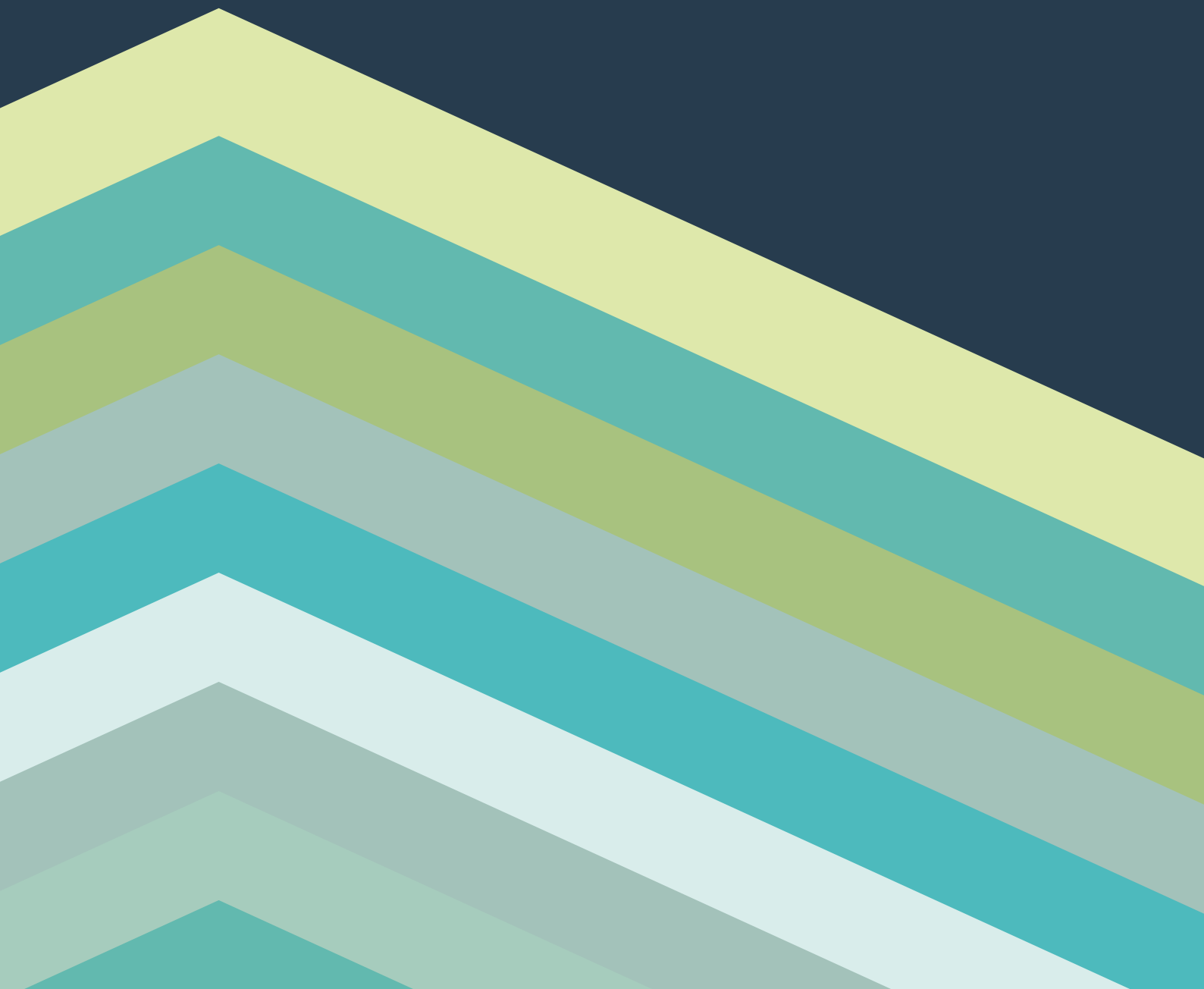


CLIMATE EMERGENCY RESPONSE GROUP

**Committing to delivery:
Certainty and leadership for a
just transition to a net zero,
climate resilient future for Scotland.**

**Briefing Paper:
Fiscal levers to reduce car reliance**

August 2023



Introduce fiscal levers as part of a coherent strategy to reduce car reliance and improve places for people.

