

Pricing for Prosperity

The answer to Wolfson's question of how to better fund UK road infrastructure

23 May 2018

The logo for Volterra, featuring the word "Volterra" in white text on a blue rectangular background with a curved edge on the left side.

Volterra

Structure

Pricing for Prosperity

- **Short explanation of our funding system and how it works**

What will it achieve

- **The essential objectives of a new road funding system and how they will be met through our system**

Fair and acceptable

- **This is a key consideration for any government policy. Our system will aim to ensure this requirement is met**

Conclusion

What is Pricing for Prosperity (P4P)

1. A road pricing system based on three separate charges applied to each mile driven:

- Congestion charge
- Maintenance charge
- Environmental charge

2. Fuel tax and VED will be abolished

3. Compensation will be offered if journey is delayed

4. Charges would be set to ensure on average drivers do NOT pay more

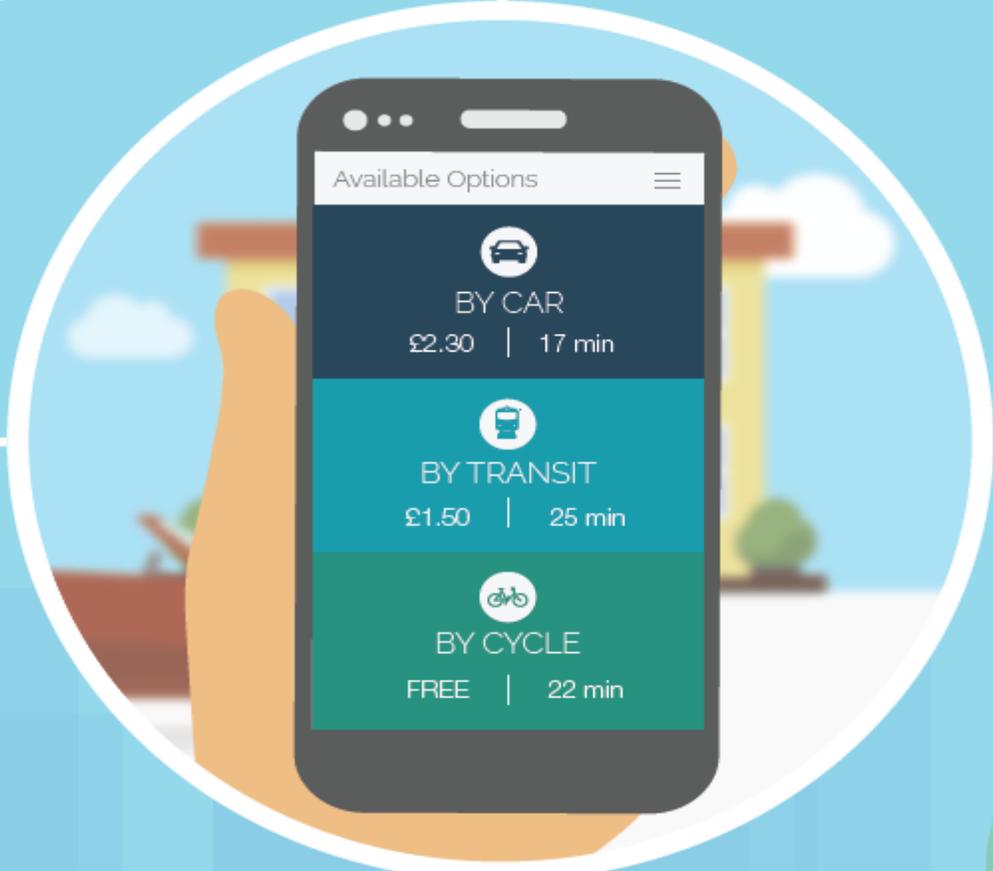
5. This will be made possible through tracking of vehicles to enable cheap collection costs



