



**The Government's Response to  
the Transport Committee's Report  
on Urban Charging Schemes**



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Presented to Parliament by the  
Secretary of State for Transport  
By Command of Her Majesty  
May 2003

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# THE GOVERNMENT'S RESPONSE TO THE TRANSPORT SELECT COMMITTEE'S REPORT ON URBAN CHARGING SCHEMES

## INTRODUCTION

The Transport Select Committee issued its report on Urban Charging Schemes on 9 February 2003 in which it makes twenty-five recommendations. Much of the report focuses on the Mayor's road user charging (RUC) scheme for central London, which at the time of the Select Committee (October 2002) had yet to start. It is now running and although it will take time to evaluate the effectiveness of the scheme, it appears to be working well.

In the following paragraphs we set out the Government's response to each of the committee's specific recommendations.

**(a) We believe it appropriate to examine the London congestion charging scheme, though we do not seek to duplicate the London Assembly's work. The impact of the Mayor's scheme is likely to stretch far beyond the capital. If it is not successful, other authorities will be deterred from introducing charging. This will reduce their ability to cut congestion and raise the revenue necessary to improve public transport. Lessons from the London scheme will be of vital importance for the future development of urban charging schemes and the Government's overall policy to reduce urban congestion.**

The Government recognises the significance of the London scheme on the acceptability of congestion charging policy to other local authorities.

It is for Transport for London (TfL) and the Mayor to do detailed monitoring of the London scheme. TfL are undertaking a comprehensive monitoring programme, using standard surveying techniques, covering relevant modes of transport. They are also proposing to examine wider economic and other impacts. They have pledged to make all results available.

The Government will consider the evaluation of the scheme and if there are significant gaps in TfL's study programme then the Government will commission work to fill them.

**(b) While responsibility for transport policy in Scotland and Northern Ireland rests with their respective administrations, it is clearly desirable that policies on road user charging throughout the United Kingdom should be closely related, and that the charging technology should be interoperable. We urge the UK Government and the devolved administrations to co-operate closely on the development of charging schemes.**

The necessity for interoperability of charging technology throughout the United Kingdom is clear. There is close co-operation with Scottish, Welsh and Northern Irish administrations to ensure compatible policies.

The Department for Transport is carrying out an electronic charging demonstration project, 'DIRECTS' (Demonstration of Interoperable Road user End-to-end Charging and Telematics Systems) which will produce interoperability specifications with a particular focus on local authority congestion charging schemes. The Department is also working closely with HM Customs and Excise who are in the lead on developing the national Lorry road user charging scheme.

**(c) The Government, in its negotiations on any future European transport infrastructure directive, should ensure that it secures sufficient flexibility to enable the future implementation of local and national charging schemes without the imposition of unnecessary restrictions.**

The UK is closely involved in discussions of all aspects of the Commission's proposals, including technology. The UK is also involved in the appropriate CEN Standardisation Committees for electronic fee collection.

In its White Paper 'European transport policy for 2010: time to decide', the Commission makes clear that, on subsidiarity grounds, it will not come forward with legislative proposals in relation to urban transport and that EU legislative proposals in relation to infrastructure charging would apply only to commercial transport. As and when the Commission does table legislative proposals, the UK will carefully examine them to ensure consistency with our strongly held views on tax and subsidiarity. We shall also seek to ensure that Member States have discretion to set the levels of any charges.

**(d) The primary objective of an urban charging scheme must be to make significant reductions in traffic congestion.**

The Government's firm view is that all proposals for the introduction of charging schemes must have reduction in congestion as their primary and continuing objective. If this objective is not at the heart of a proposal, Ministers will not approve the scheme.

**(e) Charging schemes have the potential to make significant reductions in congestion and to improve the capacity, speed and reliability of public transport, but it is important that such schemes are designed to enhance the urban environment. Schemes which merely displace traffic from a city centre to suburban or inter-urban road networks may cure urban congestion at the price of urban decline, and will lead to problems elsewhere on the road network.**

Many people believe that introducing a charging scheme in an urban centre will simply lead to traffic being displaced onto roads surrounding the charging area. At present there is no clear evidence to support this view although the Government believes that local authorities, in designing their schemes will need to pay close attention to this possibility and consider ways to prevent it. The primary aim of congestion charging must be to reduce congestion. If a scheme simply shifts congestion from one location to another it clearly is not working.