SUMMARY of CERG's proposal

The Scottish Government must show strong political leadership by introducing and enabling the use of fiscal levers - such as road user charging, parking controls and levies - needed to deliver on its world-leading commitment to reduce car kilometres and reduce transport emissions. These levers should be applied in a way that places engagement, reducing inequality and ensuring a just distribution of costs and benefits at the centre of decision-making.

Introduction

This paper is one of a set of four briefing papers published by the [Climate Emergency Response Group](#) (CERG). These papers set out detailed proposals for immediate action on four priority issues which could deliver a significant step-change in the Scottish Government's response to the climate emergency. These priority issues are:

1. Introduce a **Net Zero Test** to inform all policy and investment decisions.
2. **Enable local authorities to unlock the finance needed** to drive action on climate change mitigation and adaptation.
3. Introduce **fiscal levers as part of a coherent strategy to reduce car reliance** and improve places for people.
4. Create the right environment for **commercial building sector commitment to a large-scale retrofit and heat decarbonisation pilot in every Scottish city.**

CERG believes meaningful, measurable action against these four proposals this year is essential to a) meet the 2030 climate targets and b) give businesses, investors and citizens the clarity they need. All proposals are within the powers of the Scottish Government and strongly align with the Scottish Government's wider commitments and priorities.

While each briefing paper stands alone as a single proposal, there are strong overlaps and common themes across CERG's four proposals, including:

- The need for **policy certainty and an enabling environment** that provides the confidence and clarity needed for investors, businesses and citizens to act;
- A focus on **finance** - aligning all public investment with the transition, securing private finance, and delivering financing mechanisms that ensure the upfront costs of the transition are affordable to all;
- Opportunities **for private sector and public engagement** to enable a just transition.

A report containing summaries of all CERG's 2023 proposals is available [here](#).



Structure of the briefing paper

The theme for this briefing paper was selected by CERG members through a scoping and prioritisation exercise based on [CERG's assessment of progress in 2022](#) and the group's understanding of the current policy and political context.

The proposal was developed and ground-tested through an iterative and inclusive process which included stakeholder workshops, expert interviews, discussion with Scottish Government officials and document analysis.

Each briefing paper sets out a clear rationale for why action is required this year and what could be achieved, recommendations for immediate action and how these recommendations should be reflected in the 2023-24 Programme for Government, budget, and other forthcoming Scottish Government announcements. Consideration is given to the resource needs to deliver the recommendations.

Next Steps

CERG members look forward to the opportunity to have an open discussion with Ministers and Scottish Government officials about the recommendations set out in this briefing paper.

The group offers its collective knowledge and experience to the Scottish Government to explore how to turn these proposals into measurable changes that have an impact on investment, capacity and policy delivery and ultimately deliver the net zero, climate resilient economy and society that Scotland needs.

Context and rationale for the proposal

The Scottish Government is committed to reducing car usage in Scotland to 'protect our climate and improve peoples' lives'¹, noting the wide range of environmental, health and wellbeing and economic benefits that could be achieved.

Our car dependent culture not only keeps transport emissions stubbornly high, and creates air pollution and congestion in urban areas, it is also a barrier to the reallocation of urban space for public transport, cycling, walking and resting. While there is a need to reduce car usage, cars are a lifeline for people with disability and for people living in rural areas.

With 7 years to act, the pressure is on the Scottish Government to act quickly to reduce its transport emissions and achieve Scotland's target to reduce car kilometres by 20% by 2030, relative to 2019. These targets are extremely ambitious and, according to the Committee on Climate Change, significantly off-track².

