

WebTAG guidance: option appraisal for major schemes **~ Response from Campaign for Better Transport**

Three years ago, Sir Rod Eddington noted that planning was burdened with too many “solutions looking for problems”. Too many planners still cling to decades-old solutions, insisting, despite several changes in policy and planning guidance, that a bypass first proposed in the sixties or seventies is the best solution to today’s transport problems. Overcoming this significant barrier is crucial to developing a sustainable transport system which balances the needs of businesses, communities, individuals and the environment.

While Campaign for Better Transport welcomes the recognition in the latest WebTAG consultation that there is room for improvement on option identification, we believe that the Department for Transport has not placed sufficient emphasis on the more pressing issue of enforcement. There is little use in toughening existing guidance if the Department is unable or unwilling to enforce it. We believe that the problems of scheme appraisal and option identification go somewhat deeper than is suggested by the WebTAG revisions, and thus our response to the consultation includes a broad analysis of the problem and some detailed recommendations to address what we regard as a failure to identify options correctly at local authority level, and a failure at Departmental level to enforce existing guidance adequately. This response restates many of the issues we raised in earlier discussions about major scheme business cases and the proposed revisions to WebTAG, currently under consultation.

1. Option identification should be carried out jointly by the Department and scheme promoters
2. The Department should introduce policy based transport objectives when appraising options
3. Scheme promoters should be required to show that they have consulted widely on options
4. Scheme promoters should introduce demand management measures prior to programme entry
5. Schemes should be given a maximum scheme cost limit when receiving programme entry
6. The Department should introduce a pass/fail for traffic reduction and carbon emissions
7. Major Scheme Business Cases should be reviewed by independent external consultants
8. Modelling and economic appraisal should be constantly updated in line with the findings of Post-Opening Project Evaluation reports
9. The Department should consult more widely on Major Scheme Business Cases
10. All modes of transport should be appraised equally under the same guidance

Identifying options correctly is the first step towards developing sustainable transport

There is substantial disconnect between national policy, which tends to be balanced, multi-modal and centred around sustainable transport and development, and local implementation, which tends to be car-biased, roads-centric and thoroughly unsustainable. This is driven by the Department’s hands-off approach to major scheme appraisal, which takes too much for granted and fails to properly consider whether the proposed solution is the right scheme for the problem.

The problem starts with the process of option identification. The Department expects local authorities¹ to identify a problem (or problems), work out objectives, and consider a wide range of options which would meet their objectives before selecting one and submitting an application for funding. Instead, local authorities begin with a clear idea of the scheme they want, before working out objectives that the scheme would meet, discarding other options and selecting the scheme they had in mind from the start. This happens because most of the schemes which are being put forward for funding have been floating around for at least a decade (and often several more); there is no clean slate for local authorities to start from, because their preferred scheme has generally been worked out at some point in the past and are lurking in a bottom drawer, waiting to be dusted off at the next funding opportunity.²

This problem is one which cannot be solved easily, and is an inherent part of the system: the local authority officers deciding which option would work best have normally been working on a particular scheme over several years. They often do not want to discover an effective alternative lest it undermine the business case for the council's preferred scheme. There may be strong local pressure to deliver a particular scheme; councillors may have made election pledges and local newspapers may be campaigning for it. Thus the preferred scheme may have more to do with local history than its suitability, cost or impact on traffic.

This consensus as to the preferred solution hinders objective scheme appraisal and is counter productive for scheme promoters, residents and the Department. Scheme promoters may find themselves promoting a particular scheme because it already has momentum; local people may be promised a solution which is manifestly impractical and unaffordable (and thus never materialises) and the Department is being asked to fund schemes without really knowing whether there are more suitable (or affordable) options.

The Department should input into scheme options and objectives

To counter this, the Department should work more closely with scheme promoters before they have decided on their preferred scheme. We therefore welcome the introduction of a new option identification phase, to be carried out by local authorities in conjunction with the Department. Introducing this phase cannot come soon enough. It would show local and regional Government that DfT is serious about option appraisal and non-road options; it would give the Department a chance to better understand local conditions and the range of possible solutions and would bring greater certainty as to the suitability of the preferred scheme, speeding up later stages of the funding and appraisal process.