**(f) The present indicator used to measure congestion, while arguably well-fitted to the abstract task of national policy modelling, is of no help at all in demonstrating the actual problems of congestion in urban areas. The public will want to know how urban charging schemes will improve their daily journeys. Simple and transparent indicators should be developed to reflect these important concerns.**

The Government welcomes the recognition that the 'time lost' indicator of congestion is well-fitted to a national policy modelling context. It agrees that the public will wish to know how urban charging schemes could improve their journeys, and it is clear that summary network performance indicators are not designed to do this. As part of an examination of data sources that could give rise to information more meaningful to motorists, DfT is examining the potential of 'journey' type indicators.

DfT also expects local authorities to decide which indicators they consider best monitor their schemes year on year. For example TfL are using speed and travel rate indicators

for central London as well as summary measures of congestion as part of their monitoring of the London charging cordon. However, great care is needed with such indicators, not least separating short term fluctuations from longer term trends.

**(g) Any regular driver into or around an urban area—indeed, any regular listener to ‘drive-time’ local radio—is likely to be able to reel off a list of areas where acute road congestion regularly occurs. Areas of significant urban congestion ought to be well enough known to the transport departments of local authorities, if not to the Department for Transport. Resources which the Department may be earmarking for the identification of urban congestion hotspots would be better allocated to addressing the actual problems of congestion at those locations already identified.**

It is for local authorities to determine the appropriate level of monitoring necessary to enable them to develop effect transport strategies and make the best use of the available road space.

Tackling known areas of congestion is an obvious place to start. For example, in London the Department has been working closely with the key London agencies to tackle problems on the roads. As part of this work TfL, the Metropolitan Police and London Boroughs have identified and prioritised the worst pinch-points on the road network. As a first step we are reviewing traffic signalling at each of these junctions to ensure that timings are at their most efficient, while at the same time considering what longer term physical improvements might be made.

However, we also need to ensure that there is robust data so that we can measure how successful action to tackle congestion actually is, and to identify new congestion hotspots which emerge as traffic flows change.

**(h) We welcome the establishment of the Charging Development Partnership to promote the effective exchange of information between councils which are contemplating the introduction of charging schemes. We believe that there is scope for the Department to develop its role in the Partnership’s activities, particularly following the implementation of the London scheme.**

The Government welcomes the committee’s support of the objectives of the Charging Development Partnership (CDP). It intends to develop the partnership to extend the understanding and development of congestion management not only by charging but also by complementing it with other mechanisms.

**(i) It is quite clear that in London the levels of investment needed for the longer-term capital investment projects may require revenue streams which are secured for considerably longer than 10 years.**

The Greater London Authority Act 1999 and the Transport Act 2000 allow for the revenue from congestion charging to be hypothecated for at least ten years. The Acts allow for a longer period at the discretion of the Secretary of State, any scheme orders predicated on a longer period of hypothecation will be assessed on their merits.

**(j) Short of the ‘catastrophic failure’ which may prompt the Mayor to cancel the scheme, we believe that two months is not long enough to establish whether it has succeeded or failed.**

The Government recognises that major transport schemes such as the Mayor's charging scheme can not be judged over night and an assessment of a scheme's success or failure can only be made once sufficient information has been obtained on the overall impacts of the scheme.

TfL's first full congestion charging Annual Report will be published in Spring 2003, with the first annual analysis of the full impacts in Spring 2004. A preview of the first Annual Report can be found at the following link:

<http://www.tfl.gov.uk/tfl/cc—monitoring.shtml>

TfL will also publish its first assessment of the initial effects of the charge on traffic levels, congestion and public transport in London in Autumn 2003.

**(k) We were pleased to hear from the Mayor that he was willing to submit the scheme to independent scrutiny, and we encourage him to do so.**

Like the Committee, the Government welcomes the Mayor's willingness to submit the scheme to independent scrutiny but the decision to do so rests with the Major. The Government has made clear that any congestion charging scheme needs to carry broad public support. Independent scrutiny of a scheme may be one way of eliciting such support and reinforcing the perception of transparent decision making.