In its draft 'Route map to achieve a 20 per cent reduction in car kilometres by 2030', Transport Scotland acknowledges that '*Incentivising desirable behaviours is unlikely to be sufficient in a context where car use remains highly attractive in terms of individual-level benefits, while the dis-benefits to*

¹ Reducing car use for a healthier, fairer and greener Scotland A route map to achieve a 20 per cent reduction in car kilometres by 2030. Transport Scotland & COSLA, 2022.

² Committee on Climate Change (2022). Progress in reducing emissions in Scotland.

*environmental and population health are largely externalised*³. However, the Route map does not set out the policy levers that could be applied to reduce the attractiveness of the car – there is a notable absence of ‘push’ factors.

While committing to ‘*consider other measures to discourage car use, such as road pricing*’ the proposed ‘Car Demand Management Framework’ is only scheduled to be published in 2025, leaving only five years for changes to be designed, consulted on and delivered and have an impact. This is insufficient time for meaningful engagement, and well planned and executed changes.

In the meantime, our current transport system and places remain heavily biased towards cars. Evidence shows the system works against those people on lower income who have higher exposure to the negative impacts of our transport system (air / noise pollution, traffic accidents), are less likely to own a car or who are forced into car ownership through a lack of alternatives. Research also shows a large variation in travel patterns – only 3% of car journeys make 30% of the total mileage and 35% of journeys are less than 5km.

Fiscal levers such as road pricing, congestion charging and other local charging mechanisms such as parking levies could play an important role in rebalancing the cost and convenience of motoring compared to other public and shared transport options⁴. They must be delivered as part of place-based programming⁵, and aligned with improvements in the provision, affordability and accessibility of active, public and shared transport⁶, and measures to reduce peoples’ need to drive to access essential services. Within this context, demand management measures can be socially progressive, improve transport and health equity⁷.

Importantly, schemes can generate valuable revenue to invest back into improving sustainable transport, whilst carefully designed rebates / exemptions can ensure fairness by reducing costs for identified groups.

However, while local authorities having the powers to introduce workplace parking licensing (WPL) and congestion charging, there are no examples in Scotland of such charging schemes being successfully introduced. Political acceptability and perceptions of fairness is a key barrier.

Research suggests that, in principle, the public support measures to reduce car use and bold action to reallocate space to walking, wheeling, cycling, and socialising, but that this is strongly dependent on a sense of fairness ‘everyone doing their bit’, and the availability of better, more affordable public transport.⁸

Therefore, any measures must be introduced and used as part of a coherent strategy designed around making the transport system much fairer and addressing all types of journeys. This needs to be carefully communicated, understood and built into the structure of any charging schemes. There are real risks from charging schemes of perverse outcomes for people with disability⁹, those on low

³ Reducing car use for a healthier, fairer and greener Scotland A route map to achieve a 20 per cent reduction in car kilometres by 2030. Transport Scotland & COSLA, 2022.

⁴ [Cost of motoring against costs of public transport \(racfoundation.org\)](https://www.racfoundation.org/cost-of-motoring-against-costs-of-public-transport)

⁵ Locally designed schemes that change how we plan, design and use space, designed to deliver multiple benefits to people and communities. See [RTPI | Net Zero Transport: the role of spatial planning and place-based solutions](#)

⁶ [‘Fair Fares’ needed to transform the fortunes of Scotland’s public transport - Transform Scotland](#)

⁷ [Road space reallocation in Scotland - Publications - Public Health Scotland](#)

⁸ [Fairly reducing car use in Scottish cities \(ippr.org\)](#); also supported by Scotland’s Climate Assembly

⁹ [Road space reallocation in Scotland - Publications - Public Health Scotland,](#)

incomes forced into car ownership due to a lack of alternatives, or those living in areas with limited access to services or alternative transport options (often rural and island communities, but also a significant problem on outskirts of cities).