A council should identify a problem (or a range of problems), such as an over-congested high-street, and begin a collaborative process with the Department, jointly commissioning consultants and working up a range of options. This process should include consideration of packages of smarter choices, demand management, behaviour change and technological fixes (such as active traffic management), origin and destination trip analysis and other best practice methods to fully understand the causes and solutions.

DfT should also have greater input into the selection of scheme objectives to ensure that they are not picked with a preferred scheme in mind. This would be a chance for the Department to propose policy-driven objectives for transport, such as an overall reduction in greenhouse gas emissions, an area-wide increase in walking and cycling rates and no overall increase in traffic levels, and to monitor the extent to which each

¹ While it is clear how the Government expects local authorities to carry out option identification, it is less clear what they expect from the single-mode agencies, such as Network Rail and the Highways Agency. In theory this is a centrally-driven exercise, but in practice each agency identifies the gaps in its own network and promotes them, instead of looking at their particular mode within the wider context of a multi-modal, integrated transport network. This leads to decisions as to mode and option being taken without consideration for what the best solution to a given problem is.

² Take, for instance, Wiltshire Council's application for the Westbury Bypass, which states that "There is a long history to the development of the Westbury bypass as it has been a longstanding aspiration of Wiltshire County Council". The scheme was subsequently rejected at public inquiry, in part because of the inspector and Secretary of State for Communities and Local Government were not convinced that it was the best solution for the A350's traffic problems and was likely to increase congestion for other, more congested communities along the corridor.

option meets those objectives. The Department would also have the opportunity to reject options at an early stage which do not meet their objectives and which they feel should not be considered or promoted. This is not dissimilar to the process currently underway to develop plans for the national and regional networks, where the brief for each study was agreed in advance by the Department. We recommend that the outcomes of these studies be monitored closely to ascertain how well that system worked and to ensure that any lessons are learnt and incorporated into this guidance revision.

Scheme promoters should consult widely to make full range of options known

There is a real need for transparency in transport planning, particularly where legacy schemes are concerned. Consultations carried out by scheme promoters are often designed to elicit a specific response: Wiltshire Council's 1997 survey, cited in the Westbury Bypass business case, merely asked "Does Westbury need a bypass?" without exploring the other options, costs, impacts, or whether non-road options could work. Surveys such as this, which materially mislead the public and the Department, should have no place in transport appraisal or applications for major scheme funding.

Scheme promoters should be required to consult widely on each potential option, explaining clearly the positive and negative impacts, cost, and likely effect on traffic levels of each proposal. Surveys should be carried out by professional polling companies and the full results included, in full, in an appendix to the business case to avoid possible misrepresentation. While 80% of respondents agreed that Westbury needed a bypass, 70% went on to oppose the Eastern route (the council's preferred option) and supported instead a Western option. Wiltshire omitted the response to these latter questions from the MSBC, conjuring widespread popular support for its preferred alignment from concerted opposition.

The Department should insist on smaller-scale interventions before funding major schemes

Scheme promoters are often reluctant to pursue non-road options prior to road building for fear that any improvement in traffic conditions would undermine the business case for their scheme. Now that processes such as the Regional Funding Advice ask local and regional Government to think strategically over a ten-year period, communities whose schemes have been adopted into the latter end of the programme are being left to suffer for several years until their scheme receives funding and approval, even though there are many 'quick fixes' which could alleviate or eradicate the majority of their problems in a shorter timescale.

This is unsatisfactory for a number of reasons. The first is cost: 'smarter choices' and demand management programmes are substantially more affordable than road building and work towards scheme objectives for a fraction of the cost. Secondly, delaying interventions in the hope of securing a major scheme means that nothing is being done about congestion, traffic, safety and air quality even though there may be affordable solutions available. Thirdly, it helps to ensure that any additional capacity which is added is used efficiently and does not fill up with induced traffic. Finally, it would help the Department better understand the effectiveness of different types of intervention by trialling various measures and monitoring the results.

The Department should therefore expect local authorities to use local transport plan funding to introduce measures to reduce traffic and manage demand prior to applying for programme entry for road schemes. They could fund a non-road alternative identified through the option appraisal process, or complimentary measures within a package which includes a road scheme. Initially this could be optional, with dispensation given to those scheme promoters willing to pilot the proposal but should then be made compulsory for schemes with at least three years before construction begins. Eventually this process should become an established stage within the appraisal and funding framework.

