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Rt Hon Rachel Reeves MP,
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Monday 9th September 2024

Autumn Budget Representation

Dear Rachel,

We are Enroute, a transport research and advocacy group, writing today to make our representations for the upcoming Autumn Budget. We believe this budget is an important opportunity for the new Government to utilise the power of sustainable transport to drive sustainable economic growth, tackle carbon emissions from transport (the biggest sector by carbon emissions in the UK¹), and improve all of our quality of life through better, cleaner and more accessible public transport and active travel. We have focused on policies that can deliver benefits quickly, and which offer a balance of policies which require more spending and policies which will raise more revenue for the Treasury, recognising the principle of fiscal discipline that will underpin this budget.

- 1. Scrap unaffordable and outdated road schemes.** We recently wrote to the Department for Transport² to echo calls for the cancellation of major road schemes, which are aimed at increasing road capacity³. Many of these schemes have been planned as part of the Road Investment Strategy (RIS) 2, costing up to £27bn⁴. The Lower Thames Crossing alone is estimated to cost over £9bn⁵. Time and time again, we have seen major road schemes induce further traffic congestion, increase air pollution, and increase carbon emissions⁶. Given the limits that will be placed on major capital funding, we believe it would be illogical and irresponsible to spend such sums on environmentally damaging road schemes, when there are sustainable transport schemes (rail, bus and active travel) that would deliver far wider benefits, which would benefit from such investment being made available.
- 2. Fix the Spine.** We recently wrote to the Department for Transport, alongside a coalition of transport experts and campaigners⁷, outlining four key asks that we argue will turn the high-speed line we have under construction today between London and Birmingham into an effective high-speed spine for the whole country, bypassing a major rail capacity bottleneck in Staffordshire and leaving provision for future expansion. These interventions would benefit the whole country through unlocking capacity for local and regional rail services and freight, and could be delivered for costs and in timescales comparable to some of the road schemes included in the RIS 2 portfolio⁸.
- 3. Extend the £2 bus fare cap.** The cap on bus fares has been vital for helping people across the country, especially those on the lowest incomes, travel around on public transport through the cost of living crisis¹⁰. Keeping bus fares affordable and attractive is also a key part of encouraging more people to travel by bus and leave their car at home. Over time, with increasing inflation and devolution, there will be an inevitable change to the way bus fares are set¹¹. Whilst these options are weighed up and a clear strategy is drawn up to ensure bus fares remain affordable and fair, we propose the Government should maintain the cap beyond the current cliff-edge-date at the end of the year (only months away), to ensure a smooth transition and particularly to protect the ability of those on the lowest incomes to afford public transport.

- 4. Protect commitments to increase City Regional Sustainable Transport Settlements (CRSTS).** In 2023, as part of its Network North announcement, the previous Government ‘reallocated’ £5bn from HS2 to combined authorities for public transport and active travel investment through the CRSTS¹². Whilst we regret that cancellation, given those high-speed rail plans will not be reinstated in full in the near future, we would hope for confirmation that these CRSTS uplifts will be protected or increased, to enable devolved authorities to fund sustainable transport schemes across their regions, prioritising local needs and driving modal shift.
- 5. Reverse the fuel duty cut, and restore an inflation-based fuel duty escalator.** Between 2011 and 2022, fuel duty was repeatedly frozen at 58p/l, then cut to 53p/l. Due to inflation, the relative value of fuel duty has thus decreased since 2011, an effect which is at complete odds with the need to encourage more fuel efficiency, a transition to electric vehicles, and modal shift to public transport and active travel. The jaw-dropping relative cost to the Treasury of this freeze, compared to raising the duty with inflation, is now around £130bn¹³, dwarfing the budgets of major transport schemes that could deliver transformational economic benefits and encourage sustainable modal shift. We propose an immediate restoration of fuel duty to 58p/l, followed by the reinstatement of a minimum annual increase set at RPI¹⁴.
- 6. Increase air passenger duty on journeys that can be made by rail.** In 2022, the previous Government introduced a new band for air passenger duty, effectively halving the duty on domestic flights¹⁵. We recognise this was motivated in-part by the need for affordable flights to link Great Britain and Northern Ireland, and to serve remote and otherwise isolated communities, such as the Scottish Islands. This has, however, also had the perverse effect of effectively subsidising routes such as London to Edinburgh and Glasgow – journeys that can be made by rail with substantially lower carbon emissions¹⁶. We therefore suggest the introduction of new bands that distinguish journeys that can be made reasonably quickly and directly by rail, both domestic and international (such as London, Birmingham and Manchester to Edinburgh and Glasgow; Bristol and Birmingham to Newcastle; and London to Paris, Brussels and Amsterdam). Increasing air passenger duty on such flights would increase revenue for the Treasury, encourage more passengers to travel sustainably, and minimise impacts on those making journeys that could not reasonably be made by rail.