There are strong economic reasons for a change to the existing system of motoring taxation, which – as the number of EVs increases – is increasingly seen as unsustainable and unfair¹⁰. As a result, there are increasingly loud calls for reform of UK motoring taxation and a UK-wide road pricing system from across the political spectrum¹¹, and by the British public¹², but the current UK Government has ruled this out.

This makes the introduction of road user charging in Scotland politically and procedurally more difficult - public acceptance of road pricing tends to be based on reform of existing motoring taxes rather than the introduction of additional charges¹³. Additionally, under the 2001 Transport Act, the Scottish Government does not have the legislative powers to charge on the trunk road network, and there are legal uncertainties as to whether a national scheme would be within the competence of the Scottish Parliament.

CERG supports the Scottish Government's intention to advocate with Westminster for the introduction of UK-wide road pricing. Yet there is no time to wait if Scotland is to achieve its national climate targets and for cities to tackle other concerns such as air pollution, congestion and the reallocation of road space for active travel and public transport. Edinburgh and Glasgow City Councils are both considering pay as you drive / road user charging schemes to meet their ambitious 30% reduction in car km by 2030 targets. However, to move forward they require clarity on whether Scotland is considering a national level scheme plus there are risks and costs associated with schemes developed and delivered in isolation.

Definitions & clarifications:

Road user charging – a catch-all term to include road tolls, cordon-based charging as well as distance-based road pricing (aka – 'pay-as-you-drive'). Could be national, local or regional.

Demand management measures – full set of measures to discourage car use including parking controls, charging schemes, low emission zones and parking levies (inc. Work-place Parking licensing (WPL).)

Existing barriers to delivery

The main barriers are around political will and public acceptability and concerns about how to introduce measures in a way that is fair and doesn't disadvantage people who are most vulnerable and have no choice but to use a car, particularly during the cost-of-living crisis.

- **Political controversy and backlash** around previously attempted schemes and a **lack of local confidence** to introduce schemes without strong cross-party leadership.

¹⁰ [Road-pricing-briefing-2022.pdf \(reformscotland.com\)](#)

¹¹ See for example Reform Scotland, Transform Scotland, Policy Exchange, Campaign for Better Transport, Local Government Association, Green Alliance, SCDI, the Infrastructure Commission for Scotland. Also supported by the Climate Change Committee and the cross-party House of Commons Transport Committee.

¹² [Pay-as-you-drive Report September 2022 \(bettertransport.org.uk\)](#)

¹³ [Pay-as-you-drive Report September 2022 \(bettertransport.org.uk\)](#)



- **Business and public concerns** about fairness, equalities and economic impacts, exacerbated by post-COVID changes in commuting, shopping behaviours and use of city / town centres, as well as pressures caused by the cost-of-living crisis.
- **Lack of coherence and consistency** between local schemes risks piecemeal, disjointed and variable schemes that are slow to get off the ground, politically and economically costly, perceived as unfair, often constrained by local authority boundaries, and collectively won't achieve climate and car km reduction targets.
- **Technical complexity** of introducing distance-based road charging schemes. Technology is now available e.g., for number-plate recognition or GPS tracking (which requires a black box), but there are privacy concerns. Cordon-based schemes or daily charges are less nuanced / granular but easier to operationalise.
- **Improvements in active, shared and public transport schemes and infrastructure** has been slow – accessible, affordable, reliable alternatives need to be in place. This has been exacerbated by **post-Covid reductions in public transport services** due to rising costs, staff shortages and reduced patronage.
- Many **measures to tackle the price of using a car sit with the UK Government and not the Scottish Government** e.g., Vehicle Excise Duty (VED), fuel duty. The Scottish Government must act within the constraints of devolution, but also continue to lobby the UK Govt for change.
- **UK Treasury** is said to be considering introduction of a UK-wide road charging scheme, but has ruled it out in this Parliament, creating uncertainty about future policy interfaces and the future role of a UK wide distance-based road pricing. There are legal uncertainties whether the Scottish Parliament has the competencies to establish a Scotland-wide scheme;
- **Wider business concern** about the cumulative impact of regulations on businesses in the current cost crisis, currently being addressed by the Joint Regulation Taskforce and the New Deal for Business.

