

# JONATHAN BRAY



## Cost of living crisis - what will impact be?

Rising living costs will hit demand for public transport, but by how much and how might the government respond?

► Is the cost of living the new Covid in terms of the impact it's going to have on patronage and travel trends? If it's too early to say yet what the medium and long term implications of Covid will be, then that's certainly true of rising energy prices and all the other inflationary pressures. But let's speculate anyway.

Usually a squeeze on living costs leads to a squeeze on discretionary travel. In other words a squeeze on the very leisure market that has been seen as public transport's best hope for growth. At the same time the cost of living crisis could lead to a modal shift to public transport - if the public transport price is right. If it isn't, then electric cars and push bikes

could be the main beneficiaries.

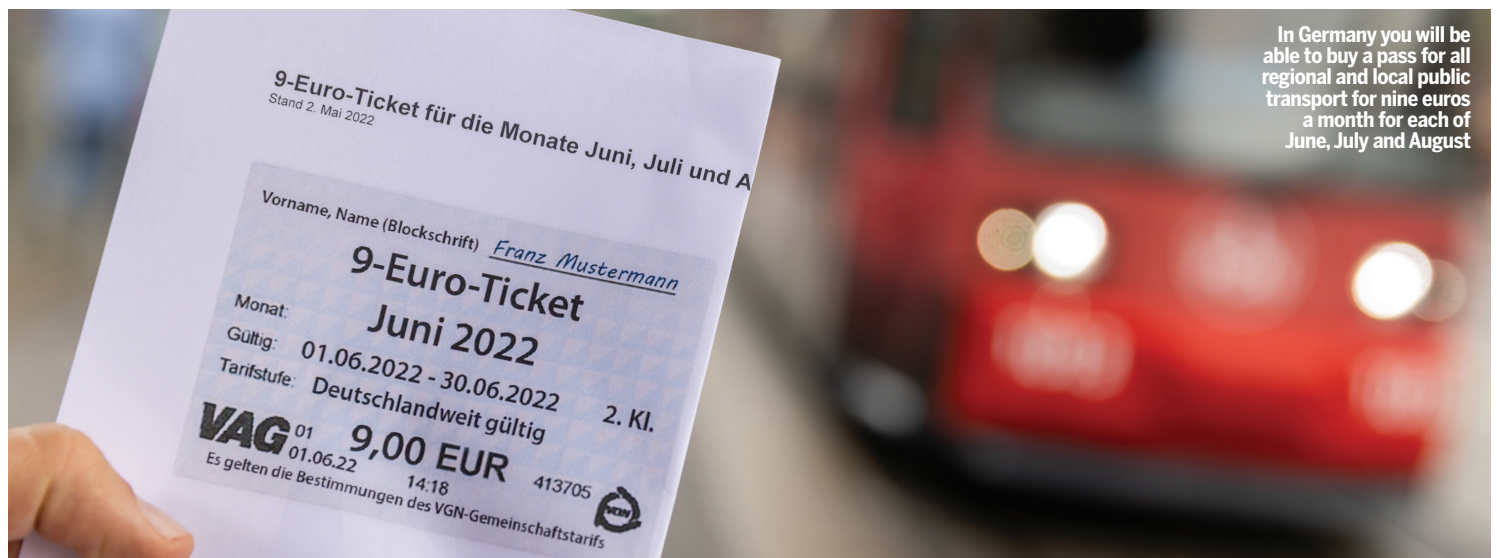
Whilst the Department for Transport has focused on encouraging people to make one-off cheap, discretionary long distance rail trips (via its recent sale of discounted advance purchase fares), other countries have gone for something more universal, more bread and butter. In Germany you will be able to buy a pass for all regional and local public transport for nine euros a month for each of June, July and August. Yes you read that right - nine euros on any public transport vehicle (except the very fast ones) for a month. Northern Ireland has frozen public transport fares and the Republic of Ireland has cut fares by 20%.

There could be fares cuts on a more

patchwork basis in England too - given that there is Bus Service Improvement Plan revenue funding available for that in some areas. Mayors too are pressing for simpler and cheaper fares. However, it could well be a mixed picture with different modes doing different things at different times - as well as fares rising elsewhere (and often from a high base).

On the other side of the coin the cost of living crisis could also deter measures to raise the cost of motoring as the politics of doing so gets harder still.

