deliver training courses in transport investment appraisal for Department for Transport junior economists. Ideally, we would like to case-study a Department for Transport major project, but we actually case-study a west of England project, which has a city vision and strategic objectives, from which flow a set of project objectives that feed through into the appraisal. Partly, we don’t see



coherence between the priorities at the top end and the project objectives at the lower end.

That is quite important with respect to transport. Transport is a unique and very interesting area, because it touches everything. The Department's strategic priorities are growing the economy, making transport better to use, and decarbonisation. These are three very different priorities, and it would probably be unusual for a single project to address all three of them. Therefore, it is quite important to see how the portfolio as a whole addresses them.

Q231 Chair: Those priorities or objectives are not necessarily mutually exclusive. How do you sense that the Department specifically, and Government generally, will balance them in setting out the overall policy programme?

Dr Laird: They are not mutually exclusive, but it is rare that a project delivers heavily on all three. There are a lot of projects that are about just making the transport system better to use—a lot of the bus-type projects, for example. You could potentially have a strong vision of a growing economy that is city-based, in that the cities are the vehicle for growth, driven through agglomeration; within that you could have a strong public transport system that reinforces the strength of the city, with active travel. In that sense, the portfolio would hit all three. You might struggle, in that situation, to see where investment in the National Highways road network might fall. You might want point-to-point city connectivity—city centre to city centre—rather than the point that Stephen and Ben made about land use change. If you invest in the road network you may get urban sprawl, which will work against your objectives.

I look at project appraisals. You say they are not mutually exclusive, but look at the Lower Thames crossing. National Highways projects are big on carbon—they produce a lot of carbon—but they grow the economy. I don't see that there is no role for road projects, but they have to be in a portfolio where decarbonisation is happening elsewhere.

Q232 Chair: Do the other panellists have any thoughts on that point about balancing the different objectives?

Ben Hopkinson: It is important to consider objectives like decarbonisation and net zero in the whole, and not on a project-by-project basis, as James mentioned. Britain Remade has done some modelling on this and we found that the entirety of the road investment strategy's projects from 2015 to 2020 increased emissions from motoring by only 0.1%, whereas if you sped up the EV roll-out by only a year you could reduce motoring emissions by 2%. It is clear that an individual road project will lead to more emissions, but compared with the 247,000 miles of road we have now it is a drop in the ocean. You have to consider it alongside the fleet change. As we roll out more EV chargers and cars, emissions will drop over time.



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A lot of the projects in the RIS have real economic growth benefits. If you say that every new road project cannot lead to any more emissions, you will almost have a kind of defensive net zero. You will not build anything. You will not get growth-building infrastructure, but you will have a small lowering of emissions. If you consider it over the objectives for the whole of transport—rail, public transport, walking, cycling and cars—you can see that the emissions that might increase from road projects will be way outweighed by shifts in car use and shifts to public transport.

Chair: Thank you.

Stephen Joseph: I beg to differ with my colleague on that. Using National Highways' own numbers, some individual road projects add significantly to carbon emissions. It is those that are most controversial. There is a better framework for this, which is to think of decarbonisation as the framework within which other transport decisions are taken. We need pathways to decarbonise transport. The evidence from Jillian Anable, a colleague of James's from whom the Committee has heard, and from other colleagues of his in Leeds, is that you cannot just rely on technological change such as electric vehicles to reduce carbon emissions from transport; you have to look at reducing car mileage as well. It is not a lot of car mileage: we are talking about 20%, which I think is the Scottish Government's target. To give context, the difference between term-time and holiday traffic levels is 15% on average, so we are not talking about enormous changes, but we are talking about setting pathways to decarbonisation.

We would argue, from the work we have done in rural areas—the university has focused a lot of work on what to do about the challenges facing transport outside cities—that it is possible even outside cities to find alternatives to car use that can help to reduce road traffic and road use. Given the nature of the challenge of climate change, it is an overarching issue, but within that you can have frameworks in which all sorts of projects can go ahead. There is a tendency to think about big projects. Actually, as all sorts of reports have said, from the Eddington review in 2006 onwards, packages of small projects really make a difference. We saw that with the coalition Government's local sustainable transport fund. It really made a difference to behaviour change on the ground, by providing lots of small projects, rather than having the focus on the single big projects that I think all politicians and decision makers have a tendency to jump to.

Q233 **Chair:** Thank you. Before I turn to my colleagues, do you have any thoughts on objectives, Andrew?

Andrew Meaney: I think Stephen is saying that if decarbonisation is your only objective you would set up transport decision making with respect to that, but of course there are other objectives, as we are hearing. Perhaps what is missing is an understanding that there is an accepted set of objectives that the Government have established for the country, to which transport would contribute. Then what you would do is



establish analysis or frameworks to test each incremental project, whether it is big or small, against the transport system's ability to deliver against those objectives.

Of course, those objectives trade off. That is why we are here in Parliament. People have to trade off different objectives. We have to apply weight to those different objectives. Perhaps what happens now is that we don't articulate well how a particular decision will trade off against differing policy objectives. If we were encouraging decision makers to express how those trade-offs are being made in individual circumstances or across a portfolio, it would aid transparency. It would help the public to understand why one package of measures rather than another is being taken.

Chair: Thank you.

Q234 **Paul Howell:** To frame the discussion a little, before I start, we are trying at the moment to talk about the objectives we are getting. We will talk about the evaluation process separately later, so let us try to stick to the knitting, if you like, to make progress as we go through the questions.

As we have already touched on, one of the Department's priority outcomes is supposed to be to grow and level up the economy. I want to go to Andrew and Ben first on this question, which is about the role that the transport system plays in improving the economy. We are told that, for example, jobs growth in towns, at 7%, has been half of that in cities outside London, where it is 14%, and a quarter of that in London, at 28%. The growth in jobs has been dramatically different in the very tight urban centres. London is first, then the cities and then the towns. I would like you to think a little about how transport can facilitate movement in different places.

Andrew Meaney: That is a really good question, because a lot of decision making and focus can enable cities as vehicles for economic growth. I am sure that James can come on to that in a minute. Of course, it is not just cities that will benefit economically from strong transport links. I think there is definitely a missing role—a missing understanding of even quite basic levels of connectivity into and out of towns and cities, which, as we know, has declined considerably in the last 10 or 15 years, and of how you can use that connectivity to enable people to choose jobs locally rather than regionally or nationally.

Perhaps with the pandemic we saw changes in travel patterns, whether through working from home or other changes in what people were doing—a different balance of leisure and work time. There would have been more regional trips, which would have enabled some growth in towns and maybe even villages, rather than in cities. To the extent that that is flipping back, as people move back into more office-based work, perhaps it is unravelling to some extent.



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To come on to your question, transport in towns connects people to jobs and services and enables housing development around those towns rather than maybe on the edge of cities. Transport, of course, is a vehicle—one means—for enabling that growth. Where transport can really help is where clusters are forming, but of course those clusters can form in towns as much as cities; or they form in counties rather than in big urban areas.

We have to focus our resources. There has been a preponderance of resources in cities, as well as the job growth that you allude to. To the extent that we can see into the future and imagine what transport can enable in towns, there is some prospect of shifting money between where it is perhaps being spent at the moment and where it can be spent in the future.

Q235 Paul Howell: To explore that slightly further, before I come to Ben, what should Government do specifically to try to encourage what you have said?