RECOMMENDATIONS FOR IMMEDIATE ACTION:

The Scottish Government must demonstrate its strong political leadership and commitment to put in place the full suite of mechanisms – including fiscal levers such as road user pricing - needed to turn its 'world-leading commitment'¹⁴ to reduce car kilometres by 20% by 2030, into tangible and fair outcomes for emissions reduction, health, economy and wellbeing.

Given the tight timeframes and the extensive engagement required to co-design, test and roll out locally appropriate road user charging schemes and parking levies, it is imperative that the Scottish Government rapidly takes the first step by setting out the clear policy imperative to use fiscal levers to rebalance the costs of travel in favour of public, shared and active travel. It must then open the door for constructive dialogue with businesses, local authorities and other stakeholder groups to co-design principles and standards for the fair and effective transition away from car-dominated travel.

The roll out of car demand management measures across Scotland is a 'litmus test' for the new ways of working as agreed in the recently agreed New Deal for Business and the New Deal for Local Government.

¹⁴ [20% reduction in car km by 2030 | Transport Scotland](#)



1. The Programme for Government and updated Route Map should commit to:

- Introducing road user charging as part of its policy toolkit and,
- Bring forward publication of the car demand management framework to 2024, and
- Deliver on the commitments made in the New Deal for Business and the Verity House Agreement to consult and collaborate with business and local government in the development of a national approach to road user charging.

The 2023-4 **Programme for Government** should set out the Scottish Government's high level policy intention to engage closely with business, local authorities and equalities groups over the next year to agree an equitable framework to guide the use of fiscal levers to reduce car reliance and improve places for people, culminating in the publication of the Car Demand Management Framework in 2024 (brought forward from 2025).

The Route map should clearly set out the **policy imperative for using fiscal levers** such as national road pricing, local road user charging and parking levies to reduce car use and improve places for people, alongside other strategies including public transport improvements, active travel and place-based programmes, and investment in local services and digital infrastructure. It should clarify the potential benefits from the use of these levers through improved sustainable transport infrastructure or delivery of cheaper fares.

Fairness, making transport more equitable and 'everyone doing their bit' should be consistent principles underpinning the design of schemes, whilst acknowledging that different strategies and a varied mix of 'carrots and sticks' are suitable for urban and rural areas, and to target different travel purposes (i.e., leisure, work, commuting, shopping).

There are some legal uncertainties as to whether establishing a Scotland-wide national road pricing scheme lies within, or beyond, the competence of the Scottish Parliament. The **Scottish Government should continue to explore whether the possibility and legality of establishing a national road pricing scheme and provide clarity as soon as possible.**

In the meantime, CERG recommends the Scottish Government works with local authorities, regional transport partnerships and other stakeholders to agree a **nationally consistent and coherent approach to the introduction of local road user charging schemes**. This would enable technical interoperability, coherence of design, signage and payment and enforcement systems between local schemes. Specific charges and boundary areas for local schemes would remain a local decision and defined and applied according to local priorities and context. This approach would allow interoperability of schemes for people moving between charge areas, and potential future scaling up into national / regional schemes. This national framework would provide the much-needed clarity requested by local authorities, regional transport partnerships and other stakeholders.

2. Engagement with local authorities, private sector, and poverty and disability groups must start as soon as possible and by the end of 2023 to feed into the Car Demand Management Framework.

Allocate staff time and resources to:

- inform the design of a fair and equitable national approach to road user charging;



- to involve local people and businesses in the design and delivery of all demand management schemes.

