



A CARBON REDUCTION FUND: A PROPOSAL FOR THE DEPARTMENT FOR TRANSPORT'S CARBON REDUCTION STRATEGY

1 EXECUTIVE SUMMARY

We believe that further action to cut carbon dioxide emissions from surface transport is urgently needed. This must not just rely on technology alone, but also acknowledge the scale of cuts possible from changing how and how much people travel. Moving towards low carbon transport will also be an important part of the UK's route out of recession through creating jobs and establishing new low carbon industries.

We propose that the Department for Transport (DfT) establishes a Carbon Reduction Fund to ensure that measures which cut emissions are prioritised and financed, and announces this when it publishes its Carbon Reduction strategy later this year. We believe that cutting carbon emissions is not currently a sufficiently high priority for DfT or for those delivering transport, and that a Carbon Reduction Fund will help give this the prime place in transport policy and delivery that is needed

The Fund would be created by the reallocation of half of the Government's Transport Innovation Fund, which we understand totals £10 billion over the next decade. Bids could come from local authorities, transport operators, the Highways Agency, businesses and attractions that generate travel and third sector groups. The Fund could support a wide range of schemes, both through capital and revenue funding, especially those aimed at changing travel behaviour. It would give a clear signal that carbon reduction is a priority and would create a clear funding stream that could additionally enable the most innovative schemes to be funded. It would also test a wide range of measures to cut carbon emissions from transport, thus creating a robust methodology for judging what works in carbon-cutting from transport and what gives best value per tonne of carbon avoided.

There is a large range of measures that the Fund could pay for, supporting both public transport and smarter travel choices. Many of the public transport schemes have already been developed for the RFA process but have not been prioritised. The Carbon Reduction Fund would help unblock this 'delivery pipeline'.

It should be emphasised that schemes that will reduce carbon will in many cases also meet other Government objectives, for example reducing congestion and improving quality of life.

2 CLIMATE CHANGE AND TRANSPORT CONTEXT

The more we learn about climate change, the more the need for urgent action becomes evident. In its December report, the Committee on Climate Change proposed two 2020 targets – an interim target of a 34% reduction in greenhouse gas emissions and an intended target of a 42% reduction, provided that international agreement is reached in Copenhagen at the end of this year. New research for Friends of the Earth shows that drastic emissions reductions are urgently needed and argues that the Government should adopt the intended target, whether or not there is a deal at Copenhagen¹.

The Government's Climate Change Act was rightly acknowledged as a world-leading piece of legislation. However this leading position must not be lost through poor implementation. This means ensuring that all sectors play their full part in cutting emissions.

Climate change is the critical challenge for transport – but the sector is getting off lightly at present. Significantly, in the current economic climate, moving towards low carbon transport will not just cut climate change emissions, but must also be an important part of the UK's route out of recession through creating jobs and establishing new low carbon industries. Efficient, accessible and reliable low-carbon transport systems boost productivity and economic development, as well as inspiring healthy travel and improving air quality.

We believe that transport must make a full contribution to meeting the UK's climate change targets. DfT's Carbon Pathways Analysis makes it clear that transport must do more: even with the new EU car emissions target, UK domestic transport emissions in 2020 are forecast to be just over 5% lower than in 2005. A truly sustainable transport sector is one where emissions are falling in line with the cuts demanded by the science and by the UK's climate change targets. To achieve this, the Government cannot rely solely on technology, vital though this is. Changes in travel behaviour will also be needed. Measures to bring this about will be sowing seed in fertile soil: the DfT's recent report on 'Public attitudes towards climate change and the impact of transport' found that 75% of those questioned were prepared to change their behaviour to limit climate change².

There is considerable evidence of the scale of cuts possible from transport³, and the sector must not be allowed to use the conclusion of Stern and others that transport emissions will grow fast in the future and that cutting these emissions will be expensive as a 'get out of jail free' card. Research for our organisations has shown that there are problems with some of the key assumptions about future costs and travel demand, and the methodology used to assess and compare cost-effectiveness in studies assessing the potential for and cost of cutting carbon emissions in the transport sector. This research concluded that "it would

appear irresponsible to dismiss the large body of evidence which exists to suggest that travel behaviour change - in all its guises from car purchasing, to location choice, driver style and mode shift – offers a serious foundation for non-marginal, relatively inexpensive carbon reductions from both passenger and freight transport”⁴.