Andrew Meaney: I think we can get hung up, as Stephen said, on some quite big schemes, but, even imagining how connectivity can be improved on a village-by-village, town-by-town basis, we could spend the transport budget quite differently. At the moment we focus it on particular schemes and enabling inter-urban connections through the SRN and Network Rail, but perhaps we do not spend so much on bus services to provide connections to towns, connecting people to jobs, hospitals and that kind of thing.

You could develop an emphasis on establishing connectivity. What is the basic amount of connectivity that people can have? Then you could imagine the schemes that you would need to deliver that connectivity to towns and villages, in addition to what you are doing in cities. It would mean imagining it from the perspective of what that town or village needs: is it public transport or car-based? Then, how do you grow the economy as a consequence of improving that connectivity?

Q236 Paul Howell: It comes to the big picture. I want to bring in Ben, but I want to make another little comment, picking up what Stephen said a few seconds ago about the potential to change rural transport movement. We all gravitate to our own constituencies, and in mine there are three villages—Trimdon, Fishburn and Sedgefield itself—that I want connected to Newton Aycliffe, where the jobs are. Transport patterns have changed. Because of covid, people don't use the buses as much to go shopping. That has reduced demand for buses, which have therefore been closed off, and that drives car ownership so people can be sure they can get to their jobs. What should the Government be doing to make sure that the people supplying the bus routes keep them going, to facilitate the situation? The way that BSIPs and those sort of things work at the moment seems to be hung up in not actually getting the money out to those sorts of places. Ben, will you start, and pick up on the previous question as well?



Ben Hopkinson: If we are considering levelling-up priorities, we have to start by considering Britain's uniqueness among similar countries—France, Germany, Spain, America and Japan—in that its second cities, or cities that are not the capital, are less productive than the national average. Everywhere else, you get the benefits of living in or near a second city—being able to commute in—but Britain is unique in having second cities that are less productive. Only nine British cities have either a tram or mass transit system, compared with 30 French and 60 German cities. Only four in 10 Leeds residents can get to the city centre within 30 minutes by public transport, compared with nine in 10 Marseille residents.

That effectively makes our cities smaller. It means that fewer people can get to the high-quality jobs; fewer people can specialise as much, and the agglomeration effects are a lot smaller. If the Government were considering how to rectify this and get transport to feed in properly to levelling-up objectives, they could consider a larger pipeline of tram projects reaching Britain's second cities, and making sure that they were of larger effective economic size, because more people could get to the city centre quickly.

On Paul's specific point about rural villages, it is important to avoid the death spiral that happens when low ridership leads to a cutback in services, which leads to low ridership, and so on, until there are no bus services left. That means working with local communities to see what an effective public transport system would look like for them, and hearing feedback about how they might want bus services between particular villages, which the market has not so far provided.

Q237 **Paul Howell:** Is there anything you would like to add, Stephen?

Stephen Joseph: I think I know the analysis that Ben is talking about in relation to cities. The Centre for Cities and the Open Data Institute have done a lot of work on that. Going below that, you are right about the importance of smaller places outside cities and being able to get to jobs.

In the work we have done, we found some places that are really making a difference. We tend to cite Cornwall as a place that has done a lot on rural public transport. Although they have had a fair bit of levelling-up money, they have used it effectively to do things that almost anybody could do, like making the buses meet the trains. You can pick up for free a bus times booklet for the whole of Cornwall that tells you how they fit together. If you turn up at St Austell railway station there is a bus terminal outside, with all the buses on it.

There are places that have done that, and are doing well at it. Some of it is about just spreading good practice, although Cornwall have spent a lot of money on their buses. About 50% of their network is tendered, but they have done the tendering wisely. They have a Transport for Cornwall brand, some of which operates outside the council depots. They have done lots of basic things that have really made a difference.



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I think the one-word answer to how we deal with this is “devolve”. There is no point in people in London working out whether a particular bus should run to Newton Aycliffe, or whatever. That should be devolved, with powers and funding to make it work. Overseas models have been mentioned. A couple of years back the French passed a *droit de mobilité*—right to mobility—which has spread out to rural areas and led to the creation of passenger transport executive kinds of bodies, even in quite rural France. For the first time, it is focusing people on what money is around for transport and how to make it work better as a right to mobility, so people can get to work, hospital and so on.

Q238 Paul Howell: Thanks for that. It is always nice to hear some examples of good practice.

I am coming to you, James, and I want to develop one further point at the same time, as it is more your area. That is the impact, or the conflict that you get, between the two outcomes of trying to grow and level up the economy and reduce environmental impacts. The environmental impact of transport has to be more in a dense urban area, which is where you can make the biggest difference, in a way. How do we manage a strategy that doesn’t affect the need for connectivity in rural areas too much, because of the policies that you are putting into cities; or do they need to be radically different? How do you balance those?

Dr Laird: I will try to pick that up. I guess your original question was: what role does transport play in growing and levelling up the economy? It is an area I research, and we teach on. In this context it is useful to distinguish—the other panel members have contributed here—transport projects that are within a city or a travel-to-work area from those that are between cities. Unambiguously, we would expect that, within the travel-to-work area, we are strengthening the city.

I would caveat Ben’s point about investing in pure mass transit. You have to think about density. It comes back to an earlier point about land use patterns. The one thing we know is that once houses are built, they are there for multiple generations—I will not say forever—and we have path dependency. We have to be very careful when we invest in the city. What we want to grow the city and grow the economy is to have density in the city, and that comes through both transport connectivity and land use.

When we think about between cities, there is a tension. The development can happen at either end of the line, as it were. We have to be very careful about how much of the activity is going to centralise in the core of the country and how much is going to go elsewhere. One thing we do know is that by strengthening cities we can grow those parts of the economy. To give an idea of what the scale is, which I think is what you asked, I think people are merging priorities and objectives a little bit in some of the discussion.

To me, an objective has to be “smart”: it has to be specific, measurable, achievable and have a time band. We talk about levelling up the



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economy. To give you an idea about agglomeration, if you double the size of a city, the consensus would be that you have increased economic activity by 2.6%. If your north-south gap is 30%, you have to do a lot of doubling of city sizes to narrow that. The gap is for a lot more than agglomeration. Transport can contribute to levelling up, but it is not the whole answer, if that makes sense. I feel that the Department, if you have strategic objectives, should be trying to quantify what it can actually achieve.

In terms of the environmental balance and the economic balance, a key part of a dense city that is productive and is also a good place to live, which is immensely important too, is active travel. The urban environment and the urban place is important. I do not see a vision where growing the economy and a clean environment are mutually exclusive. If, for example, you feel that an important part in coming out with a vision is roads, but we have to decarbonise the transport system, then maybe the Government should be looking at massive investment in decarbonisation of the vehicle fleet—looking at it from a different angle as opposed to trying to do it through infrastructure or restriction of people's movements.

Paul Howell: Thank you. I am conscious of the time, so I will hand back to the Chair.

Chair: Gavin, we come to you.

Q239 **Gavin Newlands:** Thank you, Chair. We have touched on strategy, and I want to go back to strategy. Andrew, do the Government have a clear, long-term plan for transport investment?