The Car Demand Management Framework must do more than set out policy options. It must pave a clear pathway from policy through to delivery, agreed with key stakeholders, including:

- a. **national principles / criteria** to guide the fair and equitable introduction of road user charging across Scotland. These could be co-designed with business, local / regional government, poverty and disability groups and those most disadvantaged by the current transport system. These criteria should take into consideration variation in peoples' access to affordable and accessible travel alternatives, geography (urban and rural), disability and other causes of car dependency.
- b. A **coordinated delivery plan agreed between Scot Gov, local authorities and regional transport partnerships** which clearly sets out the division of roles, responsibilities, powers, resources and ways of working between all parties to ensure the timely and effective delivery of demand management schemes (including road user charging) by 2030 that meet the national targets. This would agree which issues could be addressed and be coherent at a national level, and which should be the responsibility of local authorities. There should be a requirement for regional modelling of the distribution of costs and benefits of any proposed schemes.
- c. **Sufficient allocation of resources** to enable local authorities and regional partners to undertake the complex design work and long term, in-depth public engagement early in the design and delivery of local place-based and transport projects (e.g., by establishing and running long term just transition for transport forums¹⁵ or linking into local planning processes). These processes should specifically target hard to reach groups, including those currently disadvantaged by the transport system¹⁶ and engage with employers and local businesses.

3. Kick-off a multi-agency led national information campaign on sustainable travel by end of 2023

The draft Route Map commits to a national conversation on sustainable travel. Given the delays in publishing the updated Route Map, plans should be in place to **accelerate this conversation via a national information campaign complemented by local stakeholder engagement as soon as the Route Map is published.**

To strength the impact of the 'national conversation' CERG recommends:

- A **cross-governmental alliance of public sector bodies and other organisations** should be involved to run a **national evidence-based information campaign**. This should position the conversation about sustainable and fair travel within the context of place-making, health, environment, tourism as well as transport, and allow messaging from trusted sources around the full range of costs, benefits and outcomes from how we travel¹⁷.
- **Endorsement from all political parties.**

¹⁵ [Fairly reducing car use in Scottish cities \(ippr.org\)](#)

¹⁶ [Fairly reducing car use in Scottish cities \(ippr.org\)](#)

¹⁷ Using the Place Standard as a model - partnership of Architecture & Design Scotland, Public Health Scotland, the Scottish Government, Glasgow City Council & the Improvement Service. Visit Scotland should also be included.



- The campaign should aim to **reframe the current narrative around the car** – including the full range of financial and non-monetary costs associated with car purchase, maintenance, parking, congestion etc. and include evidence to tackle misconceptions / concerns about the impact of measures to reduce cars on the vitality and viability of city/town/local centres and the tourism industry.
- All messaging and engagement must be nuanced, presenting perspectives of different peoples' needs and dependency on cars, according to geography, disability and specific challenges, with a strong emphasis on fairness and inclusion, and the inequalities embedded within our current transport system. (e.g., Climate Outreach)
- Align the timing of this national information campaign with national or local targeted, discounted public travel schemes or incentives to encourage people to trial alternatives.
- Additional resources and/or expertise should be made available to all local authorities and Climate Action Towns to facilitate local dialogue around sustainable and fair travel to link into ongoing consultations / local planning processes etc.

4. Take immediate action to close all regulatory gaps to enable the introduction of local road user charging schemes from 2025

To enable local authorities to introduce local road user charging schemes, action should be taken by the Scottish Government to set the regulations to provide for exemptions and reduced rates, penalties and enforcements, disputes and appeal processes (as set out in Transport Scotland Act, 2001).

5. Alliance-building with UK city regions and other devolved administrations to advocate for a UK-wide approach to road pricing that makes transport fairer and generates revenue for public transport.

The Scottish Government, alongside key stakeholders such as the Scottish Cities Alliance and COSLA should build alliances with other UK city regions and devolved administrations to identify common priorities and a coordinated approach for dialogue with the UK Government for any future UK-wide road pricing scheme. Example areas to explore include the principle of ringfencing revenue for local sustainable transport schemes and embedding principles of fairness and allowances for regional variation.