We believe that the Government must ensure that schemes which cut carbon emissions are prioritised and funded by establishing a Carbon Reduction Fund.

3 CARBON REDUCTION FUND

3.1 Why is a Carbon Reduction Fund needed?

Reducing carbon from transport is now a priority for the Department for Transport; it is one of the five goals in the Department’s “Sustainable Transport Strategy”⁵. Action on carbon reduction from transport has so far focused on introducing low carbon vehicles through regulation and incentives. This is important but will not on its own achieve the reductions in carbon needed from the transport sector. More is both essential and possible.

In spite of carbon reduction being a priority goal for DfT, there have so far been no major changes in transport spending, and priority has not been given to projects that reduce carbon. Indeed, some newly approved transport projects – for example, the Weymouth Relief Road – will increase carbon emissions. Rail spending, franchising and regulation does not directly consider the impacts on carbon emissions, although in general investment and measures to increase rail use should help reduce emissions. In particular, spending and decisions on local transport have not so far prioritised carbon reduction.

This is because carbon reduction is not so far a priority for bodies such as the Highways Agency, transport operators, Network Rail and local authorities. Even where local authorities have signed up to carbon reduction as one of the core priorities in their Local Area Agreement, there is little action on transport. The Regional Funding Advice submitted to the DfT by regions in February 2009 gave priority, overwhelming in some regions, to large road schemes that will increase carbon, rather than public transport, low carbon vehicles, cycling, travel plans and other measures that will reduce it ⁶

Added to this is a lack of knowledge and experience over the carbon impacts of transport projects and “what works” in terms of reducing carbon. Transport agencies are largely working in the dark on this, with assertion rather than knowledge. They, and DfT, do not know the cost of such schemes per tonne of carbon reduction; there is an assertion that reducing carbon through changing travel behaviour is difficult and expensive per tonne of carbon avoided; this is despite good indications from, for example, the Sustainable Travel Towns, that there are good and cost-effective measures that will reduce carbon through changing travel behaviour.

A Carbon Reduction Fund can resolve these issues:

- it will give a clear signal that carbon reduction is a priority for transport agents and create a clear funding stream to give effect to this priority
- it can test a wide range of measures to cut carbon emissions from transport, with rigorous before and after evaluation, and thereby create a robust methodology for judging what works in carbon-cutting and what gives best value per tonne of carbon avoided
- it can fund a wide range of schemes, both through capital and revenue funding, especially ones aimed at changing travel behaviour rather than introducing low carbon technology (other funding has been allocated for low carbon vehicle technology).

The Fund has two broader advantages:

- First, it will allow generally the bringing forward of innovative transport schemes that may not emerge from current funding frameworks. This can allow the Department to try out projects that might not be available to it normally.
- Second, projects that reduce carbon from transport may have other economic, social and environmental benefits and meet other DfT goals. For example, an initiative that reduces carbon from commuting or business travel could help competitiveness and congestion too, in addition to improving health. These wider benefits – as well as potential conflicts - can be tested and identified through the Fund.

3.2 Structuring the Fund

The Fund should be broadly drawn. It should invite bids from a very wide range of bodies: local authorities, transport operators, Network Rail, Highways Agency, freight companies – but also those generating travel (employers, leisure providers, travel destinations such as National Parks), and social enterprise and not-for-profit organisations such as Sustrans and community transport groups. One approach would be to use the Fund to get existing programmes and agencies to bring forward low carbon projects to enable them to be mainstreamed and included in future RFA and local transport plan priorities. For example, regions could be asked specifically to produce and prioritise low carbon projects as part of a revised Regional Funding Advice.

The Fund should allow for a wide range of projects and schemes, including revenue as well as capital funding. This would allow for subsidised public transport or other services.