It is London Assembly's responsibility to scrutinise the Mayor's scheme. The Assembly's plans for monitoring the scheme's impact on London and the key criteria by which they will be judging the scheme can be found at the following link:

<http://www.tfl.gov.uk/tfl/cc—monitoring.shtml>

**(l) If charging is to be regarded as a proven mechanism for reducing congestion, it is important that congestion charging in London should not only work, but should be seen to work. We believe that, in addition to the monitoring programmes established by Transport for London, a regular, authoritative, independent and impartial assessment of the effects of the London congestion charging scheme is essential to sustain public confidence in the scheme.**

The public's perception of congestion charging is crucial to the acceptability of the policy. It is important that the public not only understand the principles and are given factual information but that they can also see the benefits in a tangible form. (See k above.)

**(m) We believe that the monitoring programmes which Transport for London have established should make particular provision for examining the effects of the charge on the low paid, on public service workers and on the voluntary sector.**

The TfL document 'Impacts Monitoring Programme: Preview of First Annual Report' sets out how TfL will assess the economic and social impacts of the scheme. (See j above.)

**(n) We believe that the switch to greener fuels encouraged by the exemption of alternative fuel vehicles from congestion charging is welcome. It may well contribute to overall reductions in the level of pollution. Consequently, it represents an undoubted benefit of the scheme. Significant changes to the exemptions for different vehicle types should be avoided. If not, investment in new technology will have been wasted and the overall credibility of the scheme will be damaged.**

The effects of pollution caused by congestion are well known and the Government welcomes any policy that encourages the use of more environmentally friendly fuelled vehicles. However, in the context of congestion charging, exempting such vehicles could in the medium and long term undermine the primary aim of the policy. If motorists switch to alternatively fuelled vehicles in order to avoid paying the congestion charge, and continue driving as before, the level of congestion will not reduce as the number of vehicles and driver behaviour will not have changed, therefore undermining the primary aim of congestion charging.

**(o) There are clearly dangers in implementing a scheme on this scale without any experience of smaller projects. The automatic numberplate recognition system may not build up a sufficiently robust database, and this database may not be properly maintained by the contractor concerned. Comparison of the two databases may be mishandled, so that drivers are either wrongly pursued or able to evade the charge. Details of registered keepers supplied by the DVLA may not be sufficiently accurate to allow proper enforcement of the system. Unfounded speculation and gossip about possible evasions of the charge proliferate.**

The London scheme is giving valuable first-hand information on the practical problems of charging system implementation. There is no reason to believe that incomplete or inaccurate records of registered keepers of vehicles is inhibiting enforcement.

**(p) The Committee supports the objectives of the London scheme. It is unfortunate that the first scheme of its type to be implemented in the UK is also the largest, and does not have the benefit of a pilot study to iron out any teething problems. Nevertheless, we welcome the Mayor's readiness to take action to address the problem of congestion in London. The substantial groundwork which has been done in preparation for the scheme should, we hope, reduce the lead-time required for the development of charging schemes elsewhere.**

Certainly experience in London could be helpful to any other authority but the Government believes that public support, visibility of improvements before and after the start of a scheme and the importance of engaging all stakeholders in the development/ debate of schemes are essential and should not be skimmed on.

**(q) We recognise that the Mayor has considerable discretion over the scheme's operation, and we encourage him to use his powers judiciously to streamline the functioning of the scheme and to alleviate the worst of the pain the scheme may cause.**

Any scheme will have a settling in period during which teething problems will need to be ironed out. Once sufficient data has been collected to assess the various impacts of a scheme it will be important to evolve the scheme where necessary. The Mayor has been given the powers to make changes to the scheme as problems arise and along with TfL will no doubt be keeping a close eye on things.

**(r) Congestion in key urban areas is a problem which is ripe to be tackled. A consistent and coherent strategy to address urban congestion will bring benefits over and above those which may accrue from alleviating overall congestion on the road network. While urban charging schemes are far from being a panacea for urban congestion, a scheme which is fit for the purpose and properly targeted, assessed, supported and implemented could make a significant and positive impact.**

The Government welcomes the Select Committee's support for its view that local authorities are best placed to respond to local congestion problems and that congestion charging, when properly implemented can have a significant and positive impact on reducing congestion.

**(s) Without a clear lead from the Government on the acceptability of urban charging schemes, it seems unlikely that the recommendations for urban charging schemes which have thus far emerged from multi-modal study teams will be taken much further than the drawing board.**

The Government has given a clear lead on urban charging by providing local authorities with the powers to implement such schemes. But there is no one size fits all solution that can be applied to every local authority. As the legislation intended, it is for local authorities to assess whether urban charging would be effective in their areas and, if they consider this to be the case, to develop workable proposals that contribute to their overall transport and land use strategies and command broad public support. This applies to local authorities both in areas where Multi-Modal Studies (MMS) have made recommendations for urban charging schemes and in other areas, not covered by MMS, where urban charging schemes might prove to be effective. The Government will support the implementation of urban charging schemes that meet these criteria.