Andrew Meaney: There are some known pipelines of things that are going on. Whether finishing some of the really big schemes is long term, I do not know. I do not think that there is necessarily a cross-Department for Transport plan saying, "These are our long-term outcomes, and this is how the transport network needs to develop in order to hit those long-term outcomes," as you might see, for example, in a utility company. If they are a water company, they are meant to have long-term plans; they are there to build their network such that it meets those long-term objectives. I do not see that in transport. There is a lot of master-planning that goes on for what the strategic road network should look like in 2050. You will have some scenarios and different ways of developing. In terms of whether I see a cross-Department for Transport plan, not necessarily, no.

Q240 **Gavin Newlands:** I will go back to strategy in my next question, but, Stephen, can you answer the same question about a long-term plan for transport investment? Are there any other steps the Government could take to provide clarity on that, outwith a strategy, which I will come back to? Is there anything else at all?

Stephen Joseph: You have heard in previous evidence sessions about the benefits of the city region sustainable transport strategies in England,



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which have given the city region authorities some long-term funding and certainty for capital investment in those cities. I think there was a welcome for that from the Urban Transport Group and others. We have seen the prospect of that being extended outside cities to local transport settlements as part of the Network North strategy or set of projects—I cannot remember what they are called. That gives some long-term certainty, although, as the Urban Transport Group said, there is not the same certainty on revenue funding. It means that there is some certainty in those places for longer-term funding. There are all sorts of reasons, which Ben alluded to in relation to light rail, as to why it is difficult to translate that into a pipeline of light rail schemes. What we have not seen is a pipeline of rail investment. There is no rail investment pipeline. It has been promised for some time, but it is not there at the moment. In contrast, there is still a five-year road investment strategy.

- Q241 **Gavin Newlands:** You mentioned rail. Iain Docherty gave evidence to this Committee that “HS2 was about as close to a coherent national plan as has been in place in decades.” Obviously, we know what has happened to HS2.

Coming on to the national transport strategy, Iain and many other witnesses said it would be a good idea. You referenced it yourself in one of your earlier answers, Stephen, so I will come back to you because you have already given us a good hint as to what your answer might be. Ben, is an overarching national transport strategy for England desirable?

Ben Hopkinson: Yes.

- Q242 **Gavin Newlands:** There are several transport strategies within the modes, but I am talking about an overarching one.

Ben Hopkinson: I think an overarching transport strategy would be desirable. The issue with getting there is that you run into barriers with our planning system. You run into burdensome requirements that slow down projects and ratchet up uncertainty and cost. If you are trying to cobble together a group of projects into a coherent pipeline, but you do not know exactly when projects are going to get planning approval if they are facing judicial review, extra consultation or extra barriers, it makes it very challenging to get a proper pipeline going. For example, we looked at the Lower Thames crossing: we found that their planning application has run up to 359,000 pages and they have spent £297 million preparing to gain permission. This was designated a priority infrastructure project 13 years ago, but spades are not yet in the ground. If you are trying to get towards a pipeline of projects, you need to look at the planning barriers that exist and are holding back projects.

- Q243 **Gavin Newlands:** But a solution can be found for that. A strategy is desirable, but there are hurdles. Dr Laird, don’t worry, I am saving you up and I will come to you with that question as well as a couple of others. Stephen?



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Stephen Joseph: In the state of the nations work that we did for the Transport Planning Society, we said unambiguously that a national transport strategy for England would be desirable. We alluded to—you will be familiar with this—the national transport strategy in Scotland. There is a similar strategy in Wales. They set out clear objectives. They do not deal with all the problems, but they give a sense of key priorities and where the Governments are heading.

I have a comment about the Lower Thames crossing. By the way, I could only find 554 documents on the Planning Inspectorate and not 2,300, as you found, Ben, so I am not quite sure where your numbers came from. In other countries, there is a lot of pre-planning that goes in before schemes get into a programme compared with what happens here, where lots of the planning happens afterwards.

To go back to the channel tunnel, I remember the work that was done in the University of Kent. The French got all their work done on the rail link to the channel tunnel by talking to all the mayors in all the individual communities in advance, whereas the British had to go through all the hybrid Bill procedure and so on. The frameworks for transport planning and objectives used in other countries reduce that kind of burden, whereas we tend to have negotiations that go back to the way the railways were done through private Bills.

Q244 **Gavin Newlands:** Environmental targets have been somewhat newsworthy in Scotland over the last week or two. You mentioned the reduction in the car usage target, which no doubt is a stretched target and a very difficult one. I always make the argument that it is the prism through which all our transport strategy and objectives are planned and, to some degree, evaluated. I do not know if that would perhaps be one of the benefits. What else is missing from current transport policy that a strategy would provide? You touched on it, but what are the other benefits of an overarching strategy?

Stephen Joseph: It gives certainty. Going back to a point I made earlier, it helps to frame land use planning as well. In Wales, they have a strategy that links together transport, climate change and land use patterns so that development is focused on the upgrades to railway stations that are part of the transport strategy. In Scotland, you have a focus on the urban networks and their development. For example, on the Borders line the Shawfair development was designed to put new development next to the railway. It is about the framing. In the Netherlands, for example, that is how planning is done. They have a transport strategy and a land use planning strategy that work together.

Q245 **Gavin Newlands:** I am conscious of the time. Andrew, would you back a strategy? Is there anything else you can add in terms of the benefits that it might bring?

Andrew Meaney: I think it would be great. You would have to set it in the context of what the Government are trying to do in general. If the



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Government have five objectives, you would say, "Well, how does transport contribute to those objectives?" You can then take decisions on the basis of what you want to invest in and how you want to invest in it.

Of course, we are in a context where we do not have vast amounts of money to spend, so it would help you to focus that spend on areas where it is going to have the most effect. At the moment, we tend to get a groundswell of support behind something and then we keep reanalysing it during the planning cycle, as we have described, rather than saying, "How do each of these potential interventions contribute to the overall strategy and the objectives it is trying to hit?"

Gavin Newlands: A quick yes/no answer: does Network North have any strategic properties whatsoever?

Andrew Meaney: It is a list of things that could be delivered, or are being delivered, as a consequence of money being freed up by HS2. Some of those will happen quickly. Some will have to go through the planning cycle that we described. It could be seen to link to potential objectives, but the point is that it is not necessarily transparent what trade-offs are being taken in order to deliver that set of interventions as a consequence of saying, "We now have more money as a result of HS2 going ahead partially."

Q246 **Gavin Newlands:** I think a future in politics beckons with that answer to a yes/no question.

Dr Laird, you have previously done work for the Scottish Government with regard to appraisals. I want to touch on that in a second. With your experience of that, could you tell us what you find is the difference of approach to transport strategy in Scotland and in the DFT?

Dr Laird: I work both in Scotland and England, although a lot of my research and teaching is in England, so I can make that contrast. The Scottish Government were slow, though not as slow as the Department for Transport, in developing a national transport strategy. They asked local authorities and city authorities to develop their own transport strategies, but were reluctant to do one themselves. Having done so, I think they are in a good position.

What a transport strategy does, and what the national transport strategy in Scotland does, is to give a vision as to what they want the transport system to look like and be doing over the next 20 years. You asked what a long-term plan for transport investment is. We would think that 20 years is a long time. In England, the Department, as far as I can see, plans on a five-year horizon and the road investment strategy is three. That might be long for a parliamentarian in terms of planning, but for an economist who studies these things, five years is not a long time.

The benefits that Scotland will hopefully get from having such a strategy is direction of investment in travel. The Scottish Government have not done a moratorium on road building, as the Welsh Government have.