A proportion of the Fund should be set aside for larger projects, for example taking a wide range of measures or covering a wide area. If Ministers were interested, a part of the Fund could be dedicated to taking forward the best ideas from members of the public, through a “low carbon transport” competition, focused on changing travel behaviour and organisation rather than technology.

3.3 Monitoring and evaluating the effectiveness of the Fund

Researching, monitoring and evaluating what works on-the-ground is invaluable to enable the most appropriate intervention to be put in place to minimise carbon emissions from transport.

The Fund should allow for full, thorough and long term monitoring of schemes and initiatives to enable them to be assessed in their own right and against others. In addition the Fund would finance both local level/ individual scheme monitoring and an overall programme evaluation.

4 SOURCE OF FUNDS

We recognise that, in the current economic climate, the Government must be prudent and therefore we propose that the Carbon Reduction Fund should be financed by a reallocation of existing spending rather than by new money. We are also not calling for the Carbon Reduction Fund to be financed by ring-fencing taxation revenue.

We believe the main source of money for the Carbon Reduction Fund should be reallocation of the Department for Transport's Transport Innovation Fund (TIF). We understand that this totals £10.25 billion between 2008/09 and 2018/19.

Currently, TIF funding is allocated to 'congestion TIF', to support local road user charging schemes, and 'productivity TIF', supporting schemes that improve national productivity. Productivity schemes, following the methodology and analysis developed for the DfT and endorsed by Eddington, focus on supporting agglomeration in urban areas and improved links to international gateways. An initial productivity TIF round has resulted in priority being given to various railfreight schemes.

However neither Congestion nor Productivity TIF guidance has the reduction of carbon as a key objective of projects. Given the importance of urgent action to tackle transport's contribution to climate change, we believe this is a serious weakness.

We propose that half of the remaining funds set aside for TIF (ie after funding already pledged through Productivity TIF) should be devoted to a Carbon Reduction Fund. If current TIF levels are continued, this would allow for approximately £5 billion between 2008/09 and 2018/19. Even if funding is not available at this level, we believe that the Fund will be worth establishing at almost any level to ensure funding for piloting low carbon transport schemes

The remaining funds should remain in Congestion TIF and Productivity TIF. However, in the future, all bids to these funds should demonstrate carbon savings in addition to congestion and productivity gains.

One critical transport funding issue that we have regularly highlighted in recent years is the split between capital and revenue funding. Problems with the availability of revenue funding have limited the scope for measures such as public transport subsidies, travel information campaigns and travel planning. We believe that the Carbon Reduction Fund should help tackle this problem by supporting both revenue and capital spending, or packages involving both.

5 WHAT THE FUND WOULD BUY

There is a large range of measures that the Fund could pay for. Many schemes and initiatives have already been developed for the RFA and LTP process but have not been prioritised. The Carbon Reduction Fund would help unblock this 'delivery pipeline':

5.1 Capital investment

There is a wide range of schemes that the Fund could support. This includes:

- Public transport interchanges: the Rochdale interchange for example is due to cost £8m, but smaller interchanges may be cheaper
- Liveable communities: current 'DIY streets' pilot programmes that see residents redesign their own streets cost £120,000 per street over three years. A neighbourhood of 7 streets would cost £350,000 over 3 years, including robust community involvement.
- Guided bus/rapid transit: most schemes cost around £30-40m to implement, though full guided bus schemes will be more than this (Luton-Dunstable is £78m)
- Cycling and walking paths: A 1-kilometre length of 'Greenway' traffic-free route has been shown to cost around £27,000.
- New rail stations: these vary enormously in cost, but the local authority contribution to the new Bromsgrove Station is set to cost £7m
- Rail line upgrades: a resignalling and upgrade of Nottingham-Lincoln is set to cost £47m.
- Light rail lines/extensions: Metrolink line 3a is £175m for instance
- Smartcards: the Yorkshire Yorcard scheme is estimated at £30m
- Local transport packages (Worcester's is estimated to cost £46m, Tees Valley bus network is £40m)

All of these things are being done by authorities in some places – a carbon reduction bid might involve drawing some together, linked to smarter choice packages (see separately).

