



Transport Committee

Oral evidence: [Zero emission vehicles and road pricing](#), HC 1106

Wednesday 28 April 2021

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[Watch the meeting](#)

Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Lilian Greenwood; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 43–86

Witnesses

[II](#): Professor Philip Booth, Director, Vinson Centre, University of Buckingham and Senior Academic Fellow, Institute of Economic Affairs; Eamonn Ives, Head of Energy and Environment Policy, Centre for Policy Studies; Edward Leigh, Chair, Smarter Cambridge Transport; and Claire Haigh, Founder and Chief Executive Officer, Greener Transport Solutions.

Written evidence from witnesses:

- [Institute of Economic Affairs](#)
- [Centre for Policy Studies](#)
- [Smarter Cambridge Transport](#)
- [Greener Transport Solutions](#)



Examination of witnesses

Witnesses: Professor Booth, Eamonn Ives, Edward Leigh and Claire Haigh.

Q43 **Chair:** Let's introduce our second panel, who are going to talk to us about road pricing options.

Professor Booth: Good morning. I am Philip Booth. I am director of the Vinson centre for the public understanding of economics at the University of Buckingham and a senior academic fellow at the Institute of Economic Affairs.

Chair: Excellent. Good morning, Philip, and thank you for being with us.

Claire Haigh: Good morning. I am Claire Haigh, the founder and CEO of Greener Transport Solutions, which is a not-for-profit organisation dedicated to the decarbonisation of transport.

Chair: Claire, good morning to you.

Eamonn Ives: My name is Eamonn Ives. I am the head of energy and environment policy at the Centre for Policy Studies, which is a think-tank here in Westminster.

Chair: Good morning, Eamonn.

Edward Leigh: Good morning. I am Edward Leigh. I am a transport economist and leader of a voluntary campaign group and think-tank, Smarter Cambridge Transport, which advances sustainable integrated and equitable transport for the Cambridge region.

Chair: Good morning to you, Edward. Something I was meant to do at the start, but completely failed to do, was to ask if any Members had declarations that they wished to make with regard to the witnesses.

Greg Smith: For transparency, I should declare that I know Philip Booth, both in his capacity at the Vinson centre at the University of Buckingham in my constituency and also in my capacity as co-chairman of the Free Market Forum, which is a project of the Institute of Economic Affairs.

Q44 **Chair:** I know Eamonn Ives on a personal basis, so I make that declaration.

I hope you heard some of the evidence with regard to the phasing out of diesel and petrol by 2030. One of the challenges that that will bring will be a loss to the Treasury with regard to fuel and excise duty, described by one of the witnesses as a fiscal hole. Does that make some form of road pricing inevitable?

Professor Booth: I suppose you might say it will concentrate the minds of the Treasury and politicians, but I do not think it fundamentally changes the case for road pricing, which was made very clear in the Smeed report back in 1964. The case for road pricing is to ensure that road users pay the cost of road use, including the cost of congestion and so on that they impose on the system.



Obviously, there also needs to be a mechanism for financing the development and upkeep of the road system, but that case for road pricing has remained invariable ever since it was first made by people like Alan Walters, Reuben Smeed and so on. It has become politically difficult, it would appear, to implement the pricing. Perhaps it is the so-called black hole that will finally concentrate the minds of politicians to introduce a more rational framework for pricing road transport in the UK.

Q45 **Chair:** Thank you, Philip. Claire, the same point to you.

Claire Haigh: The black hole will certainly focus the mind. The point about road pricing is that it is inevitable, as previous witnesses have said, and it should be inevitable. The difficulty is the politics; it is coming up with a scheme that will be politically deliverable. We can now ask the public who pays for Britain's roads with petrol and diesel cars phased out. If roads were funded out of general taxation, that would ultimately mean that non-car owners—many of them on low incomes—would be subsidising people who own a car. We have to find a more equitable system, but it is the politics. The technology is there, and the case is overwhelming. It has always been the most effective way of tackling congestion and pollution, along with fuel duty and so forth, but it is the politics that is the challenge. That is what we have to overcome.

Q46 **Chair:** Thank you, Claire. Eamonn, do you believe that road pricing is an inevitable consequence to fund the black hole?

Eamonn Ives: I agree with Philip, in that it seems to me that the case for road pricing is strong enough without the black hole, as we have discussed, but it definitely adds to the impetus. I would not necessarily use that as my first justification for road pricing. I think the point of road pricing should be, as Philip said, to pay for the upkeep and maintenance of the roads and end there, or thereabouts. It certainly adds to the overall case.

Q47 **Chair:** Finally, what are your views, Ed?

Edward Leigh: I would say that it is inevitable. There are other options, but none can raise the same amount of revenue as fuel taxes do at the moment. We also need an equitable way of raising additional funding to fund sustainable transport in order to drive the modal shift that is needed to decarbonise road transport.

Q48 **Chair:** Philip, the evidence we received from the IEA was from one of the other academics. It was strongly against road pricing. To probe your own views on this, as an individual, are you warmer to the concept?

Professor Booth: Absolutely. I first studied road pricing in the mid-1980s. I have always been a huge supporter of it. I think the economic case is very strong. There are some questions around practicalities and some questions around data privacy, but I think the economic case for road pricing is extremely strong, not least because it allows you to remove some of the interventions that I suspect other witnesses will



favour, but my colleague is against, such as the subsidisation of public transport, which is justified on the grounds that the externalities from the negative external costs from public transport are less than those from road traffic. If road traffic is paying the full cost that it imposes on other road users, and more generally the full external costs of road use, the case for public subsidies really melts away, because public transport itself is quite a carbon-intensive activity.