I need to go check on my elderly mum in her town centre care home

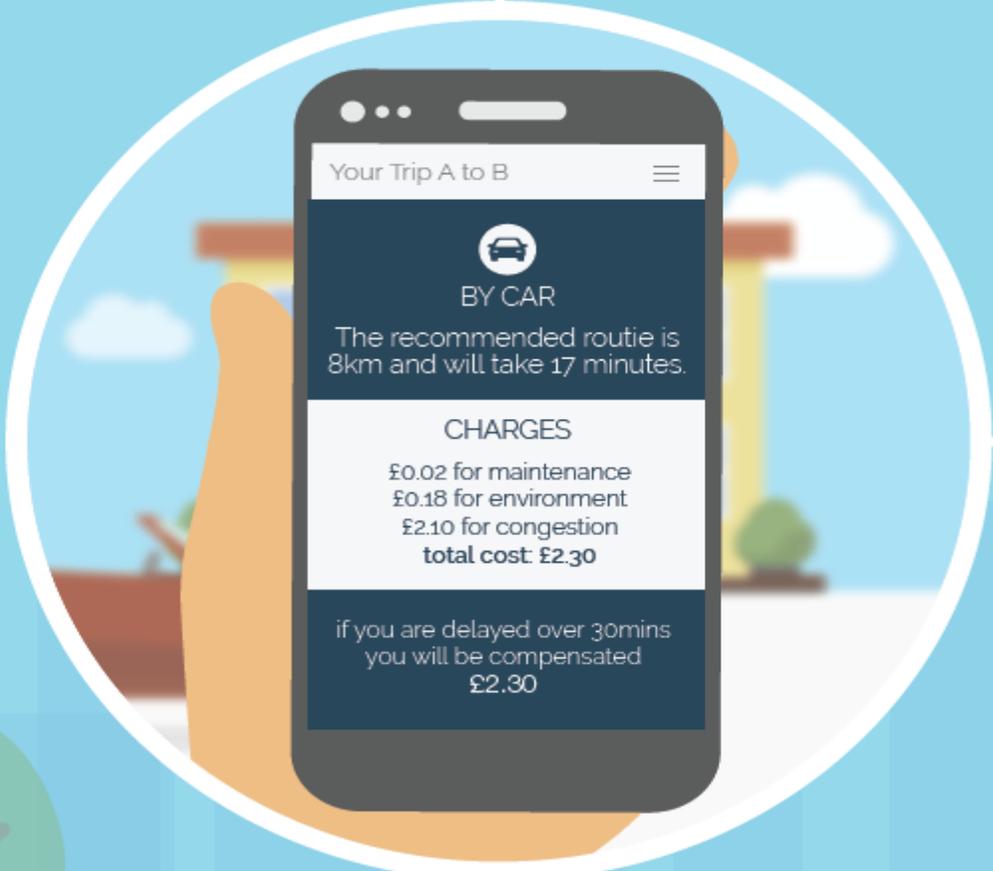


I need to get there by 6.30pm and carry some stuff with me so I will drive, despite the traffic



Available Options

- BY CAR**
£2.30 | 17 min
- BY TRANSIT**
£1.50 | 25 min
- BY CYCLE**
FREE | 22 min