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They are committed to upgrading some of the remaining main cities to build dual carriageways between them all. The national transport strategy in Scotland is supported by a big piece of analytical work called the strategic transport projects review. That looks to transport investments until 2042. What you find there is that, with a lot of the projects that are coming out of that to fit under the national transport strategy, there are no new road building projects coming forward other than the ones already in the programme to meet the overall aims.

Q247 Gavin Newlands: Very quickly, James, you authored the appraisal guidance for the Scottish Government, or certainly helped to author it. Can you tell us if there is any main difference between the appraisals approach in Scotland versus the DFT?

Dr Laird: I co-authored parts of the guidance. I have never written whole pages and pages of the manual, but I have contributed to different parts of it. Ultimately, both sets of guidance sit under the Green Book. They form part of HMT. Scottish Transport Appraisal Guidance—STAG—has a part 1 and a part 2. Part 1 is called making the case. It is quite closely aligned with what you might call the strategic dimension in England, but it is a lot beefier. That is what I find, and I see. There is much more emphasis on what we call the part 1, the strategic case, than happens in England. That is my observation.

Q248 Gavin Newlands: How much control can the UK Government exert over the transport system, and how much should they?

Dr Laird: Stephen touched on this. Local authorities are the best people to talk about bus services, and transport, quite rightly, is a devolved matter. It needs to be devolved. You have to have co-ordination and you need to get the investments delivered. What you find in city plans is that they can control what is happening within their city, but they are heavily dependent on what the UK Government are doing. They are, in the main, the holder of the main purse strings; there is a responsibility, if only to set the budgets, in the UK Government. That is very important in determining the direction of travel. Ideally, you want the delivery as close to the bottom as possible.

Q249 Gavin Newlands: Lastly, Dr Laird, you spoke about co-ordination. How well co-ordinated do you think the approaches are of different Government Departments in areas of transport policy? We have seen lots of levelling-up projects in the transport area of late. How much co-ordination do you think there is between Government Departments?

Dr Laird: I do not think I can offer a view on that. I have not been close enough to those sorts of things.

Q250 Gavin Newlands: That is entirely fair. Stephen, do you have an answer to that last question?

Stephen Joseph: Yes. I mentioned transport and land use planning. That is one area where there is not enough co-ordination. There was a



very useful paper produced a couple of days ago by the Department for Transport science advisory committee looking at that. It was very clear about the consequences of not having that co-ordination. I know there is a lot of work being done to try to join up the Department for Transport and the Department for Levelling Up, Housing and Communities.

As I mentioned, we have been doing roundtables on rural transport. We had one last week on transport and development. We had a paper from a group called Transport for New Homes, which has been looking at what is actually happening on the ground in England. It has found a lot of car-based development with limited or no public transport. As the science advisory paper says, sometimes public transport is provided, but much later on in the development, by which time everybody is driving because that is the entrenched pattern.

That is not just a matter for those developments. It adds to congestion, and therefore economic costs, on the rest of the road network. I mentioned the work that Create Streets have done in Chippenham recently, "Stepping off the Road to Nowhere", which has looked at an alternative approach, where you take the £75 million that was promised from the housing infrastructure fund by the Department for Levelling Up or by Homes England, which was for a big road, and if you spend that differently in Chippenham you get the same level of housing but much denser. It is a gentle density in the Create Streets language. You get a revitalisation of Chippenham, much better public transport and less traffic rather than more. Those decisions are taken by different Government Departments with different funding streams.

Q251 Gavin Newlands: I am very conscious of the time, so can you each in turn give as quick an answer to this as you can? Does the DFT exercise too much or too little power in the current transport system? Are transport powers and responsibilities exercised at the right level of government, which is obviously mentioned with regard to buses? We know the answer on buses, but what is it in general terms? Ben, I will start with you, as quickly as you can.

Ben Hopkinson: Of course. We need to devolve a lot of the powers and funding abilities to where the main impacts of new transport investment will be felt. If we are talking about a local tram, the powers of decision making, funding and approval should ideally be made at the local level.

Birmingham Eastside extension to the West Midlands Metro is a planned 1.05 mile extension to connect to the HS2 station. Design work began in November 2013. A Transport and Works Act order application was submitted in October 2016. That included 5,718 pages. If laid end to end, that is longer than the metro extension itself. It took 40 months for the Transport Secretary to give permission to Birmingham to build a mile extension on top of existing roads. Those kinds of case studies show that we need to devolve a lot of the planning approval and the funding mechanisms to the local level where local projects are being made.



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Q252 **Gavin Newlands:** So at the moment, there is a little too much power from a DFT point of view. You would seek to devolve some of it.

Ben Hopkinson: Yes.

Stephen Joseph: I think they exercise too much—

Q253 **Chair:** Could colleagues and witnesses speed up a little? Can we have concise questions and answers, please?

Stephen Joseph: I will keep this brief. I think they exercise too much and too little power. They exercise a lot of power, as Ben said, over detail and rather too little in the way of strategy and overall approaches to transport. I would want more strategy and less detail from the Department.

Andrew Meaney: I agree with Stephen. In how rail services are delivered at the moment, if you want to make changes to rail services, pretty much every point on the timetable is determined centrally, whereas there are other areas of larger policy involvement that the Department could be taking, around connectivity, for example, and making sure there is public transport available to people per se, which is not happening at the moment. That could definitely be happening much more from a central perspective.

Q254 **Jack Brereton:** We have talked a lot about public and Government investment but not so much about private investment. Andrew, could you say what more could be done to encourage more private investment?

Andrew Meaney: It is a great question. We know that, as a country, we are capital constrained. We have a fiscal rule that means we are not really going to be spending much more on infrastructure than is in current plans. Going beyond that, the public sector does not seem to have the capacity, or at least is not choosing to spend that capacity, in transport. Therefore, we need to deliver schemes, big or small, differently and encourage private finance to come in. Of course, we have a very high interest rate environment, which does not help. One would imagine that if one were to establish a scheme effectively—we are trying to do this in nuclear, for example, at the moment—private finance could be encouraged in.

What you have to offer private finance is a degree of control and, perhaps, a lack of intervention, whether that is from regulators or politically, for quite a long period of time. You have to really make sure that you are comfortable with that or that if you want to have five-yearly periods, where you go back and look at the investment to see how it is performing, you do that in a clear way with clear rules of the game so that investors have confidence in what they are investing in. That is quite a different way of delivering schemes compared with the public sector, where you undertake the scheme, and it is done, and you then move on to the next one. The private sector will typically get their money back over a long period of time if it is a transport capital investment. You have



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an important trade-off to bear in mind between the degree of intervention that you can have politically or from a regulatory perspective under public investment versus private investment.

Q255 Jack Brereton: Do the current structures prohibit the opportunity for private investment?

Andrew Meaney: I don't think so. What you need to do is spend time creating the conditions for private investment, whether it is a large scheme or a small scheme. There have certainly been examples of schemes in recent years that have really struggled. They would have been completely privately financed but then hit against the challenges of the planning system, for example. It is probably the case that investors will require a lot of the planning that we have been talking about to be complete before they are willing to invest. They do not want to take planning risk, construction risk and operational risk. You have to have horses for courses, with the public sector taking some of the burden and then allowing the private sector to come in.