Q49 Chair: Thanks for clarifying the difference in your views from the written evidence. Perhaps I could ask you to help us with regard to international comparisons. In terms of price charged per road used as opposed to entering a zone, I believe that there are not that many examples across the globe. Perhaps I could ask you if you believe that there are, and indeed what we can learn from them, if that indeed is the case. Could I start with Eamonn?

Eamonn Ives: I can definitely come in on that. There are certainly areas around the world that have experimented with road pricing. One's definition of road pricing will depend on what you think about those. Some might classify the congestion charge in London as road pricing; others might not. It is on the very unsophisticated end of the spectrum.

We can look to places like Singapore for a better, more fleshed-out, example. Indeed, Singapore is the poster child, and has shown in evidence over decades the benefits of adopting road pricing in their flow of traffic and average speeds in a very dense city state. I think it has speeds of about twice those in central London, despite packing in more people over a given area.

There are definitely places we can look to abroad and learn from. Philip mentioned the Smeed report in his opening remarks. That was definitely something the British Government were interested in. They did not do it. Singapore then adopted it, and we followed along later with London. There are certainly places around the world we can look to and learn from. The technology is advancing so rapidly nowadays that there is a real chance to go for the next-generation system of road pricing on a more per mile basis, which more accurately tracks motoring.

Q50 Chair: Thank you very much, Eamonn. Claire, are there any examples across the globe that you would look towards?

Claire Haigh: The interesting thing is how few examples there are. Singapore is indeed the poster child. The paucity of examples demonstrates how difficult it is to impose in a democracy.

Stockholm is an interesting example. The Stockholm congestion pricing system was trialled and put in before it was fully implemented. It was put in on a trial basis. It was interesting how public opinion shifted dramatically when they saw the roads getting clearer, buses running on time and real improvements. It was put in at the same time as park and ride and improving the public transport system as well, so in a way it was



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a tick in the box of “This is how to take the public with you.” That is an interesting example to look at.

Q51 **Chair:** Thank you, Claire. Ed, where would your international comparison be, or would you agree that there is a paucity?

Edward Leigh: There is a paucity. Oregon in the USA is another one to look at. What none of them are currently doing is a per mile charge. They are all either a cordon charge or a gantry toll-based system. Although Singapore was looking to introduce a per mile charge, that has now been delayed. They are going to change the technology so that it uses satellite tracking, but it is still going to be charging as if through virtual gantries. There is not yet a precedent for per mile charging.

Q52 **Chair:** Philip, I will come back to you because I do not believe I put the point to you about where we could look across the globe.

Professor Booth: I do not have a great deal to add. There is not a country that has done this as a whole, it has to be said. If you do it within a country as a whole, you need a different approach from doing it around the border of a particular city. It is quite likely, for example, that around 50% of our road network by mile would not necessarily merit a congestion charge or any form of road pricing at all. You might want to pay for the upkeep of that in an entirely different way, and do something like vehicle excise duty.

There are several cities, and congested zones outside cities as well, where you would want to apply road pricing on a per mile basis, and vary it with the extent of congestion. There is nowhere in the world really where that type of approach has been introduced on a broad geographic scale.

Q53 **Chair:** Before I hand over to colleagues, who are going to look into implementation and some of the ideas that could be novel but available to us, Philip, I hope you don't think I am cheeky, but I want to get a bit of balance. I am sure you have had this debate with your colleague as well. I am going to put your colleague's view back to you in terms of why you are wrong on road pricing. He said that, “any likely road pricing policy would be subject to a high degree of politicisation and capture by special interests. The economic costs would be inflated and the benefits undermined. In the current political climate, road pricing would almost certainly be deployed to pursue the top-down environmentalist agenda in a further attempt to push lower-income motorists off the roads and onto heavily subsidised public transport.” Why is he wrong?

Professor Booth: I think it is a matter of prudent judgment. The road network is nationalised. I would like a large proportion of it to be in private hands, as would my colleague Richard Wellings. The question is, if the road network is nationalised, should the Government charge for it on a rational basis or not? Richard Wellings's view is that, if you start to go down that path, the whole process will get captured by special interests, and you will get a totally irrational approach to road pricing.



My view is that, if you go down the track of road pricing, you actually open up possibilities to the building of new roads by private competitors and the privatisation of roads in certain respects, which exists as a model in very many countries. We have the M6 toll road, of course, which is a private road, but it is competing against a totally free road that is an alternative and is owned by the state. To me, the introduction of road pricing—as well as being correct for its own sake—also, if you generally support a free market view of the world, opens up possibilities to more private investment and ownership of the road network, which I think would be a good thing.

Chair: Thank you very much indeed, Philip. Let's look at the implementation and some of the ideas that could be brought in if we were to design such a scheme. We will start with Karl McCartney.

Q54 **Karl McCartney:** Edward Leigh touched on this in answer to an earlier question, so maybe I will come to you first. On the design of road pricing schemes, or a national scheme, what do you think is currently technologically possible? Will it simply be tolls or per mile? Would it maybe include ANPR cameras and dynamic pricing, or would it include charging people by the time of day that they use the roads, perhaps by vehicle weight, road type and the use of telematics, or will it be a purely satellite-based system?

Edward Leigh: I think ultimately the technology will provide the ability to track by time and place using telematics that transmit data, not necessarily continuously but periodically via the mobile phone network. In some ways, I feel that gets ahead of the game because we do not have road pricing introduced, and I do not think we could get it introduced if its initial structure was to be very different from the fuel taxes that it would replace.