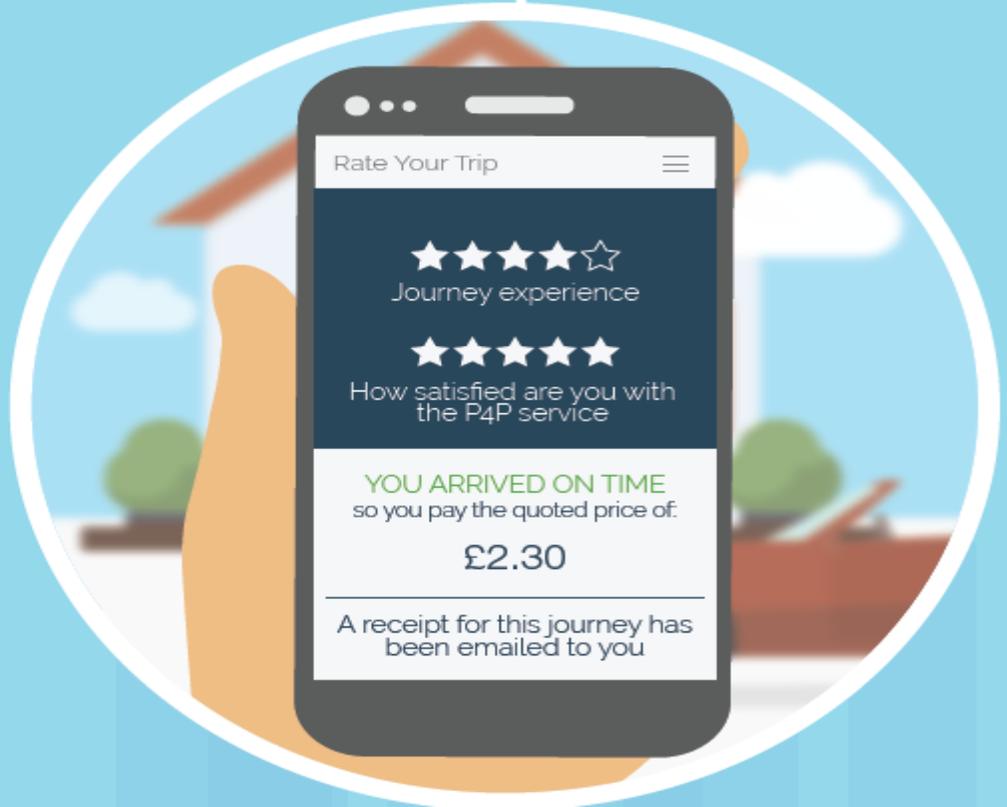
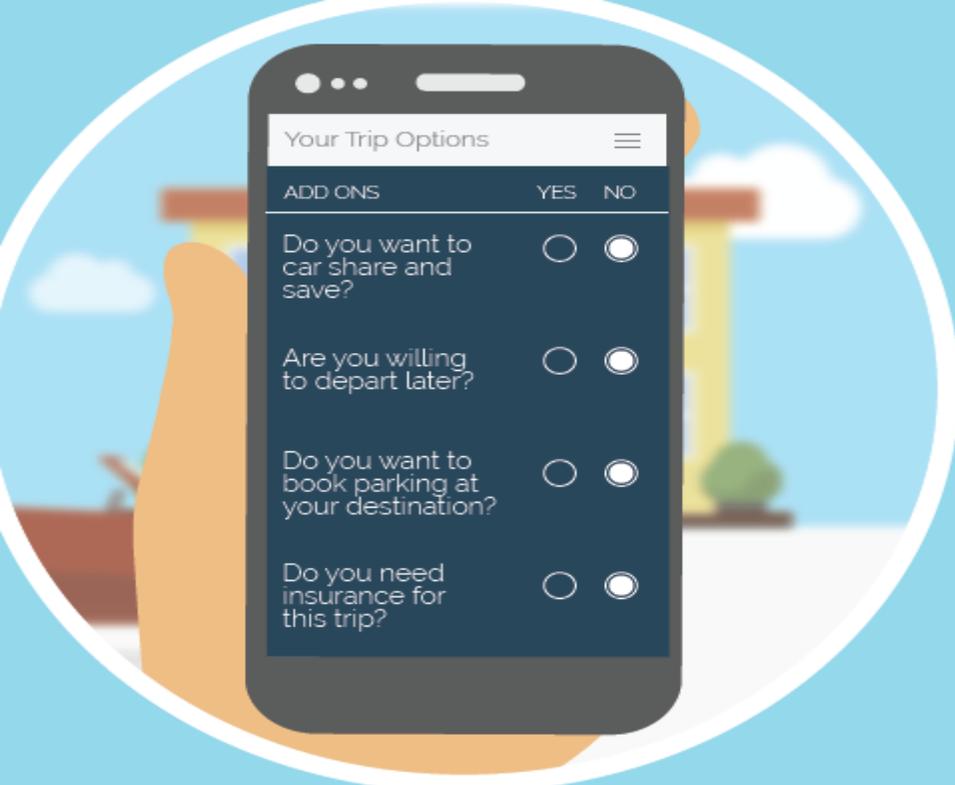