Also in the mix are the key post-Covid trends that have still to play out. Concessionary travel remains well below what it was pre-Covid with Covid concerns and changed habits likely factors. The return to the office remains sluggish as the private and public sectors continue to wrestle with where their new hybrid ways of working should land. And as the return to the workplace continues will there be more combining of leisure and work trips as people add on nights out and shopping to the working day? If travel and patronage trends are uncertain then so is the funding. The last tranche of Covid-related funding expires at the end of September - before BSIP and City Region Sustainable Transport Settlement funding kicks in (for those places that get it). It clearly makes no sense to cut bus networks one month and try and build them up again a few months later - so will there be a way of bridging the gap? All in all a messy picture - but that's the world these days.



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# “There’s still a big gulf between passenger transport and freight”

## Return to Planet Freight

Seven years ago I paid a visit to Planet Freight for one of these columns (PT104) off the back of a report we produced called *Delivering the Future - new approaches to urban freight*. Then I asked if freight is from Mars is public transport from Venus - given the different policy worlds they inhabit. So in seven years what’s changed and what hasn’t?

Seven years ago freight worked on its own terms (stuff got where it needed to be) even if at the same time it didn’t work (lorries kill cyclists and pump out carcinogens). Overall though it worked well enough (and in a commercial and adaptive way) for the downsides to be brushed under the carpet and for government to largely leave it alone. However, last year freight suddenly stopped working so well. The driver shortage meant that stuff didn’t always get where it needed to. This has benefited railfreight which needs rather fewer drivers to move the same tonnage.

Rail freight’s fortunes rise and fall largely with the fortunes of the bulk commodities that it relies on. With King Coal dethroned, aggregates and containers have been taking its place. And yet this still continues to leave many large urban centres and markets devoid of any rail freight whatsoever. For example, Bradford is the seventh biggest city in the country yet it has no active rail freight facilities. This is partly because in the UK railfreight is mainly about a few companies battling it out on cost over who gets to move bulk freight, whereas in countries like Switzerland and Germany they are still investing to ensure that there are more places where you can move smaller amounts of freight by rail. Which in turn helps explain why rail has a much bigger market share for freight in those countries than in the UK.

Over the same period London broke ranks and stopped tolerating the collateral damage from having an ‘efficient’ road haulage sector. Despite the crude ‘lowest common denominator’ opposition of the trade bodies for the sector, London has pressed on with ratcheting up both vehicle standards and enforcement of safety and emissions. The rapid acceleration in the availability of green, safety and logistics technologies is also helping the sector clean up its act (especially for the larger players), however the degree of illegality in the industry remains shocking. In 2018/19 the percentage of Light Goods Vehicles issued

Driver shortages have benefited rail freight



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with a prohibition on mechanical grounds was 49%, and 70% for overloading. Operating illegally is not only dangerous, it is also unfair competition given the high safety standards that rail adheres to.

Meanwhile, the white van economy continues to grow (further supercharged by the pandemic) - not just for deliveries but also for trade. This in turn has led to several air quality zone plans running into trouble as the costs of making the growing battalions of vans compliant has collided with the politics of not doing so. The rise and rise of the van also has implications for the battle for road capacity and kerb space - something which the bus sector also has an interest in of course.

Driver shortages (people don’t want to spend their nights sleeping in a lorry cab) mean relying on road haulage to the extent we do now looks less practical (and as environmentally unwise as it ever was). This big change in the dynamics of the freight debate makes the case for a more interventionist approach (to freight). Especially given that the kind of nudges we have seen in the last seven years haven’t been enough to move the dial sufficiently towards the less intrusive, greener, skilled and safer sector that is increasingly the norm elsewhere in the economy.

An interventionist approach that would

move that dial would have two main elements. Firstly, investment in the capacity of rail freight and inland waterways (including in terminal and distribution sites). Secondly, making road haulage pay its way in terms of its wider safety, road maintenance and environmental costs would help make it safer and greener but also make rail freight more competitive on price. It could also help further accelerate the booming cycle logistics sector. And it could also make economic what currently isn’t - which is more urban freight consolidation centres to reduce the volume and impacts of deliveries by road in urban centres. Perhaps the biggest difference in seven years is that the debate about freight and logistics has opened up more. It is no longer an afterthought at the end of wider transport strategies. But there’s still a big gulf between passenger transport and freight - big interventionist policies on the former are the norm - but not yet on the latter. ■

### ABOUT THE AUTHOR

▶ Jonathan Bray is the director of the Urban Transport Group. Throughout his career in policy and lobbying roles he has been at the frontline in bringing about more effective, sustainable and equitable transport policies.