We need to implement road pricing in a way that addresses three separate objectives. The first is to replace fuel taxes. The second is to raise additional revenue to invest in sustainable transport. Only the third is to incentivise behaviour change to drive modal shift. That is when we would need—

Q55 **Karl McCartney:** Surely a basic one is that people pay for the use of the roads that they use. I worked in Mitcham and Morden back in the early 1990s, and had a conversation with a councillor candidate there about the fact that Mitcham and Morden probably needed road pricing there and then, because so many people used the roads to get through Mitcham and Morden. They did not live in Mitcham and Morden and they did not pay any taxes there, but they certainly created all sorts of congestion and pollution for the people who did. Surely, there is a fourth aspect that you did not cover.

Edward Leigh: It is currently the third, which is tracking people by time and place, and using road pricing as a congestion charge; in other words,



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it varies by time and place to incentivise people to change the time of their travel or the mode by which they travel.

The problem I see is that if we try to do that in one leap, people will think, “Well, I’m going to end up paying more, so I object to this.” We would be having a battle about that before we even had the principle of road pricing established. I think we need to make the first step simply to replace fuel taxes, more or less like for like and pound for pound, so that the public understand what it is, and they do not feel that they will lose. Once we have it established, we can start to tailor it in an equitable way to drive the kinds of behaviour change we need to reduce congestion, reduce carbon emissions, reduce air pollution and so on.

Q56 Karl McCartney: Do you also think that road users might seek some assurances from Government that they were not going down a Big Brother path? The Government might need to convince people that their private data and security would be protected. It is very unlikely that they would.

Edward Leigh: Those are all essential issues to be covered. I think this is why we need to use deliberative democratic techniques—citizens juries and citizens assemblies—to develop and test ideas, and to design the system with all of the safeguards that are needed to protect people’s privacy and so on. The messaging should also be tested with a representative sample of the public to make sure that it is as simple as it can possibly be, and is reassuring and gains the public’s trust.

Q57 Karl McCartney: Thank you. Do any of the other witnesses have anything they wish to add?

Claire Haigh: I do not think that technology is a barrier. The privacy concerns that would go with being tracked were very much an issue 20 years ago. What has happened is that we have given so much more of our freedom away. Google Maps know where we are. We are used to being tracked, so there has been a shift in acceptance of something for a benefit.

The absolutely fundamental point that Edward just touched on is that it really cannot be seen to be costing motorists any more in aggregate than they are currently paying in fuel duty. If it can be replicated more as, “We are replacing something, and this is being done as fairly as possible,” that is the key. On the technology, telematics have obviously been used and proved, and we have seen leaps and bounds. I do not think that the technology is the problem. It is getting it fair and equitable, and getting the politics right.

Q58 Karl McCartney: From my point of view, I think the technology is a problem. We are looking at smart motorways, as this Committee has done over the years. We are told that the technology is there for smart motorways, but it does not work 100% of the time. I am not sure that the technology would work 100% of the time with road pricing either, but



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that may be a subject for another day, Chairman. Sorry. I was going off on a tangent. I see Philip has his hand up.

Professor Booth: Smeed did not think that technology was a problem in 1964, and I do not think the technology is a problem now. I would put the privacy issues slightly differently from Claire. We are now more able to deal with the security of data than we were 20 years ago, so I think privacy issues should be less of a concern.

I would put it totally the other way round, I am afraid, from Edward. I do not think there is any point in road pricing unless we actually charge people differently according to the amount of congestion when they are driving, where they are driving and so on. Although we may not raise less or more in revenue from road pricing, different people will bear the cost. In other words, those who drive at the more congested times will bear greater costs than those who drive at less congested times and in less congested areas of the country. They will bear lesser costs. If you do not do that, there is actually not much point in road pricing. It is then just a revenue-generating mechanism.

Q59 **Karl McCartney:** Philip, thank you for that. That goes back to a few months ago. We had a representative from Singapore. It certainly was not a carrot and stick approach. It was a stick and bigger stick approach to change people's behaviour.

Eamonn, you are the only one who has not had anything to say.

Eamonn Ives: I agree with most of what has already been said. On Claire's point, people voluntarily give up data on themselves all the time. There is a lot of good evidence that when they know they are getting a benefit in return they are more than happy to do that. I do not see why that would not apply to road pricing as well.

Karl McCartney: Thank you all very much indeed.

Q60 **Mr Bradshaw:** Can I go back to the point of disagreement between Edward and Philip? One of the things we covered at the end of the first session was unforeseen consequences of electric cars in preventing or lessening modal shift to walking, cycling or public transport.

Edward, don't you accept that part of the advantage for a lot of people about this is that it would help deal with the horrendous congestion problems that we suffer in cities like Exeter, particularly at rush hour? If you do not have those sorts of incentives built into the system, which we understand would be technologically possible, because you are frightened about the reaction of the public, is there not the danger that you get the backlash the other way, with the public saying, "What's the point of this because it hasn't eased congestion?" Also, congestion has huge costs for our economy, as we know.

Edward Leigh: I think congestion will be solved by the modal shift that mechanisms like road pricing would achieve.



Q61 **Mr Bradshaw:** But that is only coming in the later phase, in your vision. You don't want that coming in at the beginning.