This need not be an expensive exercise: many potential remedies are substantially more cost-effective than building new infrastructure. One suggested alternative to the Westbury Bypass, put forward by the Bristol Bath to South Coast Study, was to signpost lorries away from the A350 and along the M4 / M5, which could have been introduced for a fraction of the £30m scheme costs. This sensible option should have been introduced long before a planning application for the ultimately-rejected scheme was submitted.

The Government should set limits on costs, greenhouse gases and traffic levels

Over the past few years a series of reviews by the National Audit Office, Nichols, Atkins and others have highlighted the need to keep the cost of road building projects under control. Figures released by the Highways Agency earlier this year show that Highways Agency roads which are in the programme or finished construction in the past twelve months are now expected to cost up to 45% more than estimated at programme entry: an increase of almost £4bn; scheme promoter major schemes are up 35%.

These figures hide substantial variances from scheme to scheme. The Bexhill-Hastings Link Road has doubled in cost since programme entry in 2004, from £47 million to a shade under £100 million, although it has yet to undergo public inquiry and receive conditional approval. The A46 Newark to Winderpool dualling has increased by up to 517% since programme entry; the A47 Blofield to North Burlingham Dualling rose up to 420% and the A11 Fiveways to Thetford increased by almost 400%. Such wild escalations should be incompatible with sensible value for money calculations and rational accountancy practices.

Where provisional approval / programme entry has already been granted with conditions, these conditions must be vigorously upheld. The Bexhill to Hastings Link Road, which was approved in Dec 2004 on condition that the "gross and net costs of the scheme remain unchanged" yet costs have since doubled. The Department must be clear with local authorities that it will not 'rubber stamp' breaches of such conditions.

The Department should set cost caps on schemes when granting programme entry

Something is very wrong with the manner in which costs are first estimated, and while improvements have been made following the Nichols and NAO reports, there still remains a culture of underestimating scheme costs at programme entry. The result of this is that schemes enter the programme only to increase substantially in cost, by which time pressure to deliver the scheme at a local and regional level makes cancelling it much harder, even where it may no longer represent acceptable value for money.

Instead of negotiating piecemeal increases with scheme promoters, the Department should set an upper limit on costs, after which the scheme will no longer be eligible for Government funding. This is already the case in practice for light rail schemes: tram schemes have been dropped on the basis of cost overruns but road schemes are rarely dropped solely on cost grounds. Cost limits should be based on the cost at programme entry (and agreed when granting entry to the programme), so that schemes which have increased by more than 20%, for instance, would be removed from the programme and would have to reapply.³ This strict upper limit would encourage scheme promoters to apply for programme entry only after having accurately estimate costs and within a reasonable timeframe of construction.

Schemes should be required to reduce carbon emissions and traffic levels

Given the challenging targets set out in the Climate Change Act 2008 and the Carbon Reduction Strategy and the recommendations in the Stern Review against 'locking in' high carbon activity, the Department should be very cautious about funding schemes which would increase carbon dioxide emissions. This should be avoided not just because of the increase, but because of the opportunity costs of not investing already limited resources in schemes which would reduce emissions: e.g. funding rail electrification, bolstering walking and cycling rates or packages of smarter choices measures to reduce car use. The same could be said for schemes which increase overall traffic levels, because of the impact such schemes have on the rest of the road network and their built in necessity for future road expansion. This is not just a problem in urban areas, where 89% of congestion is found, but a major consideration with new rural and suburban developments, where a new development may lead to more and longer car journeys, which increases demand for further road space across a very much wider area.

³ This figure is merely illustrative; indeed it is likely that the Department would wish to use different percentile limits for different schemes.