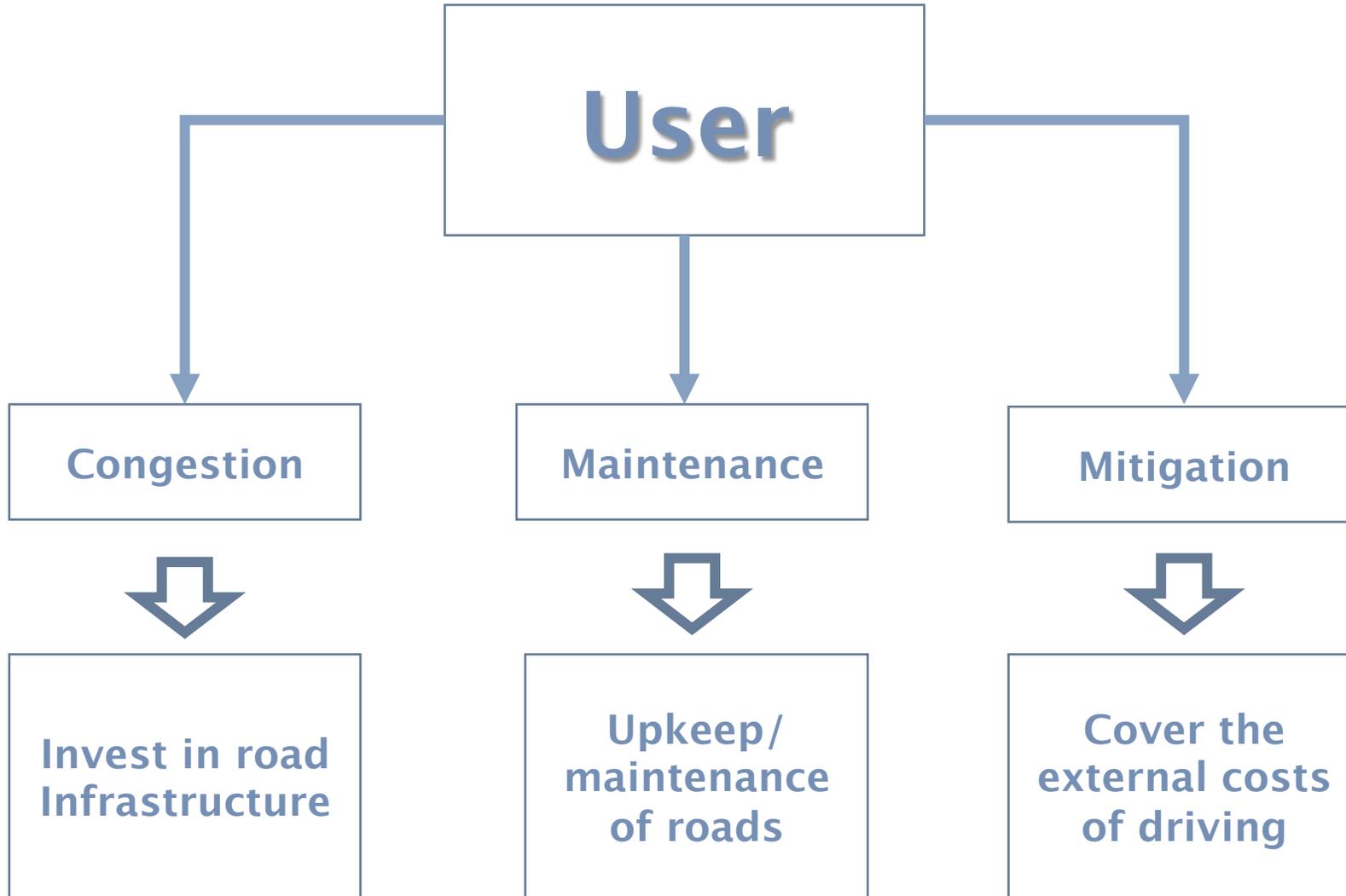
Your Trip A to B

BY CAR
The recommended route is 8km and will take 17 minutes.

CHARGES
£0.02 for maintenance
£0.18 for environment
£2.10 for congestion
total cost: £2.30