Edward Leigh: I would love it to come in at the beginning. I just do not think that it is practical to do it. The more complex the system is, and the more the bureaucracy involved in designing it, testing it, implementing it and piloting it, the longer it will be before it is there to be used. We need to get the mechanism in place, and then we can start to tune the mechanism to achieve some of the outcomes. Without the mechanism, we only have fuel duty. As we have seen, the Government have been extraordinarily reluctant to increase fuel duty and to use that as an incentive.

Q62 **Mr Bradshaw:** Claire, do you have anything to add?

Claire Haigh: Yes, I do, thank you. The discussion at the end of the last session on the unforeseen consequences was terribly important, and I would like to add to that, if I may.

One of the key problems that we have with the switch to EV—it was being lauded as a benefit for lower incomes—was the lower overall cost, but that is over a period of time. There are more up-front costs but lower running costs. Of course, the consequences of lower running costs will be more driving. We modelled this when we looked at fuel duty. If EVs are introduced without a replacement for fuel duty, we could see an additional increase in traffic of 30% by 2035 just on that. That is before we take into account the lower running costs of the electric vehicle.

The other point, for clarification, is that it needs to be fair and transparent. It must not be seen to be more than the current system. I absolutely think that we need to move quickly to a new system that charges by time and distance in a different way. I won't go into too much detail about that now because I am conscious that I have already given you quite a long answer, but there were a number of important points I wanted to cover off. The big risk is that we could see public transport and sustainable modes really damaged by lower running costs for EVs.

Q63 **Mr Bradshaw:** Very quickly to you both, what timescales are we talking about for the simple system that Edward was advocating and then for the more dynamic, all-singing and dancing system, Claire, that you are advocating? How many years before could we see this in place, Edward?

Edward Leigh: I have modelled on the basis of its being three years, but over those three years we would start to increase the total amount that is raised by not returning VAT to businesses. At the moment, businesses can reclaim the VAT on fuel, which includes VAT on duty, in fact. That amounts to about £3.3 billion a year. If that money were not returned, and therefore could be ring-fenced for investment in public transport, over those three years we could build up the public transport network, particularly the bus network, to give people affordable, viable and dependable alternatives to driving. Then, when we started to use road



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pricing to incentivise behaviour change, people would actually have options.

The problem at the moment is that, if we penalise people who are driving on congested roads to get into cities, they will say, "What's my alternative?" We have to have those alternatives there. At the moment, certainly market towns and small cities do not have adequate public transport to give people those options.

Q64 Mr Bradshaw: A lot of journeys in my city, here in Exeter, are under 2 miles, which you can easily cycle or walk. Should we not be making the system more dynamic to help fund the desperately needed expansion in cycling and walking infrastructure, which would help obviate the need for all the short journeys clogging up cities like Exeter?

Edward Leigh: Yes, but we need to make that investment. It takes time to build a safe, connected, continuous cycle network that gives people confidence to use it. If we have a three-year programme to build up active and public transport, and then start using road pricing to incentivise people to use it, I think people will understand that narrative. Otherwise, we are putting the cart before the horse. We will try to incentivise people before they feel that they have safe, reliable and dependable options.

Q65 Mr Bradshaw: But it would be technologically possible, or it is now, to charge people more for the first two miles driven than for an infinite number.

Edward Leigh: Yes, indeed. The entire logistics sector pretty much all use tracking of every single vehicle. They know exactly where every vehicle is, how fast it is going and every detail about it. That information can be used to feed into a charging system. Obviously, work needs to go into the design of that system, with all the privacy protections that need to be there as well. The technology can be done, but to do it at a national scale is a major project. That needs three years of development to make sure that it is piloted and robust by the time it is rolled out nationally.

Mr Bradshaw: Unless any of the other three witnesses want to add anything, Chair, back to you.

Q66 Chair: Claire does.

Claire Haigh: The quickest way to incentivise people to switch to more sustainable travel right now would be to whack up fuel duty. We have a system already, but again we run into the politics of it.

Chair: Thank you, Claire. I hand over to Greg Smith.

Q67 Greg Smith: I want to return to the point of how, if road pricing is to be introduced, it can be equitable. On the last point that Claire made—if you want to disincentivise driving, keep whacking up fuel duty—prior to the current Government, fuel duty was whacked up consistently year after year after year, up to 2010. The reason that people still drove was that



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they needed to drive, maybe not in some cities like London, where you have the tube and a bus network, but in rural communities you absolutely need a car to get about.

Likewise, for non-personal or private journeys, it is not possible for a builder, a carpenter, a plumber or a roofer to take all their tools with them on the bus. If a road charging system is to be brought in—I appreciate Philip's point about who should own the roads, but for the purposes of this question let's take the presumption that it is still the state that owns and operates the roads—how can we actually lock into it something that is equitable to all road users, recognising that different parts of the country are very different in the way people need to use the roads in the first place?

Can you focus your comments through the lens of coming from a base principle that we have operated on for many decades, that whether you are an occasional driver, a daily commuter or are travelling for business every day, you pay your taxes, not just at the fuel pump but through vehicle excise duty and the tax you pay on buying your vehicle in the first place, on the presumption that there are safe roads out there to use? It is a very big jump to then say per mile, time of day usage. Claire, could you give your thoughts on that?

Claire Haigh: Thank you for the question. It is really important, and I absolutely hear the difficulties, particularly in rural areas where people are very often on a low income, have no access to public transport and have no other way of getting around. Fuel duty is a very blunt instrument. We should move to a much fairer way of charging for road use, by time and distance, for example. A typical petrol car driver in a rural area would actively want to opt in to such a system because it would save them money. Those are the sorts of difficulties that we could address with a well thought-through and well-designed national road pricing scheme.