**(t) If the Government intends charging revenues to fund major public transport improvements, it must not hinder the process by setting up artificial barriers which may discourage investment. We repeat our predecessors' recommendation that the income from road user charging and workplace parking levy schemes should be hypothecated to local transport spending permanently and in full. The revenue raised through charging should in all cases be treated as separate from, and additional to, local transport funding provided by central government.**

As stated in (i) above, The Greater London Authority Act 1999 and the Transport Act 2000 allow for the revenue from congestion charging to be hypothecated for longer than 10 years at the discretion of the Secretary of State. The revenue raised by congestion charging is additional to local transport funding by central government. Local authorities introducing congestion charging must account for the revenues raised from their schemes separately and transparently.

**(u) We believe it essential that additional capital and revenue funding should be made available to local authorities, through Local Transport Plan settlements, to assist them in making the necessary public transport improvements before the introduction of such schemes. Local authorities themselves have a responsibility to be prudent and efficient in the management of their public transport schemes.**

We are providing more funds to local authorities in Local Transport Capital Settlements under the Ten Year Plan—rising from less than £0.5bn in 1998/99 to £1.9bn in 2004/05. Large increases for all local authorities have given them the capital resources needed to provide better public transport and tackle congestion. Those who carefully identified local congestion and public transport problems, and came up with good solutions as part of their Local Transport Plans, have been recognised and rewarded in capital settlements. Those who successfully deliver solutions to congestion problems by whatever means, and provide better public transport, will increasingly be rewarded in future settlements. Revenue support grants, although not normally ring-fenced for public

transport, have also been growing at levels well above the rate of inflation in recent years. Additionally, in 1999 the Government provided an extra £18m for local transport in 24 local authorities interested in developing a charging scheme.

**(v) We agree with the Government that assistance to local authorities which decide to introduce charging should not detract from assistance to local authorities which have decided against charging, but have made other plans to tackle congestion. As a general principle, investment should be targeted on those areas most affected by congestion, at a level which is likely to make a genuine impact. It is also important that investment is made to limit congestion occurring.**

(See u above.)

**(w) Electronic charging scheme technologies must be developed to a national standard, which is compatible with any future European standard. The Government must ensure that they are interoperable, and that they are compatible with the electronic tolling systems in use or proposed elsewhere in the UK, for instance at the Severn and Dartford crossings and on the new M6 Toll.**

The Government has consistently said that it aims to adopt European Standards on interoperability and the work of its DIRECTS Programme is supporting both domestic and international standardisation.

The compatibility of legacy installations such as the Dartford or Severn crossings and on other tolled roads is not straightforward and is still being studied. The Dartford system is in principle compliant with the latest draft CEN Standards which are expected to be adopted soon. Other crossings use different equipment that could not be converted without excessive cost. The M6 Toll organisation has yet to specify all the systems and protocols it intends to operate and is in discussion with the Department on this topic.

In its White Paper 'European transport policy for 2010: time to decide', the Commission indicated that it planned to present Community legislation to guarantee the interoperability of toll systems on the trans-European road network. The Government supports the development of a minimum technical standard for road-charging on-board units in the EU. It also agrees that where possible a member state's on-board unit should be interoperable with those of other member states.

**(x) Local authorities which are developing electronic road user charging systems must develop their schemes in such a way that vehicle users without access to electronic technology are provided with alternative and convenient means of paying the charge.**

The Government will ensure that all schemes requiring the Secretary of State's approval meet this criterion but it does not expect local authorities to bring forward proposals which do not make provision for occasional users.

**(y) If charging schemes are not introduced where appropriate, congestion in urban areas will not be cut, public transport use will not rise and emissions will increase. The Government is committed to addressing these issues on a national level. We therefore find it a matter of serious concern that the Government is not at present prepared to make a more positive and open contribution to the national debate on congestion charging.**

The Government showed its support for congestion charging by giving local authorities the power to introduce road user charging and workplace parking levy schemes. However, it is important that such policies are introduced as part of an overall transport strategy and local authorities are best placed to determine the appropriate strategy for their local environment. When properly implemented charging can have a significant and positive impact on reducing congestion.



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