Q256 Jack Brereton: Ben, do you want to add anything? You are nodding. Do you have any thoughts? Obviously, in some countries we know that private investment is much more common than we necessarily see in some of the infrastructure in this country.

Ben Hopkinson: Andrew is completely right to highlight the effects of the planning system in dampening private investment into transport projects. It is currently too expensive for private companies to feasibly think about investing in building new transport directly. In France, there was a fully funded private motorway—the A65—that was built for just £10 million per lane mile. We are never going to get those costs down in the UK unless we figure out how to fix the planning system. If you take the risk and the uncertainty away from planning applications, you would be much more likely to see private finance getting involved in direct funding. That is not to say that you cannot have land value capture mechanisms to fund transport when you combine private developments and new public transport, whether that is a tram regeneration of Salford Quays or investment in the docklands that funded part of the Jubilee line extension there. We need to expand that, but fully funded private infrastructure is a way off unless we fix the planning challenges.

Q257 Jack Brereton: Would you agree with that, Stephen?

Stephen Joseph: I would. I think long-term frameworks are needed. I am not sure how far planning itself is such an obstacle. We have a good record here on rail freight in particular, where we have had strategic rail freight interchanges, although, speaking as a resident of Hertfordshire, the one at Radlett has taken a very long time to get anywhere. It has taken a long time because of significant interventions by central Government, which were then found to be illegal and so on.

Q258 Jack Brereton: Do you think that lack of flexibility is a problem?



Stephen Joseph: It is, but we have seen that the growth in rail freight is an example of mostly private investment, but with a long-term framework of access charges and planning frameworks, including the national networks national policy statement, which I think on rail freight has been helpful. That has made a difference. We need to find new and different ways of doing things with local finance. Land value capture, which the Committee has heard about already on the Northumberland line, has helped to finance stations there. There are opportunities to do it, but again a rather centralised system doesn't help, for all the reasons that have been said. We need some devolution on this in ways that help local authorities do deals in this area.

Q259 **Jack Brereton:** Finally, James, do you have any further thoughts on how we could encourage more private investment into infrastructure?

Dr Laird: This has obviously been around for many years. When we use private finance to help with the construction of projects, we have to look very carefully at the incentives. We also have to be mindful of the creation of monopolies and the ability to make change to the contracts. Transport infrastructure is really long lasting. Can we foresee everything going forward? There are a couple of examples of private finance initiatives in the highlands and islands where monopolies were incredibly obvious and restricted the ability for the local regions to grow, and the Scottish Government have had to buy the projects back at extortionate sums.

The M6 toll is clearly not a monopoly. It is a bypass of another strategic road, so there are places where private finance can be used. In my work we are interested in how the beneficiary can pay. That is in the land value uplift side of things. We see the business rate supplement as a good way forward, if usable.

Q260 **Chair:** I would now like to turn to the actual appraisal process. James, from your perspective and understanding, is the appraisal process fit for purpose at the moment? Is it transparent? Are the right aspects scored properly? If not, what changes would you make?

Dr Laird: Good question. Is the appraisal process fit for purpose? We have already heard that there are three different appraisal systems in use in the UK. We have TAG—Transport Appraisal Guidance—in England. We have Scottish Transport Appraisal Guidance in Scotland. We have the Welsh Government's appraisal guidance, which I am not that familiar with, but I understand that it is very similar to STAG. In the main, my view is that often it is the applications that are wrong, and not the framework. That is generally my take on it. I have looked back over some of the Green Book revisions. What they identify again there is that it is the application and not necessarily the framework that is incorrect. A key part of the strengthening of the Green Book was in setting out the strategic dimension.



You have five cases: a strategic dimension, an economic dimension, and financial, commercial and management dimensions. Our impression of what happens is that everything apart from the economic dimension is a hurdle to get through. The economic dimension has to be maximised, if that makes sense, and compared with alternatives. I am not sure that is fully what we want, but if the projects that come through are all part of an overarching portfolio that meets our strategic goals, I think that situation works, if that makes sense.

Q261 **Chair:** Thank you. Andrew, what are your thoughts, please?

Andrew Meaney: I tend to agree with James in his fundamental point that perhaps the frameworks are strong, but the application is less strong. Personally, I would look for quite a bit of reform of the way the appraisal system works. We have a situation where, as James said, a lot of attention is paid to the economic dimension. It is interesting that the so-called benefit-cost ratio, because it is a number, is really salient. I cannot count the amount of times I get called up by someone who says, "Oh, my BCR is looking a bit weak," or, "How do we strengthen this?" That is because everyone is focusing on it, whereas if it is a road to a housing development, the BCR that is going to be reported on has very little to do with the benefit that Homes England might be getting from connecting that housing development to the strategic or major road network.

There is a lot of effort to put into the economic dimension. The strategic dimension quite often ends up with a set of things that the guidance for the benefit-cost ratio, which is cast quite narrowly, is not allowed to include. It looks at time savings, it looks at carbon costs and it looks at accident reduction. That all goes into your BCR. If a scheme is about something else entirely, whether it is housing development or resilience, those effects end up in the strategic case.

Certainly, when Dame Bernadette from the UK Department for Transport was here she was talking about assessing value for money looking at both the economic and strategic dimensions. My issue is that we have a highly comparable economic dimension. We can look across lots of different schemes in buses, roads and railways. They are comparable by dint of the way the guidance is written and produced. The strategic dimension is not comparable—it is not meant to be comparable.

Going back to the strategic transport objectives, the strategic dimension is not focused on a fixed set of transport objectives that may have been agreed at the start of a Parliament between the Department and the Treasury, for example. You have something that is quite narrow that everyone focuses on, because it is a number. You have a strategic case that is less comparable, but we are then taking a value-for-money assessment looking at both of those things. We either want something that is comparable, because we have a portfolio and we want to understand that it is value for money and affordable, or we want something that is not comparable because we know that there are



differences on a scheme-by-scheme basis, and there are different things that we want to prioritise.

Maybe we will come on to some solutions, but we need to get a better sense of how you fit those economic and strategic dimensions together such that we quantify what needs to be quantified. We are also saying that how we contribute to those strategic transport objectives will be a much better and more holistic approach than something that is very narrow and comparable but we are not using it from a comparable perspective, and then something that is incomparable but maybe used on a comparative basis.

Q262 Chair: In the current system of appraisal, if you had a scheme to build a road bypass or a new railway, or whatever it is, which has measurable objectives in an economic sense but will have consequential benefits, say of reducing levels of traffic past a school or a densely populated area, which cleans the air and has benefits of fewer respiratory conditions and the like, are those properly appraised at the minute? Do they contribute to the overall decision?

Andrew Meaney: To take the specific example of air quality, that would be in the benefit-cost ratio that a decision maker has in front of them. There are other impacts, for example, on the freight network. Logistics enabling freight from south coast ports to the midlands have not had as much attention as perhaps they should. Impacts on competition would not appear. Impacts on resilience would not appear in that benefit-cost ratio.

That means that you end up talking about them in the strategic dimension, but they are missing from the benefit-cost ratio, as potentially quite significant costs would be in some cases. There are things that we care about that we do not quantify in the economic dimension—or at least formally put into the BCR—that a lot of people place their interest in. We talk about them in the strategic dimension, but there is a risk that that happens later in the process and ends up looking like a bit of a shop window for a set of things that we would like to have talked about in the economic dimension, but the guidance, largely because it is looked at in planning cases by the Planning Inspectorate and in legal cases, ends up being quite rigid and we have to stick within that guidance and produce quite a narrow benefit-cost ratio.