RECOMMENDATIONS TO STRENGTHEN POLITICAL AND PUBLIC SUPPORT FOR DEMAND MANAGEMENT AND ROAD USER CHARGING:

6. To strengthen public support and ensure a fair approach, all Scottish Government policy and strategic investment decisions must avoid promoting / locking in reliance on cars.

Research finds that citizens are strongly motivated by the principle of fairness and 'everyone doing their bit' and are strongly aware of policy and investment decisions that appear to be incompatible with the need to reduce emissions and car reliance¹⁸ (housing, public infrastructure, road building for example). To secure public support for car demand management measures it is critical that all policies and investment decisions are in alignment with demand management. In particular:

¹⁸ [Fairly reducing car use in Scottish cities \(ippr.org\)](#)

- Rapid delivery and strong enforcement of the National Planning Framework 4 to ensure new developments and regeneration schemes don't lock in car dependency and take an infrastructure first approach to transport provision;
- Review of all schemes that increase road capacity in light of net zero, transport emission reduction targets, and the demand management framework (see CERG proposal on Net Zero Test).

7. Take action to accelerate delivery of active travel / public transport infrastructure and simplify public transport fares.

The more quickly improvements can be made in the accessibility, affordability and reliability of public transport, the easier and more willing the public will be to change their travel behaviours, and the fairer the transition. Those barriers preventing people from using public transport (including barriers around safety, accessibility, reliability, cost) must be addressed.

CERG's 2022 report set out recommendations to help cities accelerate the shift from cars to active, public, and shared transport. These recommendations remain relevant and include:

- Shift to multi-year, non-competitive funding agreements with local authorities to allow place-based approaches,
- A move away from siloed funding pots which limits the potential delivery of integrated, place-based solutions;
- Speed up consenting for new infrastructure and strengthen enforcement of priority measures,

8. The shift to a fairer, simpler public transport pricing system needs to start before the start of road user charging schemes, with the potential to directly link revenue from road user charges and parking levies back into improvements and subsidies for local transport services.

Research shows that public support for car demand management measures is conditional with the provision of more affordable, accessible public transport¹⁹. Delivering of 'fair fares' and a more inclusive, safe and accessible public transport system must be delivered in tandem with measures to make car travel less attractive. One progressive measure could be to explore how revenue from fiscal levers such as road user charging could be used to directly reduce the costs of public or shared transport for those on low incomes.

Resource requirements:

Delivery of this proposal requires allocation of staff time, expertise and resource budget at national and local level over the next 3 years to:

- design a coherent and coordinated national approach to road user charging, including technical scheme design, legal work as well as national and local engagement with stakeholder groups, local government and regional transport partnerships;
- organise and roll out a multi-agency national information campaign;

¹⁹ [Fairly reducing car use in Scottish cities \(ippr.org\)](https://www.ippr.org/insight/publication/fairly-reducing-car-use-in-scottish-cities)



- allocate resources to local authorities to help them undertake design work, engage stakeholders and introduce demand management measures.

This could be achieved through the diversion of capital resources away from projects that lock-in car reliance.



ABOUT CERG

CERG is a group of Scottish public, private and third-sector leaders who work together to inform and influence the Scottish Government's response to the climate emergency.

Collectively, the group has considerable expertise across sectors and a first-hand understanding of the practical steps that must be taken for Scotland to deliver on its vision for a net zero, climate resilient future.

CERG focuses on identifying solutions and actions that can be taken now to overcome the well-documented challenges of the transition to net zero and enable delivery to flow. Since 2019, CERG has published a series of reports setting out practical, immediate actions that can, and must, be taken now to avert the worst impacts of the climate crisis. The group also publishes annual assessments of the Scottish Government's progress to delivering on CERG's recommendations.