if you are delayed over 30mins you will be compensated £2.30



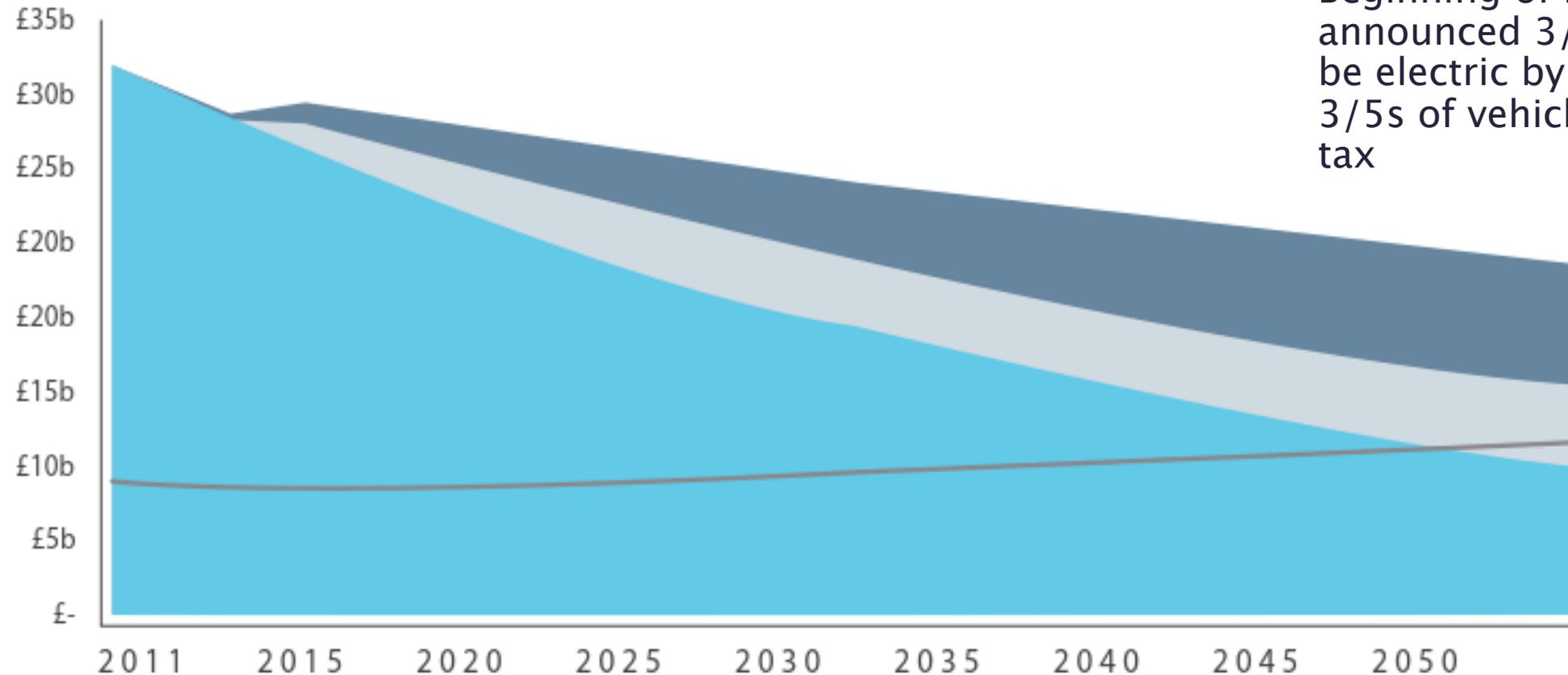


What will this achieve

- **Act as a long-term revenue source for government**
- **Addresses congestion**
- **Improves the roads and public transport that we use**
- **Better for the environment**

Long-term revenue source for government

Expected decline in government revenues from roads



The status quo is not sustainable

- Beginning of 2018 ministers announced 3/5s of vehicles will be electric by 2030 – that's 3/5s of vehicles not paying fuel tax