Ben Hopkinson: The current appraisal process is not entirely in my area of expertise, but I agree with what Andrew was saying and would like to provide a nice example that helps to clarify it.

The benefits of time savings are clearly at the front of any proposal in a business case, but not the way that transport projects can unlock housing and agglomeration and changes in land use. East West Rail is a great example of that. The benefit-cost ratio of the first stage was 0.5 to 0.8, which demonstrates poor value for money. However, the strategic case



for it was very strong because it is connecting Oxford, Bletchley, Milton Keynes and Cambridge, helping to develop a strong economic arc.

Phase 1 of the project got through based on the strength of its strategic case, but had the updates in 2020 not been made to the Green Book it would have been chucked because of the poor benefit-cost ratio. It is very important, as Andrew was mentioning, to make sure that we are not overly fixated on a single number that comes out of what we try to measure, and compare different projects and focus on the strategic case made. There is arguably a case to strengthen the role of the strategic case even more in the appraisal process.

Q263 **Chair:** Stephen, what is your view on the 2020 changes to the Green Book? Have they worked or is it too early to say?

Stephen Joseph: I think it is too early to say. We have a lot of heritage schemes in the pipeline that are still being worked through—the Lower Thames crossing and other things—for which this has not really been applied. Even in what is actually done on the ground, the whole point of appraisal is to help decision makers. It is about giving decision makers some real sense of what the impact is of spending money on a particular scheme or set of schemes and projects. I am not sure that it really does that now.

In evidence of that, I had a look at the mode shift revenue grant that is used to fund traffic to go from road to rail. It used to be very based on time savings—in other words, the time savings to motorists from not having lorries in front of them. Even with the revisions in the wake of the Green Book and the transport appraisal, it is still weighted on that compared with everything else. At the moment congestion is the time-saving bit. The weighted average is over half the benefits in pence per lorry mile. Greenhouse gases are 23p. There is then a reduction of 32p to recognise the loss to the Treasury of revenue from lorry taxation. You see a bit of a bias there in favour of roads and road traffic. Air quality is tiny, even though you could argue that taking lorries away from other roads ought to be more than 1.6p per lorry mile. The other things that an average decision maker, Minister or councillor would care about are not really being informed by these assessments.

The other economic area that I think is still missing or downplayed is widening labour markets. We have seen that particularly in rural areas where the benefit of having better bus services, as Paul Howell said earlier, in terms of widening the access to jobs is really important, and is not really rated. In the work that a colleague of mine was involved in with Transport East, the sub-national transport body for the east of England, on a call for evidence on rural transport, this came out strongly as something that is not reflected in transport appraisal as it currently stands. What that means, in fact, is that we are not seeing the benefits of people who are now not travelling at all actually travelling and being able to access jobs or educational opportunities, and so on.



Q264 Jack Brereton: The problem with a lot of BCR assessments is that they are looking at the status now. They are using data on what we have now, which is not necessarily very good at predicting the potential growth and potential economic uplift of an area. In London, for example, where we have a very developed transport system, we have very good data that we can use to prove the benefits and prove our case. In other parts of the country where that is not the case, it is much more difficult.

What other approaches could we use? In Japan, for example, they do not necessarily use that sort of assessment. Instead, they look more at the tax uplift that the Government will get in return as a result of the development that happens on the back of transport infrastructure. What alternatives could be used, other than doing a BCR assessment, to better understand the growth potential from developing infrastructure?

Stephen Joseph: You are right to point to the way other countries do this. They still have some of these kinds of systems in some cases, but they tend to downplay them compared with everything else in relation to the strategic case and so on. Again, there is a devolution point. Having centrally designed hoops for people to jump through does not help to justify transport investment. A good case was the replacement of the Pacers in the north of England, which had a terrible BCR. I think Patrick McLoughlin had to do a ministerial direction to get that over the line. That was partly because, somewhere in there, there is a sense that there are some numbers that tell you that investing in the north of England is less valuable than investing in the south, which is, in the way you implied, a bit of a vicious circle.

There is a devolution point in there somewhere to allow local authorities and devolved Administrations and authorities more freedom in the way in which they do appraisal, and rate schemes so as to give more weight to these things. Also, it is about giving more freedom to experiment with different kinds of revenue options, such as the Nottingham workplace parking levy that has been applied in Nottingham so far and nowhere else, or the land value capture approach that has been used in Northumberland recently. More of that kind of approach would, I think, be very helpful.

Q265 Jack Brereton: Would any other witnesses like to come in? Ben?

Ben Hopkinson: I think Stephen has done a good job of covering that.

Q266 Chair: There is one last question from me before I turn to Fabian. Does the appraisal system look effectively at the cumulative effect of appraisals of different transport projects? Ben, you referenced East West Rail, which is obviously a rail project. Alongside it is the upgrade to the A421 and A428 from Cambridge to Bedford and Milton Keynes. I am not asking you to comment specifically on that, but if you have two projects like that which are in the same geographic location, do we appraise them in the round or is it just done on an individual basis? If it is on an individual basis, what changes are needed to look at them more



holistically?

Andrew Meaney: We tend to appraise each intervention on an individual basis. Rather than looking at the cumulative effects of a set of schemes up to and including a bottleneck, we will look at the bottleneck and then separately look at the other schemes on the road or rail network leading up to it. Of course, that means that we miss potential future investments. It also means that any individual scheme won't succeed or fail based on three or four other schemes that may or may not get through the planning system at the same time.

Where we, of course, end up is that maybe the benefit-cost ratio would improve for all of them if you looked at all of them together. Realistically, we are looking at things on a case-by-case basis. In some cases that is for good reasons, and in other cases we are very strictly looking at the project of interest.

Q267 **Chair:** Do the other witnesses share that view?

Stephen Joseph: Can I make a quick comment? Sometimes the best way of decongesting the road is to invest in the railways. In my previous role as director of the Campaign for Better Transport, we did a piece of work that looked at where there was an opportunity to improve rail freight. It was clear that on routes like the A34 to Southampton or the A14 to Felixstowe, some of the best returns in reducing congestion on the road network would be achieved by an investment in the railways. I know that eventually that will lead into a study being done jointly by Network Rail and National Highways on the A34, which is attempting to look at that. At the time, when the road investment strategies were being developed, it came up as something that was completely impossible to do. You couldn't even think about it. I think an approach to corridor studies is needed and an approach to whole projects. The worst case was St Pancras, where the northern ticket hall of the underground was appraised and rated separately from the Thameslink underground station, which was appraised separately from the rail link into St Pancras. Naturally, they had very different BCRs and approaches. You have to think of these things in terms of whole projects.

Dr Laird: In answer to the question of whether the appraisal system looks at the cumulative effects, in theory it should—there is guidance in TAG to tell you to do that—but in practice, no, most applications that I have seen do not really look at it. What should they be doing? In my opinion, there should be an overarching appraisal of the programme that allows you to see the strategy in place and how each part of the strategy is contributing. You also need to see, as in the example about two competing projects, how susceptible they are to the presence of the other one. This would be done through what we call the sensitivity test.

