

Blueprint for a resilient economy

Briefing four

June 2020



Ensure clean air and healthy places

During the pandemic we have experienced up to [60 per cent](#) cleaner air in our towns and cities. Walking and cycling reduce air pollution, and they improve physical and mental health, cutting health service costs.

Over longer distances, changes to regulation, investment and taxes could help to increase the use of public transport and low carbon vehicles which would also improve air quality over the long term.

Threats and risks in recovery

Public transport demand is likely to remain low after lockdown, partly due to the public staying away because of perceived health risks, and partly due to the reduced capacity of public transport under social distancing guidelines. Unless the government supports the expansion of active travel and public transport options, demand for private car use is likely to increase. This would lead to a rise in carbon emissions, air pollution and congestion, with their negative impacts affecting nature, health and economic performance across the UK. It is estimated that, in 2012, poor air quality had a total productivity cost of up to [£2.7 billion](#). There is [strong public support](#) for reallocating public space in cities to walking, cycling and public transport, and most say they will return to using public transport if they feel sufficient hygiene measures have been taken.

Car manufacturers are likely to ask for a [market support package](#) that stimulates demand for cars and vans. Poor incentives to switch to electric vehicles (EVs) could lead to the use and manufacture of more polluting diesel and petrol cars instead of accelerating EV uptake, undermining the long term competitiveness of the UK automotive industry.

Opportunities in recovery

- **Increase active transport.** More funding, resources and delegated powers to increase the use of active transport will enable people right across the UK to embrace walking, cycling and micromobility.
- **Improve public transport.** Supporting public transport whilst social distancing measures remain in place, and prioritising investment, will ensure access to reliable and increasingly low carbon public transport for people across the UK.

- **Increase uptake of electric vehicles.** Raising ambition to shift faster to zero emission vehicles, will benefit all levels of society and improve the health of those who live in the most polluted urban areas.
- **Support local leadership.** Helping local authorities to develop solutions relevant to their areas will enable them to play an important role in accelerating decarbonisation, particularly by increasing public and active transport

Investment and policy to ensure clean air and healthy places

Offer new guidance, funding and programmes for walking and cycling

There is increasing public support for walking and cycling. A survey has shown that [58 per cent](#) of people support cycle lanes being introduced on main roads in urban areas, while [another study](#) shows that a third of the UK public now plans to walk to work more after the lockdown, and 11 per cent plan to cycle more.

The government has shown ambition with its new statutory guidance on reallocating road space and £250 million of investment in cycling and walking infrastructure and subsidised bike repair. It now needs to ensure that local authorities can follow the new guidance by helping them to access funding to support it, guiding them on how they can use the new powers and giving the new cycling inspectorate the resources and powers it needs to ensure the statutory guidance is followed. It should also guarantee longer term funding: research shows that the government needs to spend [£72 million a year](#) on active travel infrastructure to gain £5 billion in annual economic benefits for England by 2040.

Other measures the government could take to encourage cycling include stimulating the electric bike market to support its growth beyond e-cargo bikes, for instance by reducing VAT on e-bike sales. E-bikes increase the distance that can be travelled by bike, especially in hillier areas, and also makes cycling accessible to a wider age and ability range. The government could also set up programmes to encourage those on lower incomes to cycle, including targeted bike training.

Support reliable, high quality public transport

The government should continue to instigate safety measures on buses and trains to restore people's confidence in public transport. Continued support for public transport operators and transport authorities to keep services running, whilst adhering to social distancing measures is also essential, particularly in rural areas. Given that public transport may struggle for investment in the immediate aftermath of the pandemic, the government could consider altering its guidance so that projects such as public transport which lowers carbon emissions is prioritised for planning permission.

In the longer term, a new national bus strategy is needed to enhance the convenience, quality and affordability of buses to increase ridership, including through investment in the electrification of vehicles, new on-demand services and support for non-commercial services. Bus operators have experienced a [£234 million fall](#) in funding between the financial years 2009-10 to 2017-18.

Be more ambitious about zero-emission vehicles

One effective way to increase electric vehicle manufacturing as part of a green stimulus package would be a scheme to encourage fleets to agree to purchase a zero emission vehicle (ZEVs). Fleet and leasing purchases represent around half of all new car sales and

the fleet vehicles quickly pass into the second hand market where they can [benefit lower income households](#). Scrappage schemes on the other hand have, in the past, proved to be a poor way to stimulate economic activity and have very limited environmental benefits, since many of the vehicles sales would have happened anyway, and many vehicles are imported.

Car and van makers should be regulated to require them to increase the market share of ZEVs. This could be in the form of a ZEV mandate, which has been successful in California and China. This could be complemented other methods of incentivising EVs, such as reform of the Vehicle Excise Duty tax, so that the tax paid on the first year of owning a vehicle is dependent on how clean that vehicle is; and by a commitment to continue the low benefit in kind tax on ZEVs until at least 2025.

Support local leaders

Implementation of clean air zones (CAZs) across UK cities, aimed at cutting air pollution by reducing traffic and increasing the use of cleaner vehicles, public transport and active travel, will be vital to promote the move to lower carbon, less polluting travel. London's Ultra Low Emission Zone (ULEZ) and its supporting T-charge scheme has achieved a 97 per cent reduction in hourly breaches of the legal limit for NOx.

Modelling of Bristol's clean air zone has revealed economic benefits of over £150 million over ten years. This includes almost £100 million due to a reduction of journey times and just under £10 million from all the advantages of active travel.

While Bath, Leeds, Birmingham and Manchester have postponed the introduction of their CAZs in response to the coronavirus crisis, it is vital that these delays are minimised. The government should ensure that the preparatory work to develop local air quality plans continues, and that local authorities have the resources they need to support access to safe, affordable, low carbon modes of transport.

Invest in broadband instead of roads

Reviews of [road schemes](#) in the UK suggest that building new roads increases congestion, leads to permanent and significant environmental damage, and provides little economic benefit to local communities.

Given the widespread normalisation of home working during the pandemic and the likelihood it will remain higher, some of the £27 billion earmarked for the second Roads Investment Strategy in the 2020 budget should instead be used to accelerate the roll-out of faster broadband, to take account of changed needs.

Our analysis shows that there is currently an annual gap in low carbon transport investment of £8.7 billion. If the government were to reallocate the average annual investment committed to road building to low carbon transport infrastructure instead, it could close 60 per cent of that gap.

Alternatively, the government could consider reallocating some of the budget it has committed to new roads for improving local road networks instead, for which there is currently an [£11 billion backlog](#) in maintenance. This would provide much more immediate benefits to local communities and could facilitate the expansion of cycling and walking infrastructure.

Overall, the government should review the roads programme in the light of the demand implications of its Decarbonisation of Transport Strategy as well as increases the in home working as a consequence of the pandemic.

Increase taxes on high carbon travel

The price of oil has fallen to a historical low level and is reflected in lower fuel prices. Fuel duty was again frozen this year for the ninth year running. This is costing the Treasury an estimated [£9 billion in lost tax revenue](#) and is leading to higher emissions, equivalent to an additional 2.5 million cars on the road. This is an opportune moment to increase fuel duty to help fund the pandemic recovery plans, without having a significant negative financial impact on motorists.

This is one of five briefings supporting our publication [Blueprint for a resilient economy](#)

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