Instead, the Department should require that all schemes reduce greenhouse gas emissions and overall traffic levels. Where a scheme fails to do so, it should not receive funding until the promoter has combined it with a number of other measures and shown how the total impact is a reduction in overall traffic and CO2. For instance, a new bypass which would increase car use might be packaged together with a tram scheme and a workplace parking levy on developments along the new road. This would encourage scheme promoters to take carbon reduction seriously and to think creatively about measures to reduce traffic and ensure that any additional capacity was used in an efficient manner by keeping induced trips to a minimum. While packaging a scheme which increases greenhouse gas emissions or overall traffic levels is likely to increase the cost, this should not discourage the Department from adopting this recommendation. If promoters are allowed to increase emissions without covering the cost of making commiserate reductions then those reductions will have to come from elsewhere; forcing scheme promoters to cover this cost ensures that promoters are accurately taking account of the costs of their preferred scheme.

To ensure that reducing greenhouse gas emissions and traffic levels are embedded into transport schemes the Department should insert them as objectives at the option identification stage. Projects which ran the risk of increasing emissions or traffic levels would be identified early, giving promoters an early opportunity to identify complementary measures which would reduce their impact.

Business cases need to be clear, concise and evidence-based

One common complaint from local people wishing to become involved in transport decision making is that promoters often release misleading and confusing information which suffers heavily from optimism bias.⁴ This is also a contributory factor to local pressure to deliver a scheme; local politicians and media tend to treat each stage of the funding process as the final hurdle, leading to confusion about why a scheme has not yet been built and making the often substantial opposition feel as though the scheme is a 'done deal' when it has neither planning permission nor programme entry.

Additionally major scheme business cases are often poorly researched, contain conflicting or misleading information and are rarely adequate in so far as references to sustainability and environmental impacts, need for the scheme, traffic and economic impacts and other material effects. Assertions that the road is necessary for regeneration are commonplace but generally unsupported: for example, the White Rose Way MSBC makes the unsupported statement that "It is widely recognised at local and regional level that increases in accessibility will significantly aid the regeneration of the region." The MSBC for the Bexhill-Hastings Link Road states that the road passes within 500 metres of an AONB, but fails to clarify that the actual distance is around 50 metres. There is obviously a very real difference between the impact of a multi-lane highway passing 50 metres and 500 meters from a designated site.

Business cases should be reviewed by independent consultants

While we welcome the opportunity to respond to business cases early in their conception, the number of misleading or unsubstantiated statements which local groups identify remains a very real concern. There is a clear tendency towards understating the negative and overstating the positive impacts, as well as overstating the severity of the problem which can only be averted by constructing the scheme. Getting to grips with this is vital if we are to have a grown-up debate about the right interventions to solve a particular problem. This was certainly the case for the Westbury Bypass, which was conclusively rejected by the public inquiry inspector on a number of grounds, each of which was stated as fact in the MSBC. Had local people not engaged a consultant of their own to support them through the inquiry – at considerable cost – many of these issues might not have come to light and the scheme might well have been given approval.

⁴ Most galling is the insistent use of "will" instead of "would". Promoters would be well advised to remember that their schemes are only aspirations until they have planning permission and full approval.

These misleading assertions are particularly common with reference to walking and cycling facilities and any improvements to public transport which accompany a scheme. The MSBC for White Rose Way states that “the inclusion of cycling and walking facilities along WRW would encourage people to shift to environmentally friendly modes of transport and would enhance air quality and other environment indices” and that the “provision of enhanced public transport facilities in the area would increase the patronage and consequently reduce the carbon dioxide emission levels.” However, the scheme would primarily result in a doubling of motor vehicle capacity, making driving significantly more attractive. It is very difficult to see how there will be modal shift to walking, cycling and public transport while road capacity doubles, but again, these assertions remain unsupported throughout the business case.

It is clearly in the Department and Treasury’s best interest to receive high quality, accurate business cases. We therefore recommend that the Department pays consultants, unconnected with the scheme in question, to review each business case and advise on accuracy, evidence-base and impacts (both positive and negative). Their report should be made publically available on both the DfT and promoter’s to better inform the public about the range of options, accuracy of information and preferred scheme choice.

Modelling and forecasting should take account of post opening project evaluations

The recent Atkins meta-study of the Highways Agency’s POPE reports showed that the current modelling and forecasting frameworks consistently underestimate the amount of traffic on newly-opened schemes and overestimate the economic impacts. Considering thirty nine schemes, the report demonstrated that efforts to predict impacts were little better than guesswork. The report states that “There are clear reasons why these differences [between predicted and outturn traffic result] occur, namely quality and scope of the modelling undertaken, which have not reflected the actual changes in traffic volumes on different roads, and the key assumptions used within forecasting.” It also found that “Forecasting of economic benefits is generally not accurate”.