It was not in my original evidence, but subsequently we put forward some supplementary written evidence with details of that proposal. Greener Transport Solutions would be delighted to discuss it in detail once the Committee has had a chance to read it, if that were useful at some point. The key point for today is looking at the overall principle.

Going back to the politics, you do not very often get an opportunity to have a really honest conversation with the public. Right now, we have a burning deck. We know that there is this fiscal black hole coming. It is a reasonable time to start having a conversation. We would recommend a mandatory shift, but giving plenty of time for people to opt in in the meantime. There could be a mandatory shift or switch from fuel duty and VED to a new system of paying for road use based on distance and time, but the public should be given plenty of warning and there should be plenty of time, as Edward pointed out, to get all the important infrastructure and mechanics in place for public transport. Giving people



time and showing a horizon is very important. Above all, it needs to end up being fairer and more equitable than what we have today.

Q68 **Greg Smith:** Isn't it the case that we are in a pretty bad place if the reason for a road charging scheme being proposed is an upcoming fiscal black hole due to the shift to electric vehicles that undermine the very way we have taxed the motorist over many decades? Any system that is equitable surely cannot start with the first base being that the Government need to raise some money. That would make the whole scheme inequitable in the first place.

If I may, I will give an example from my own opinion. The London congestion charge has never, ever been about congestion. It has only ever been about topping up funds for London City Hall. The roads in London are as miserable to drive on in times of congestion today as they were before brought it in when he was Mayor of London. Surely, if we are to have an equitable scheme, it cannot start from the basis of needing to raise money.

Claire Haigh: I agree. The arguments for road pricing are much deeper and more powerful than the need for the Treasury to earn some money. It is fundamental for the decarbonisation of transport. The difficulty is, at what point do you start to have that conversation with the public? The switch provides an opportunity.

The fundamental point is that, if we do not move fast, people will just bank the fact that if you buy your electric vehicle you do not have to pay much in running costs. If that becomes part of the psychology of owning an electric vehicle—you buy an electric vehicle and you do not need to worry about running costs—we have no hope of filling that hole and changing how we pay. Of course, it is the better-off who are benefiting by being able to afford to buy an electric vehicle. We have already touched on this in the previous session. Now is the time. If we do not do it now, the wind of opportunity will rapidly diminish. People will bank it, and paying for road infrastructure and so forth will have to be funded out of general taxation. That clearly means non-car owners subsidising car owners. That is not equitable either.

Q69 **Greg Smith:** Thank you. Philip, I saw you waving at me at one point.

Professor Booth: If we are to have a discussion about equity, I think we need to define what we mean by equity. For me, what is appropriate for a system of road user charging is that the road users are charged for the costs that they impose on the system in the provision of the infrastructure and the costs they impose on other road users. There may be debates as to the extent of the costs in carbon emissions, which, of course, may then be influenced by views on the move to electric vehicles and so on.

Modelling has been done on this. Any system of road user charging is likely to give rise, if the charging is rational, to roughly the same revenue that we have today. Of course, different people will be paying the



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charges. People in rural areas will be paying much less, most likely. Indeed, the modelling that Stephen Glaister at Imperial College did suggested that it would be best to take about 50% of the road network totally out of the road pricing system, as I mentioned earlier, because it is not worth the hassle economically, and you will pay for that some other way. The people who pay more, of course, will be people who regularly drive in congested areas and cannot change either their mode or their time of travel. They will benefit significantly, hugely, from a reduction in congestion and increased traffic speeds. They are the people who are most likely to value time the most. It will be a significant benefit to them.

The reason why we have not had increased traffic speeds in London is that so much of the road network has been taken out of use and turned over to cycle lanes, bus lanes, pedestrianisation and so on. That may or may not be a good thing, but, as we have seen reductions in traffic, we have also seen a reduction in the amount of road space in London. Everybody can benefit from a system of road charging—some people by paying less, by travelling at less congested times, and some people by getting quicker journeys because congestion is less as a result of the road charging system.

Q70 **Greg Smith:** That is very helpful. Eamonn, you put your hand up.

Eamonn Ives: Philip has got the point across that where road pricing will be effective and have the most impact will be in urban economic areas. It just so happens that those are the areas that are better served at the moment by public transport, and definitely could become better served by public transport. Naturally, you have that alternative. If you are one of the people for whom road pricing will increase your costs of transport, which is what we have to look at as the operative question, you will have alternatives. They may not be perfect, but they will be perfectly palatable. Those alternatives will themselves get better, the more the effects of road pricing come into question. One of the reasons why people do not like getting on the buses much at the moment is that, to be quite honest, they are infrequent and not very fast. Road pricing, hopefully, deals with all those problems. It makes them more punctual and speeds them up.

Looking at it dynamically is really important. The alternatives are there and will come through as road pricing takes effect.

Q71 **Greg Smith:** Thank you. Edward, you had your hand up.

Edward Leigh: One of the ways to address the equity concern is to make sure that some of the revenue from road pricing is fed through to local authorities to spend on sustainable transport locally, so that there is a link between what you pay to drive and the investment in the alternatives. If you are in an urban area, where you will probably be paying more to drive, it is clearer that the money you are paying is going into investment in the local public transport network. If you are in a rural area, which may not have enough density of people to warrant that kind



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of investment, you will be paying less. There would be a clear link for the public between what they pay to drive and investment in the alternatives.