There should be many sensitivity tests undertaken to understand the uncertainty of the benefit-cost ratio, which the other commentators have talked about. We should be presenting the likelihood of achieving a value-



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for-money category. We need to be giving likelihoods for each value-for-money category, such as, "We are unlikely to be low", "We are very likely to be medium," or, "We are unlikely to be very high." You should be presenting a full range.

That has been a big push within the Department, certainly over the last five years that I have been working with them and delivering training courses for them. It is very much work in progress. I have done ex-post work as well—mainly overseas—some of which I am drawing on. The presence or not of other infrastructure projects that go ahead has a strong influence on the demand and then the value of the project and how useful it is at the end of the day.

Q268 Fabian Hamilton: Stephen, following on from what you said earlier about the northern ticket hall at St Pancras, I seem to recall about 18 years ago that that was assigned better value for money than line 1 of the tram system in Leeds.

Thank you, Ben, for raising the point about Leeds. I always bang on about this, but we are still the largest city in Europe without a rail-based public transport system. It is affecting our economy considerably. I am sure that James will know that as a visiting professor.

My question relates to the transport appraisal process value. I want to compare and value by different modes. For example, how does the transport appraisal process compare road versus active travel? I do not see how you can do it. I am quite involved with active travel. Every Monday morning, I go along the Leeds-Bradford cycle highway from where I live in Pudsey to Leeds city station, about seven miles away, on my bicycle. Of course, the segregated cycleway is used as a parking lot for vans that have to deliver off the dual carriageway. That blocks the cycleway, so it makes it sometimes almost impossible to use—you have to get off your bike and go on to the pavement, or whatever. How do we use the appraisal process to value each different mode? Stephen, do you want to start?

Stephen Joseph: This relates to the point I made earlier. The whole appraisal system is really supposed to help decision makers but I am not sure that in city cases it now does. If you took it literally, those vans have much higher value than you and your bike.

Fabian Hamilton: Absolutely.

Stephen Joseph: The point about the vans is what one might call a road management rather than an appraisal issue. The broader point is that if you run bus priority or active travel through the schemes literally, they will tell you that they are all terrible value for money because they hold up motorists, who have a higher value for money than the people in the buses.

That is why I said that devolution matters. It should not really be for Government to tell Leeds City Council or the West Yorkshire Combined



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Authority that this is where the values sit. In fact, in practice, with things like the city region sustainable transport strategies and similar schemes, all of that is set aside. The Government do not require Leeds or West Yorkshire to explain how it works in terms of time savings for motorists or any of that kind of thing; it is treated entirely at a strategic level, which is how it should be. We are still, in the case of the tram in Leeds or elsewhere, seeing centrally dictated norms and frameworks getting in the way of some of these things happening. Some of it has changed recently, but I think we still have some way to go.

Q269 Fabian Hamilton: If we compare travel times at times of high congestion—this must be the same in every city in the country—riding on a segregated cycleway is a lot faster.

Stephen Joseph: It is.

Q270 Fabian Hamilton: If it is about time, use active travel if you are able to.

Stephen Joseph: There are now lots of people using those routes, where they have been provided.

There is one other quick point I would make on appraisal in general: it tends to downplay journeys rather than commuting, and the needs of different groups. There is a large argument which we picked up in "State of the Nations" about not valuing, say, carers'—often women—journeys in terms of trip chaining and joining up different journeys. There is also the value of children and young people's travel and of their having more access to streets on the Chris Boardman Bee network in Manchester, making a network that you would let your 11-year-old travel on independently. All of that is not in the appraisal system. I think groups representing people with disabilities would argue that they are not effectively represented in the appraisal system. There is an equalities issue around this which is really important.

Q271 Fabian Hamilton: Maybe another dimension would be that it is often said that in cities like Leeds the people who catch the buses are children, pensioners or the disabled, whereas in London everybody uses the bus. How do we make Leeds more like London in terms of the use of public transport and therefore the segregation of bus lanes?

Stephen Joseph: That is a much longer debate. What tends to happen is that past trends continue. In other words, the forecasting says that the buses in Leeds will always be used by children and pensioners, as opposed to London. It will tend to frame appraisal schemes, or push people to frame appraisal, in terms of what has happened in the past. We see that in housing developments, where people say, "We're going to have lots of people walking and cycling in these new housing developments," but the TRICS database tells you that since nobody has done that, we are going to assume that instead you have to provide a big motorway interchange to cope with all the traffic.



It is the sense of getting away from past trends continuing—predict and provide, as it is known—and towards what transport practitioners are now calling vision and validate, where you set out where you want to get to and then work out the strategies and policies, and appraise accordingly. I think that is a real issue.

Q272 Fabian Hamilton: I will ask Ben and Andy before coming to James. Travel time is often given the highest priority in appraisal methodology. Does it have unintended or unhelpful effects in doing so?

Ben Hopkinson: I might not be the best person to comment on that.

Andrew Meaney: Across Europe, we see a lot of focus on travel time and a lot of schemes. We are comparing travel time savings to cost. With a lot of scheme appraisals, you get a benefit-cost ratio. The benefits are time saving and the costs are how much it costs to put it in place. It is very hard to see in that appraisal why you are doing the scheme in the first place. If you have done an assessment and it started with, "How do I get lots of people from Pudsey to Leeds in order to enable access to work and to the delights of the city centre?", you say, "We can have a cycle highway; we can have bus lanes; we can have potentially some rail or light rail options." Then you start to compare across those options. In the end, maybe you take a couple of options forward, whether the funding is central or local.

With how appraisal is set up at the moment, you start with a big traffic model that is very detailed and is not very good at running the scenarios that James talked about. We tend to end up with one number, which has assumptions about the value of travel time in 2080, but that number is not telling you very much about why you are doing the scheme in the first place. We need an appraisal set-up that is more focused on the outcomes and objectives that we have, and considers different options and different ways of achieving those objectives but where the analysis is developed to tell you, "Is this a good way of achieving my objectives?" At the moment, it is a good way of telling you how many people save travel time.

There are good economic reasons for doing that, but, as Stephen was saying, I do not think it helps decision makers. I think decision makers will say, "Here's a benefit-cost ratio. It's a number. That's important. I need to look at it. My brain is attracted to that number." In fact, what decision makers may well then start to ask is, "Is the analysis in front of me helping me to understand whether I am achieving my objectives?" If you can run scenarios, you will know this. I think James hinted at it. What is the likelihood of me taking a decision that is going to look very bad in five years' time? What are the things that might stop this scheme from delivering the benefits that I am expecting it to?

Q273 Fabian Hamilton: Can I turn to you now, James? I want to look at the transport appraisal system balancing the interests of different parts of the country. Obviously, all of you have mentioned localisation or devolution.



How important is it, and how should we ensure that the transport appraisal system balances the interests of different parts of the country with the country's overall needs if those two do not align? Does the current system strike the right balance between decision making nationally, regionally or locally?

Dr Laird: Big question. With appraisal and valuation, which we are focusing on a lot in this section as opposed to the strategic dimension, what we are fundamentally interested in doing is valuing the impacts of the project. If those impacts vary spatially, we need to apply different methods for that.

Backtracking a little bit to the modal side of things, you might implement different sorts of modal projects. Different modes might have favour in different parts of the country. That could be a regional dimension. You would expect, with an active travel project, most of the benefits to come from what we call journey quality and physical health benefits. These projects can generate very large benefit-cost ratios—some of the largest I have seen.