We have selected these six policies as immediate priorities which we believe are deliverable in the current economic circumstances, aligning with the Government’s priorities of growing the economy, tackling climate change, and maintaining fiscal discipline, and laying the groundwork for the more ambitious long-term aims we set out in our 2050 Vision for Transport¹⁷. We have prioritised policies that will increase both demand and supply of sustainable transport, helping the UK reduce its carbon emissions and delivering more pleasant and liveable places for all. We hope these proposals receive careful consideration ahead of the Autumn Budget Statement.

Yours sincerely,

Enroute Group CIC

Reply to: david.frankal@enroutecic.com

- ¹ Department for Transport: <https://www.gov.uk/government/statistics/transport-and-environment-statistics-2023/transport-and-environment-statistics-2023>
- ² Enroute: <https://enroutecic.com/wp-content/uploads/2024/09/Letter-Scrap-unaffordable-and-outdated-road-schemes.docx>
- ³ Transport Action Network: https://actionnetwork.org/letters/help-get-unaffordable-roads-scrapped?source=direct_link&
- ⁴ Department for Transport: <https://assets.publishing.service.gov.uk/media/5ffb39808fa8f56405c5f5bf/road-investment-strategy-2-2020-2025.pdf>
- ⁵ BBC: <https://www.bbc.co.uk/news/uk-england-essex-65961313>
- ⁶ The Ecologist: <https://theecologist.org/2024/aug/06/road-nowhere>
- ⁷ Enroute: <https://enroutecic.com/wp-content/uploads/2024/08/Fix-the-Spine-Open-Letter-for-website.pdf>
- ⁸ Our proposal for a Stafford Bypass line, for example, is based on the previous proposals for HS2 Phase 2a, which in 2019 was estimated to have a cost of £5.9bn⁹. In our letter, we outline a few ways these costs could be reduced further. We believe the Stafford Bypass could thus be delivered for substantially less than projects such as the Lower Thames Crossing, offering much wider benefits and benefits for the environment.
- ⁹ Integrated Rail Plan, Department for Transport: <https://assets.publishing.service.gov.uk/media/62389f1ae90e07799cd3de47/integrated-rail-plan-for-the-north-and-midlands-web-version.pdf>
- ¹⁰ Transport Focus: <https://d3cez36w5wymj.cloudfront.net/wp-content/uploads/2023/04/04121859/Awareness-and-effect-of-2-bus-fare-March-2023.pdf>
- ¹¹ KPMG / Confederation for Passenger Transport: https://www.cpt-uk.org/media/oxgixg1b/crt152726a_cpt_study-on-alternatives-to-the-national-fare-cap_130224_final.pdf
- ¹² Department for Transport: <https://www.gov.uk/government/publications/city-region-sustainable-transport-settlements-2/network-north-crsts2-indicative-allocations-4-october-2023>
- ¹³ Social Market Foundation: https://www.smf.co.uk/commentary_podcasts/upcoming-fuel-duty-freeze-will-cost-government-over-20-billion-and-do-nothing-to-alleviate-poverty/
- ¹⁴ As a point of comparison, annual rail fare increases have historically been set based on RPI, increasing by up to RPI+1 each year. Department for Transport: <https://www.gov.uk/government/news/significant-intervention-to-cap-rail-fares-comes-as-government-delivers-target-to-halve-inflation>
- ¹⁵ Department for Transport: <https://www.gov.uk/government/publications/air-passenger-duty-banding-reforms-from-april-2023/air-passenger-duty-banding-reforms-and-rates-from-1-april-2023-to-31-march-2024>
- ¹⁶ Campaign for Better Transport: <https://bettertransport.org.uk/media/plane-vs-train-race-london-glasgow-competitors-arrive-two-minutes-apart/>
- ¹⁷ Enroute: <https://enroutecic.com/vision/>