We also have to explain to the public the issue that Philip was talking about—the external costs. Although a lot of money is raised through fuel taxes, there is still not enough to cover the external costs of congestion, road accidents, carbon emissions and so on. There needs to be a narrative about why road pricing is the right approach. It is not simply about raising money to fund other things. It is to cover the external costs of private transport and to invest in sustainable alternatives.

Greg Smith: I could talk about this all afternoon, but mindful of time I will hand back to the Chair.

Chair: Thank you, Greg. Finally, on implementation, we are keen to look at the piecemeal devolved approach versus a national policy. I will hand over to Ruth Cadbury.

Q72 **Ruth Cadbury:** Thank you, Chair. Professor Booth, how complex would it be to develop a national scheme alongside the existing one, and some new, local initiatives such as congestion charging and toll roads?

Professor Booth: First, this is a reasonable function to lie with the devolved nations. That is a small aspect of the problem perhaps. Then there is the question of what we do with existing schemes. I cannot remember whether it was Edward, Eamonn or Claire who mentioned that the current London scheme is quite unsatisfactory in many ways. I think there is a strong case for the whole of London to be brought into a wider road pricing scheme, not least because in London you have boundary problems, where on one side of the boundary you have a charge and on the other side of the boundary you do not have a charge.

Nevertheless, I think it should be within the powers of local authorities to impose special restrictions, charges and bands, if they wish to do so, on cars entering particularly congested parts of town and city centres. I may not believe that they ought to use those powers, but I think that those powers ought to lie with local government.

Regarding existing toll roads, everybody accepts that the idea that you have tolls on bridges but not on roads is an anomaly. Bridges would simply be brought into a road pricing system. The private toll roads that exist—I am not sure whether there are any, other than the M6 toll road—should remain as private roads. The owners of those roads should choose whatever form of pricing system they wish to use. It might change if there was a national road pricing system, because they might choose to mirror that, or they might decide to keep the current method of charging for the use of those toll roads.

There isn't a straightforward answer, "Yes, everything should be integrated," or, "No, nothing should be integrated." It varies according to the particular circumstances.



Q73 **Ruth Cadbury:** Do any of the other witnesses want to add anything?

Claire Haigh: The only thing to add is that the politics, if we come back to that, do not get any easier at the local level as opposed to the national level. The advantage of doing something nationally and building a strong case would be to crack that difficult nut.

The other thing is that we are replacing the current system with something that is not like for like but which replicates it, albeit on distance and time or whatever. How does that sit alongside some of the clean air zones? How those things enmesh or work together would need to be looked at. The point I wanted to add is that the politics do not get any easier.

Q74 **Chair:** Edward, do you want to come in?

Edward Leigh: The approach of introducing the mechanism of road pricing allows us to absorb all the back-office admin infrastructure for all of those alternatives. The existing tolls, congestion charges, clean air zones and so on could all be billed through a national road pricing system, even if that is set up very simply to charge initially on the basis of distance and weight. That would make it possible and much easier for local authorities to introduce their own clean air zones or congestion charges and be able to charge a much lower increment because they would not have to cover all of their own back-office charges to do it. They would be able to ride on the back of the national billing system, in effect.

Ruth Cadbury: Thank you very much.

Q75 **Chair:** To summarise the implementation evidence that you have given, it appears that you are telling us that the technology is there to be able to price at the time, and therefore for the amount of congestion on the roads, and to price differently depending on the mileage driven.

Looking at price as a driver, if you take the comparison with supermarkets, as soon as we were charged 5p to use a plastic bag, usage collapsed by about 95%, notwithstanding that everyone had been paying for it beforehand in the general funding of supermarket food. Do you believe that, if there were radical policies on charging, based on time of day and number of miles served, it could have a massive impact on congestion, for example, and on road usage? How great could it be? Claire, you are nodding.

Claire Haigh: I would love to come in on that because it is a great question. There was a really important study done about 20 years ago by the Commission for Integrated Transport that looked at paying for road use. I think they modelled that by replacing fuel duty with that sort of system, you could reduce congestion, and the number they came up with was about 48% or 50%. That was supported by further modelling done by the Department for Transport. Changing the time of day could have a massive impact in reducing congestion.

Q76 **Chair:** Eamonn, I will come to you and play devil's advocate with myself.



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It is all well and good to say, "I'll bring my own bags to the supermarket so I don't have to pay the money," but driving a car is an essential and key requirement, particularly in rural parts, so perhaps it would not have such a great impact.

Eamonn Ives: It might not have such a great impact in rural places, but I guess the counterpoint to that would be that they are probably the last places where road pricing needs to come in. It is in the urban areas where it would take effect and hit and change behaviours. What we would need to find out is the elasticity of demand for driving. I suspect that in urban areas it is high and that, where there are alternatives, people are more than willing to switch. There is some evidence to suggest that already, but maybe we need to do a bit more on that sort of thing—perhaps your Committee could do it.

There are lots of reasons to think that people would react to road pricing. It has definitely had an impact in London with complementary schemes, of course. There are other areas around the world—to return to Singapore—where the effects have been clear and obvious. I do not think there is any reason to suggest that that would not be the case in the UK either.

Q77 **Chair:** Philip, if you were to price people out of short journeys, you could be accused of impacting those who are of elderly age and who need them. It is not great politics.

Professor Booth: It is important that you do not have a system that prices people out of a particular form of journey. A road pricing system should have charges that vary with congestion, amount of use and so on. It may well be that the elderly are the people who can make adjustments to their times of journey the most easily.