If we are looking at a public transport project in Leeds, we might be looking at overcrowding. Is overcrowding an issue? These are quality-type issues. We would expect, in the first instance, that you are including in the analysis the values of what the project delivers and what the benefits are. There is research on what the value of CCTV is, crime prevention and all those sorts of things. Ideally, those should be brought in. Some of them are in the guidance itself.

A big regional variation is the agglomeration benefit, whether we are affecting cities and how we impact on those cities. We would want to see that in there. We have issues about income equality. We have issues about unemployment. At the moment, those do not feature. There is no guidance for that. I am working for the Department for Transport on developing guidance about valuing unemployment, primarily because it is something that we might see as more relevant to the north of England and some of the lagging regions than relevant to the south. Those things are there, but at the moment they would only really feature in the strategic dimension.

There is economic theory about valuing these things, but how you can bring that into standard guidance is another matter. The theory of cost-benefit analysis in itself, which is the economic dimension and the benefit-cost ratio, is very broad. It is universal. What appears in guidance is a pragmatic set of rules that you can apply in most cases. That does not restrict the stakeholders to staying within that framework. They can conduct research and take that forward.

I was involved in doing that for a project opening a rail station in Wisbech, which I think is the largest town in England that does not have a train station. We were valuing reductions in unemployment. We were valuing a higher distribution of income equality and those sorts of things.



These things can be brought into the appraisal, but it requires extra effort and extra work.

- Q274 **Fabian Hamilton:** In conclusion, can I ask one of you to answer the next question? Is predictability of how long it will take to get from A to B not one of the most important factors in appraisal? That is obviously impossible on roads, especially during periods of congestion, but should be much more possible for buses, for trams, obviously for railways and for active travel. If you are going for a train from a station at a particular time, you need to know how long it is going to take you to get there by car, by rail, by bus or by active travel. Does anybody want to come back on that predictability?

Andrew Meaney: It is fair to say that time savings are focused on in an appraisal. Journey time reliability would form part of an adjusted benefit-cost ratio, but not the primary benefit-cost ratio that decision makers are presented with. Long delays are not captured at all, except in some statistical maths around the time savings. As we know, passengers and drivers are really concerned about long delays because it stops them getting to do the thing that they are using transport for in the first place. That is very much missing from appraisals, so I think the answer to your question is yes.

- Q275 **Grahame Morris:** James, I am glad you mentioned equalities issues on International Labour Day. There are issues beyond transport-related policy objectives, such as tackling loneliness, the ability to access specialist hospitals and issues about children travelling, accessing employment and so on. It is interesting that the Coalfields Regeneration Trust published a report just a week ago on the state of the coalfields. Transport is a key issue in many of the former coalmining areas in south Wales and in the north-east. It is a barrier to overcoming economic inequality. You have covered that, and I am grateful that you did without my questioning.

There is a point I want to ask about the cost of delivering major transport schemes. All of the panellists have mentioned it. You mentioned the comparison with road schemes in France and Spain. Stephen mentioned some of the rail schemes. I was reflecting on my time on the hybrid Bill Committee.

You mentioned HS1 and the channel tunnel. I am sitting on another hybrid Bill, actually, and I have come to the conclusion personally that it is paralysis by analysis: it is a very long drawn-out and protracted process, and no one is happy. There has to be some method of addressing concerns, mitigation and route variation, but personally I am not convinced that that is the ideal solution. What can we learn from international comparisons, maybe Japan with rail and maybe continental Europe with motorway networks? Would you start, Stephen?

Chair: Just before you answer, I am conscious that I need to conclude this session in about five minutes. Could I ask you to be very concise in your answers, please?



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Stephen Joseph: Yes, we do far too much paralysis by analysis. I think there are better ways of doing decision making through different frameworks of Government support. The French have a whole framework of this, as do the Dutch. There is a lot we can learn from them. I do not think the hybrid Bill process really works for anybody.

Grahame Morris: Just the lawyers.

Stephen Joseph: I am not sure about the DCO process. As I said, I think doing more early in the process actually shortens things.

Q276 **Grahame Morris:** Ben, do you have any thoughts?

Ben Hopkinson: Yes. We have done a big bit of cost comparison work—we looked at over 300 projects—and the results for the UK are not great. Building new tramlines in the UK is twice as expensive per mile as the global average. Underground lines are twice those in Italy or France, three times Germany and six times Spain. The cost of electrifying Britain's railways is three times higher than in Germany, and we have one of the lowest percentages of electrified rail in western Europe. HS2 is one of the most expensive train lines ever constructed.

Why is this the case? I think it starts with our planning system adding lots of regulations and lots of requirements. It increases uncertainty and burdens. It makes it harder for us to build out a pipeline. Germany electrifies 200 km of rail every year. We oscillate between electrifying effectively nothing and then trying to electrify loads. We do not have the skills, the equipment or the private investment available for that. We also have gold-plating issues: we try to make things the best possible and we let the perfect be the enemy of the good.

Q277 **Grahame Morris:** Andrew, do you agree with that?

Andrew Meaney: I have a couple of quick points. The hybrid Bill process lends itself to lots of changes in a scheme design over time. I guess the DCO process locks in a design at one point, albeit with lots of analysis and debate going on around that.

The other thing that we are doing is assessing value for money repeatedly over time, say between an outline business case and a final business case. It is not clear to me why we are still doing that, other than to reserve the right to can something at the final stage. It is not clear to me why we do not say, "This is in line with our objectives now. It seems to be value for money in a broad sense. Let's get on with it." We are still analysing stuff many years later.

Q278 **Grahame Morris:** In an earlier session the Committee heard from the permanent secretary, Dame Bernadette Kelly, who was very robust in her defence of the economic versus the strategic case, the value for money, cost-benefit ratio and so on. Are we prepared to be controversial and say that the appraisal system and methodology is flawed? Do we think it needs reviewing?



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Andrew Meaney: I think it needs reform. I have already said that I think the economic dimension is too narrowly cast. We have guidance that says, "Do this but not that," whereas the strategic case then picks up that and quantifies it.

Q279 **Grahame Morris:** Does everyone agree with that?

Stephen Joseph: I think reform is essential in the type of appraisal done, as well as in terms of how much it matters in the decision-making process. As I say, appraisal is all about helping decision makers, and I am not sure that it does that at the moment.

Q280 **Grahame Morris:** Would you go so far as to say that the appraisal system is flawed as it is currently operated?

Stephen Joseph: I think it is flawed.

Q281 **Grahame Morris:** Would you agree with that, Ben?

Ben Hopkinson: Yes.

Q282 **Chair:** I have one very last question and, seriously, could I have a simple yes or no answer from each of you, please? Do policymakers focus too much on new infrastructure projects as opposed to other destinations for the investment, be it better maintenance, better timetabling or whatever it is? Yes or no?

Stephen Joseph: The answer is yes.

Andrew Meaney: It is very hard to make a value-for-money case for renewals and maintenance that is focused on new infrastructure, so I would say yes.

Ben Hopkinson: I would say that new infrastructure is still very important, so I would lean towards no, but we also have to focus on maintenance.

Chair: The last word to James.

Dr Laird: I see changes between the different devolved Administrations, so it is a yes in England and a no in Scotland.

Chair: Very well qualified. I thank all four of you very much indeed. I am sorry that we have to conclude the discussion, but we are under a bit of a time constraint. Thank you again for your time.