5.2 Revenue investment

On smarter travel choices, there is a large range of proven, cost-effective investment routes. This includes:

- Sustainable Travel Towns: Darlington, Peterborough and Worcester shared £10 million over 5 years and although evaluation is not yet in the public domain it is likely to show

overall reductions of car trips of between 5 and 10% over 4 years as a result of integrated smarter choices programmes.

- Workplace travel planning: British Telecom has engaged 89,500 employees in flexible working projects resulting in a 20% reduction in business travel between 2006 and 2008
- Personalised travel planning: capable of reducing car trips by around 11% for a cost of between £20 – 38 per household⁷; pioneered in the UK by Sustrans under TravelSmart programmes that have already provided tailor-made information and support to over 200,000 households in England and Scotland costs £25 per household. An England wide TravelSmart programme would cost £400m over 10 years.
- Intensive promotion of cycling in schools: a 'Bike It' officer costs £65,000 per year to support 12 schools. An England-wide 'Bike It' programme would cost £5.3 million a year.
- Travel plans: the Meadowhall Shopping centre near Sheffield provides a travel plan for 7,000 staff and 400,000 visitors per week at £96,000 over two years.

5.3 Integration

To reduce carbon effectively, a Carbon Reduction Fund will need to consider alternatives to the car in terms of end to end journeys. This might involve a package bringing together features such as:

- Whole route or whole network upgrades for buses, providing end to end reliability (with priority where necessary), increased services, quality low emission vehicles, high quality bus stops and intensive marketing/information
- packages of smarter choices measures that can accrue greater benefits over time and be integrated into wider transport networks
- Station travel plans and other measures to link rail with other modes
- Integration of cycling with public transport in terms of easy access to and parking at stations/stops
- Integration of taxis into public transport networks
- Local rail upgrades (extra tracks, line speeds, passing loops etc)
- Network-wide tickets/smartcards
- Priority coach lanes allowing hard-shoulder running on motorways entering cities and further improving intergration

6 CONCLUSIONS

Large cuts in transport emissions of carbon dioxide are essential if the UK is to meet its climate change targets. A Carbon Reduction Fund can incentivise the transport industry to come up with projects that will make these cuts happen. Our proposal would use existing transport funds to create showcase carbon reduction transport projects that can be taken up by others and give the message that carbon reduction is a key transport objective. We ask that the Fund should at least be piloted in the next year.

CONTACT DETAILS

For further information, please contact one of the following:

Stephen Joseph
Executive Director
Campaign for Better Transport
stephen.joseph@bettertransport.org.uk
020 7613 7715

Jason Torrance
Policy Manager
Sustrans
jason.torrance@sustrans.org.uk
0117 915 0497

Tony Bosworth
Senior Campaigner, Transport & Climate
Friends of the Earth
tony.bosworth@foe.co.uk
0113 389 9958

¹ See http://www.foe.co.uk/resource/reports/tyndall_climatereport_ccc2008.pdf

² <http://www.dft.gov.uk/162259/162469/221412/221513/4387741/climatechngandtransport.pdf> figure 9

³ Such as Bartlett School of Planning (University College London) and Halcrow Group for the Department for Transport (2006) 'Looking over the horizon'

http://www.ucl.ac.uk/~ucft696/documents/Executive_summary_Jan_2006_HR.pdf

and MTRU (2008) 'S A low carbon transport policy for the UK'

http://www.bettertransport.org.uk/system/files/A_low_carbon_transport_policy_for_the+UK.pdf

⁴ Anable (2008) 'The cost-effectiveness of carbon abatement in the transport sector'

http://www.bettertransport.org.uk/system/files/Carbon_abatement_research.pdf

⁵ See <http://www.dft.gov.uk/about/strategy/transportstrategy/dasts/dastsreport.pdf>

⁶ See the Campaign for Better Transport's briefing 'Regional Funding Advice: driving transport down a carbon cul-de-sac' <http://www.bettertransport.org.uk/system/files/09.03.31.regional-funding-briefing.pdf>

⁷ DfT (2007): Making personalised travel planning work; <http://www.dft.gov.uk/pgr/sustainable/travelplans/ptp/>