If you have a road pricing system, as Eamonn said and as we talked about earlier, you will have quite large parts of the country that are really not impacted at all, and then congested areas of the country where those who can make the adjustment most easily and least painfully will make the adjustment. That could be on to public transport, which is most likely to happen in cities like Cambridge or Oxford where you have people living outside the city and travelling into the city. It is much more difficult in areas like Sussex where I live, where most journeys are across city boundaries.

The adjustment might be to travel less. It might be to go on public transport. It might be to do far fewer very short journeys that can be done by walking or by cycle. It might be by changing the time of day. There are so many ways in which we can avoid congested times when the road pricing will be at its highest level.

Q78 **Chair:** Edward, there are so many radical possibilities, but you feel they are too radical to be true.



Edward Leigh: No; it is being realistic about what the public will accept, and making sure that we have gone through a process of proper consultation with people—representative samples of people—to understand what their concerns are and to make sure we design a system that works properly.

There is no doubt that an increase in costs would change people's behaviour. What we do not know is how much it would be increased and whether we can do it in such a way that the impacts are equitably distributed. One of the things we need to do, in parallel with setting up road pricing as a simple scheme, is a pilot, probably with taxis and HGVs. They are two classes of vehicles that are in all parts of the country, and almost all have the telematics equipment already installed to do testing. We could run a pilot of a variable congestion-related charge on those types of vehicles to see what behaviour changes result and how much you have to push the lever in order to get the desired effect.

Chair: Thank you, all four, on the implementation side. Edward, you touched there on the views of the public and the need to take the public with the policymakers. I will hand over to Lilian Greenwood on that point.

Q79 **Lilian Greenwood:** Thank you, Chair, and good morning to our witnesses. An Ipsos Mori poll in December 2020 found that 60% of Britons were in favour of road pricing if it was designed to reduce congestion, improve local air quality or raise revenue for public transport. I am here in Nottingham, where the workplace parking levy was very controversial. Its acceptability was helped by the fact that people could very rapidly see that it had resulted in investment in extensions to our tram network and improvements to the railway station. Is there a case for linking road pricing to the funding of specific transport projects? I will come to you first, Edward.

Edward Leigh: Yes, I think that is essential. People are very reluctant to support a tax where the money just goes into the Treasury and gets spent in ways that they do not control. It is important that people feel that the money they spend to drive is being invested in their community and in the alternatives for them. It is very clear that Nottingham is an excellent example of where that has worked. The workplace parking levy, which is still almost unique in the UK, is supported because that money is reinvested locally. Therefore, people see that it is purchasing an alternative mode of transport that gives them options. Without giving people options, they will resist it.

Q80 **Lilian Greenwood:** Claire, is hypothecation a good idea? Can it operate at a national level, or does it need to be local in order for people to really feel that benefit?

Claire Haigh: It is a really good question. To add to Edward's comments and the point around public transport and having the money spent like for like, in the Stockholm example that I gave earlier it was very clear that the money was being invested; it was seen that the taxes went back



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to the people and were being invested in public transport. That certainly worked, although there are differing opinions on it. The same Ipsos Mori poll said a very different thing 10 years ago. It did not help the Manchester referendum. Perhaps there has been a big shift; I hope that there has been. In the Manchester referendum, ring-fencing the money for public transport did not help as a message.

I am a little bit wary of polls. Just this week we had a poll from BritainThinks for the Green Alliance, which said that two thirds of the public support taxing environmentally damaging behaviour, but there was much lower support for road pricing. We are still on very delicate ground when it comes to road pricing.

With regard to hypothecation, it would seem to help the argument if you are, for example, investing in EV infrastructure or in public transport, and it is a very clear narrative. I think my answer to the question, Lilian, is that I would hope it can only help in the messaging if you have a very clear narrative as to what the money is going for.

Q81 Lilian Greenwood: Eamonn, do you have a view on this? Is it the right way to go? Will road users, particularly drivers, feel resentful because they feel the money is not being invested in the things that matter to them? Perhaps they would rather the money was spent on improving the state of their local roads. What is your opinion?

Eamonn Ives: It is a brilliant question, Lilian. I definitely have a lot of thoughts, so please cut me off if I start waffling. The idea of hypothecating the revenues from road pricing and putting them into public transport might not necessarily be as popular as you think. The real blocker at the moment to rolling out road pricing is probably the most ardent motorists—the Jeremy Clarkson types—who are fearful of this being a tax raid. I think that for road pricing to really get public support it has to be seen as something pro-motorist.

What you were implying suggests, “We’re taking money off you to give to other people who are going on public transport.” If I am a motorist and I do not really want to give up my car, that suggests that there is just going to be a higher cost for me all round. That is what I would say on that front.

I have a point on opinion polling. Claire mentioned Stockholm, and how public opinion turned on a sixpence. There was initially opposition, and then immediately after there was big support for it. I think we see the same in London. I would be wary almost of public opinion on these things. I think they need to see the benefits fed through. It is often quite difficult to make and articulate that case. However, I think we have all the evidence we need to go forward with it.

The take-home point that I am hoping to get across is that road pricing can deliver enormous benefits for motorists, and that has to be how the case is made. Fundamentally, people rely on cars for their journeys.



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About 68% of people use them to commute to work, at least in pre-Covid times, and woe betide whoever forgets that. That should be our operative focus.

Q82 Lilian Greenwood: Philip, the argument is a bit indirect, isn't it? In Nottingham, loads of people have said to me, "Well, I don't use the tram, so I'm just paying for something that I'm not using." The argument that, "Well, if other people use the tram, you've got more road and less congestion," does not always quite cut through. Does road pricing need to be seen to be no more expensive than paying the combination of fuel duty and vehicle excise duty? What is the key to getting public support, particularly from drivers?