This modelling forms the basis of the business case for every road scheme in the country and it is simply unacceptable for it to be this prone to error. The Department and the Highways Agency needs to immediate review its existing modelling and forecasting programmes and adjust them in light of the Atkins report’s findings. Having updated the modelling data, there should then be an annual process of meta-analysis of POPE reports, including reports on local authority roads. These annual meta-report should be used to make further changes can be made to the forecasting programmes to improve their accuracy. The current requirements for evaluation (2.11) should be more vigorously enforced, and the results made available on the DfT’s websites, to ensure public money is being well spent.

Business cases must be clear and accessible and widely consulted on

The process by which a road receives approval remains difficult for local people to become involved in. The stages of funding and option generation are unclear (especially with option generation in particular is generally done in reverse and merely carried out for the purposes of the MSBC), with decisions being made far away from the public and with few opportunities for community involvement. As the recent round of the Regional Funding Advice revealed, vital decisions as to what schemes to support and what objectives to aim for were taken by a handful of councillors behind closed doors with little or no public involvement.

The Department must engage with the public about the need to build a scheme and the likelihood of it ever getting built. This means consulting more widely on major scheme business cases, which in turn means making them easier to understand while retaining the requisite level of detail to enable the Department to decide whether to approve funding or not. With just four weeks to look over them, local people struggle to absorb and respond to documents with several hundred pages, especially considering that they work full time and have only evenings and weekends to contend with detailed technical summaries and appendices.

Putting MSBCs out for consultant review would go some way towards reducing the number of factual errors and misleading or unsupported statements, but the Department needs to increase the length of time local

people are given to respond and work with scheme promoters to improve the clarity and accessibility of business cases. The Department should consult on MSBCs to give more people the opportunity to feed into the decision making process and become involved in the future of transport in their area. The opportunity to respond to major scheme business cases should, for instance, be extended to walking and cycling groups, and the Department must publicise MSBCs on its own website, not rely on scheme promoters to do so.

All modes of transport should be appraised under the same guidance

In 'Delivering A Sustainable Transport System', the Department for Transport explains that it aims to be modally neutral and to encourage policy which focuses on achieving the Government's economic, social and environmental objectives. However, tram promoters, including local authorities, still face obstacles which discourage them from considering tram schemes where these would be appropriate. Authorities that attempt to introduce trams can face high project development costs, and delays. The current differential approach acts as a barrier to promoters and investors alike, even though light rail is a popular public transport option which can achieve significant modal shift and often represents a better fit with Government policy than the bus rapid transit schemes with which trams most often competes.

The Department should adjust the guidance to ensure that all modes of transport are considered equally. The guidance on preparing a major scheme business case states that "The Department is unlikely to approve funding for a light rail scheme if it considers that an alternative transport mode would provide a better solution. Authorities should include, within their business case, their methodology and evidence for ruling out alternative modal solutions." However, the guidance on submitting major road schemes states that "In taking forward road schemes it is important that it has been clearly demonstrated that a new road or additional road capacity is the required solution to the transport problem and, as with other investment, the full range of alternative options including demand management measures has been assessed." There is a clear difference in emphasis between the two and scheme promoters are unlikely to propose tram schemes while the guidance implies that it will be harder to secure funding for them than for other schemes.

All new schemes should require a minimum local contribution of 10%. Currently the minimum contribution for light rail is 25% but for all other non-light rail schemes it is 10%. As with the statement as to the effectiveness of alternatives, this added fiscal contribution places light rail schemes at a disadvantage, especially during a time of reduced budgets. Adopting the measures recommended throughout this document for all schemes would go some way to alleviating the Department's ongoing concerns about the potential for cost overruns on light rail projects, negating the need for greater local contributions. Additionally utility discounts for diversions required by tram schemes should be the same as for highway schemes (18% rather than 7.5%).

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Campaign for Better Transport is the leading transport NGO. Our compelling arguments and ideas have won us the support of national decision-makers and local activists, enabling us to secure transport policies and programmes that improve people's lives and reduce environmental impact.

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