Transport Connectivity for Remote Communities in Scotland

Roundtable on Connectivity for Small Populations in Remote Communities
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Structure

- Background and context
- Transport challenges and policy initiatives
- Policy effectiveness and shortcomings
- Transport appraisal in Scotland
Background and context
Remote communities in Scotland

- 70% of land area
- 9.5% of population
- Population in decline
  - 4% down in last 25 years
  - projected to decrease by 26% in next 30 yrs
- Higher employment rates
- in Highlands and Islands GVA per head at 95% of Scottish average (incl. Inverness), but could be 70% of average in places
- Economy more focused towards primary sector and tourism than rest of Scotland
- High car dependency
  - More driving licences, more cars per household, less bus use, less walking, longer trips
- Higher costs of travel
Transport connectivity

Road

Rail and ferry

Air
Transport challenges and recent policy initiatives
Transport challenges

- Slow journey times
- High travel costs
- Poor network resilience and reliability
- In places a lack of coordination in the delivery of services
- Bus services under pressure
- Reducing carbon footprint
- Holes in mobile phone and broadband connectivity - as a substitute for travel
- Transport demand - high seasonality (under utilised in winter, over capacity in the summer)
Government support measures

- **Background**
  - PSO air network & zero APD
  - Subsidised rail network
  - Subsidised ferry network

- **Recent subsidies and discounts (since 2000)**
  - Concessionary bus and ferry fares (Scotland wide)
  - Air fare discount (for remote residents)
  - Road Equivalent Tariff ferry fares
  - Rural fuel (petrol/diesel) duty relief scheme
  - Skye Bridge Toll removal
Government support measures

- Recent and ongoing infrastructure investment
  - Inverness airport terminal
  - Ferry investment
  - Highland mainline and Inverness-Aberdeen railway upgrades
  - Road: A9 and A96 (to Inverness) upgrades
Policy effectiveness and shortcomings
# Transport Governance in Scottish Remote Communities

<table>
<thead>
<tr>
<th>Government</th>
<th>Main responsibilities</th>
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<tbody>
<tr>
<td>European Union</td>
<td>Regulatory (incl. consumer rights, working time directive, state aid, PSOs, road freight sector, maritime cabotage)</td>
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<tr>
<td>UK Government</td>
<td>Regulatory (health and safety), taxation, vehicle &amp; fuel taxation, cross-border services</td>
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<tr>
<td>Scottish Government</td>
<td>National transport policy, funder for subsidised transport services (incl. buses), strategic road, ferry, rail and air services.</td>
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<tr>
<td>Regional Transport Partnerships</td>
<td>Regional transport strategy, coordinating role between local authorities, and can take on their delivery roles.</td>
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<tr>
<td>Local authorities</td>
<td>Local road, ferry, bus and air services. Local transport infrastructure</td>
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- 1994 local government reform
- 2008 Single Outcome Agreement between Scottish Govt and local authorities
- 2008 until now: austerity and impact on government budgets
- 2018 Islands Act
Transport finances: Strategic vs Local

- Capital stock at local level is weak
- Local government prioritising education investment (transport capital investment has fallen)
- Central government still has a large transport investment programme
- Note: Local government budget has contracted more than Scottish Government budget
Transport finances: Strategic vs Local

Strategic roads: £6billion planned investment in A9 and A96

Strategic ferry routes: RET and new dual fuel ferries

Local roads: deferred maintenance

Local ferries: old fleet with reliability/resilience issues

Air fare discount

Subsidised bus services: 16% reduction in bus service kms in 4 yrs
Transport: a regional matter?

- Legislation is clear regarding private and/or public sector provision of transport services
- But
  - Transport journeys cross local authority boundaries to access services - long distances in remote communities
  - Shared interests in ferry & air travel and remote communities has led to collaborative working in HITRANS - the RTP
  - But is there ‘over-stuffing’? Do RTPs need a stronger role in delivery?
- Unfortunately transport governance is can be a casualty of local government reform and financing.
Health, Education and Transport Coordination

- High level of inter-dependence in remote communities:
  - NHS largest business user of Argyll air services
  - Education trips 40% of demand for local air services
  - £1 subsidy in good bus services can save NHS £2

- BUT no formal coordination
  - Problem against a backdrop of cuts in local government budgets
Transport Appraisal
Transport appraisal in Scotland

► The Business Case
  ► The Strategic Case: showing alignment with public policy objectives;
  ► The Economic Case: to demonstrate value for money;
  ► The Commercial Case: showing commercially viability;
  ► The Financial Case: demonstrating financial affordability; and
  ► The Management Case: showing the project is achievable

► A project needs to ‘pass’ each sub-case of the Business Case

► It is recognised that not all benefits (and costs) will be in the Economic Case (cost benefit analysis)
  ► Judgemental decisions are therefore permitted
Transport appraisal in Scotland

- Scottish Transport Appraisal Guidance (STAG)
- Bottom up & Objectives Led
  - Case for Change
    - Strategic argument for government intervention/investment
    - Long list of options
  - STAG Part 1:
    - Appraisal of long list to get a short list.
      - Appraised against local transport planning objectives, STAG criteria, established policy directives, feasibility, affordability and acceptability
  - STAG Part 2:
    - Appraisal of short list to get preferred option
    - Appraised against local transport planning objectives, STAG criteria, cost to government and risk and uncertainty
Weak Economic Cases

- Passing The Economic Case
  - Unnecessary if:
    - There are significant unmonetised benefits
    - Strong Strategic Case (aligning with the missing non-monetised benefits)
  - Examples:
    - Borders Rail (Edinburgh to Galashiels). Core benefit cost ratio of 0.5.
    - A9 (Perth to Inverness) Dualling. Core benefit cost ratio of 0.8.

- However:
  - Local stakeholders feel a poor Economic Case leads to:
    - Reduced investment in remote regions; and
    - Choice of minimum standard transport provision.
Improving the Economic Case

- Characteristics of transport investments in remote communities that require specific treatment in CBA:
  - High generalised cost of transport => Induced demand
  - Low frequency transport services (e.g. 1 to 4 a day)
  - Network resilience (long diversions, outages of lifeline services)
  - Journey quality/comfort (e.g. driving conditions on single carriageway roads)
  - Land use change (e.g. population and economic growth)
  - Defining the Do Minimum for e.g. lifeline services
  - Wider economic benefits (in labour markets & product markets)
  - Wider social benefits (e.g. from dispersed population)

- Significant ‘international’ research effort needed to address these missing benefits
Conclusions

In Scotland there is a:

- Good legislative framework
- Good appraisal framework
- Good levels of government financial support for transport services to remote communities

BUT (1)

- There is a need for investment to maintain existing services, and this is against a backdrop of austerity.
- Differences exist between levels of local and central government investment in transport
- There is a lack of coordination between transport, health and education despite the strong inter-dependencies

Is there a role for a stronger regional government transport delivery body?
Conclusions (contd)

- The good appraisal framework can lead to:
  - Project selection of projects with weak Economic Cases (if benefits are missing), and strong Strategic Cases

- BUT (2)
  - Local stakeholders are concerned weak Economic Cases lead to:
    - Selection of minimum standard options as the preferred
    - Reduced levels of investment

- Should the Economic Case be strengthened?
  - Would require significant ‘international’ research effort,
  - Though there are some complementary research areas with more mainstream interests (e.g. resilience in rail, labour market wider economic benefits, land use change)
Thank you for your attention