Professor Booth: I do not think there is any need for road pricing to be more expensive in total than the current taxes, but, as I keep saying, different people will be paying the cost depending on where they live, when they travel and so on.

There is a huge difference between Edward and me in our view on hypothecation and subsidising the public transport network. In my view, road pricing creates a stronger case for not subsidising public transport. The danger of hypothecation is that you give local authorities a pot of money to pursue grandiose projects that may be attractive to the electorate and may be attractive to the local authority administrators, but do not necessarily provide the most value to the people who live in the area.

The bus market is highly contestable. It is easy for providers to go in and out of the market. Of course, in the last few years we have seen that the direction of travel in the bus market has been for providers to move out of the market. If, at congested times, it becomes expensive to travel on the road network, that provides a stronger market incentive for people to use buses and then for providers to respond to that by adding to the bus network.

Public transport is itself, as I said in my opening remarks, a carbon-intensive activity. It is not a zero carbon option, even public transport powered by hydrogen or whatever else it might be. Buses, trains and so on are quite carbon intensive in their making, never mind in their running. In my view, public transport should stand on its own two feet. Road pricing provides a stronger argument for public transport standing on its own two feet.

Lilian Greenwood: Thank you very much.

Q83 Chair: I have a final question. I have heard it said, not from those inside the Treasury but from another Government Department, that road pricing would actually be the wrong thing to do because it sends out the wrong signal at a time when the Government are trying to encourage more people to take up the electric option, where they could end up paying less because they are not paying fuel duty or vehicle excise duty. Are people



really so stupid as to think that they will not have to pay for what they use?

Professor Booth: The easiest way to deal with that argument would be to charge a differential rate according to whether a vehicle was petrol or diesel powered or electric. My colleague Richard Wellings would not agree with that. You would pay the cost of carbon emissions—whether that is the right level or the wrong level is a different argument—when you charge an electric vehicle through the electricity network and pay the costs connected to using electricity.

The argument would be that you pay the costs of carbon emissions when you use a petrol car, either by the maintenance of some fuel duty or by a higher rate of road charging on petrol-driven cars. Whatever the Government do, we are going to have petrol-powered cars around for another 20 years or so. They are not going to disappear within the next five or 10 years, or even within one or two years of the Government banning them in 2035.

Q84 **Chair:** Thanks, Philip. Edward?

Edward Leigh: I think we are pretty close to the point where we will not need to continue to incentivise people to buy battery electric vehicles. The tipping point in the market will arrive within the next few years, and then the market will take over. It simply will not be necessary to give people incentives.

The point that Claire was making earlier is that we have a window of opportunity while the lobby of EV drivers is relatively small and quiet. It will get bigger and louder. People protect their privileges. At the moment, we are giving EV drivers big privileges in that the per mile cost is so much lower. If you charge up from your own solar panels at home, your driving is free. It is very hard to wean people off something that is free.

Q85 **Chair:** Claire, one could say that you could provide the incentives through electric with no fuel duty and no vehicle excise duty. If you bring in road pricing, you would charge road pricing and those other taxes on the diesel and petrol. Is that something you would support?

Claire Haigh: Winding back for a second, there is a brilliant and timely opportunity to link enhanced EV grants to the buyer committing to pay the new road user charge, to pay for road use. This is all in the proposal that we have submitted. You have not had a chance to read it yet as it was only published today.

The point is that you could extend the offer to a third off the price of an EV, up to £35,000, which I think is the limit that the Government set. Crucially, it needs to apply to the second-hand market as well. In fact, if people want to trade in their old polluting vehicle as part of it, there could be additional scrappage.



It is a big up-front capital cost, but what we would be saying to the Treasury is, "You are investing in a revenue stream because this is going to disappear." I think that would really incentivise take-up of a new road user charge. It would almost go to the heart of it. It would link the roll-out of EVs to the new road user charge, but to do that you need to set a date that, say, from 2030 there will be a mandatory shift from fuel duty and VED to a distance and time charge for paying for road use. That is the essence of what we are saying. Does that answer your question?

Q86 Chair: Yes, it does. Eamonn, finally, the Government always take note of "white van man" and the *Daily Mail* reader. There has been talk before, but no one has really grasped it because they have run a mile, with public opinion. Is now the time?

Eamonn Ives: Yes, I think so. The benefits that I hope we have mapped out over the last hour or so go to show that road pricing is fit for the 21st century and it is what we need to transition to. I do not think the current system is working. This allows us to get to the best system; one where tradespeople can get around more easily; where we can exploit new economic opportunities; where congestion is eased; where environmental problems can be factored in a lot more easily; and where we can ensure that there is a ring-fenced pot of money to pay for the maintenance and construction of new roads.

Ultimately, I think it is a fairer system. That is another thing where public opinion should be looked at. People expect to be able to pay for the damage they cause. If you are freeloading on the payments of other people that are currently being made through fuel duty and vehicle excise duty, that to me is an inherently unfair system. That could be another messaging avenue that we go down. Selling it as a pro-motorist reform is going to be absolutely essential if road pricing is to have any sort of future in this country.

Chair: Excellent. Thank you so much, each of you, Eamonn Ives, Claire Haigh, Edward Leigh and Professor Philip Booth. You have given us a heck of a lot to chew on. We look forward to doing just that as we take this inquiry further. Thank you again.