High Forecast

Middle Forecast

Low Forecast

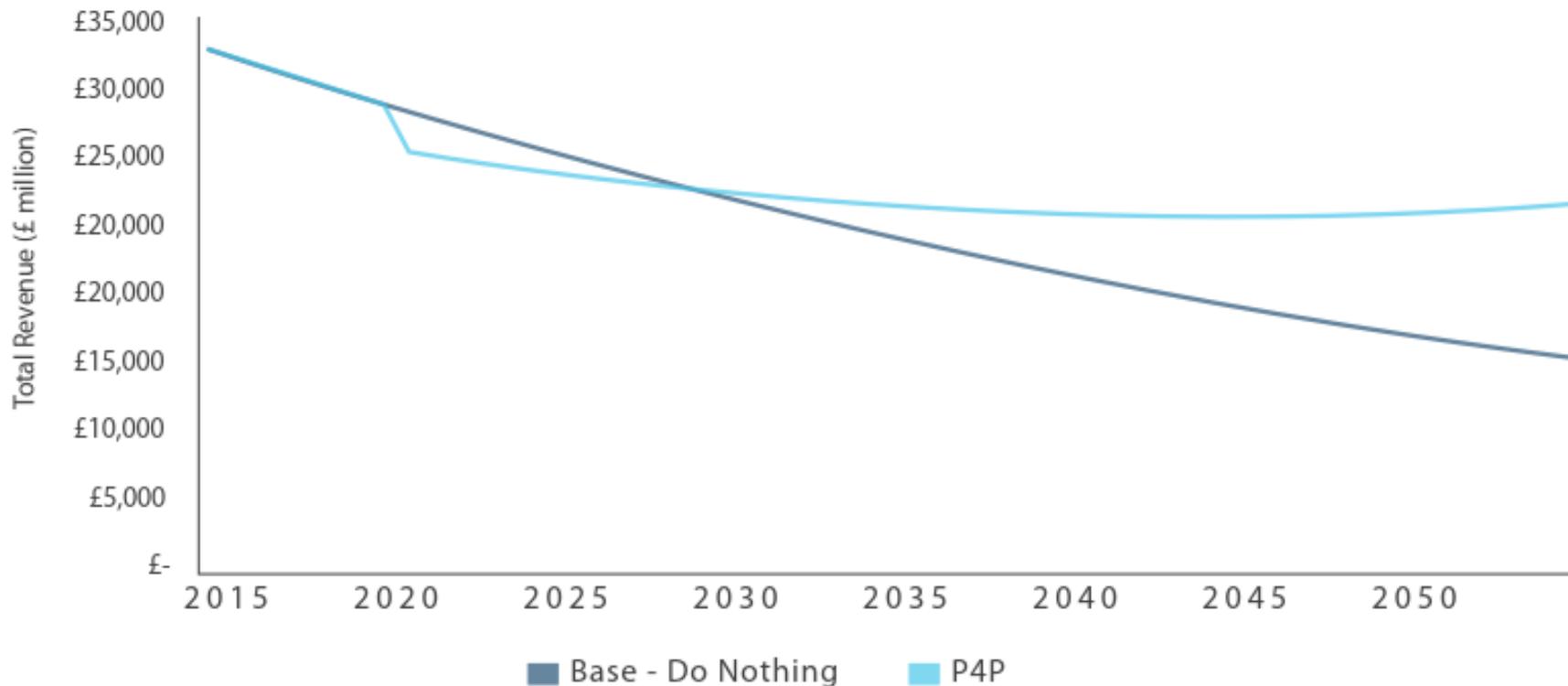
Total Maintenance Cost

Under P4P

P4P offers a solution which:

- Only sees a reduction in revenue if there is a reduction in costs to society
- Is sustainable/future proof to changes in travelling habits and technology e.g. AVs

Government highway revenue (Do Nothing and P4P scenarios)



Addresses congestion

For the majority of trips congestion is not an issue

Some trips, many in London and other major cities, congestion is a big problem

- These are the trips where congestion charges will be applied. Higher the level of congestion the higher the congestion charge
- The congestion charge will be set in real time to enable whatever the desired speed
- The congestion charge will encourage a range of behavioural responses

Improves roads and/or public transport

The revenue from the congestion charge would be used to improve PT and road capacity

Revenue from the maintenance charge will be used to cover the cost of the road network upkeep.

Environmental charge would address pollution/noise whilst incentivising greener travel. This will make roads a nicer environment

Maintenance charge will work by vehicles that damage the road pay for the road

- The maintenance charge will be determined by vehicle weight
- Maintenance charge will be capped at what is

Better for the Environment

Environmental charge will be determined by:

- Vehicle type e.g. heavy polluting 4x4
- Location e.g. heavy polluting 4x4 near a primary school
- Time of day e.g. heavy polluting 4x4 near a primary school and 8:30am

Revenue will be hypothecated in to mitigating the external costs of driving

For example:

- Healthcare
- Noise barriers
- Emergency care for car accidents

This will incentivise people to make greener decisions with regards to their travel habits

Fairness and acceptability

The average driver will have to pay less:

- **P4P does not target revenue equal to the current £33bn**

People can drive without congestion:

- **When people realise road pricing works it becomes popular**

Guaranteed time of arrival

- **Those supplying the road network are held accountable just like any other form of transport infrastructure**

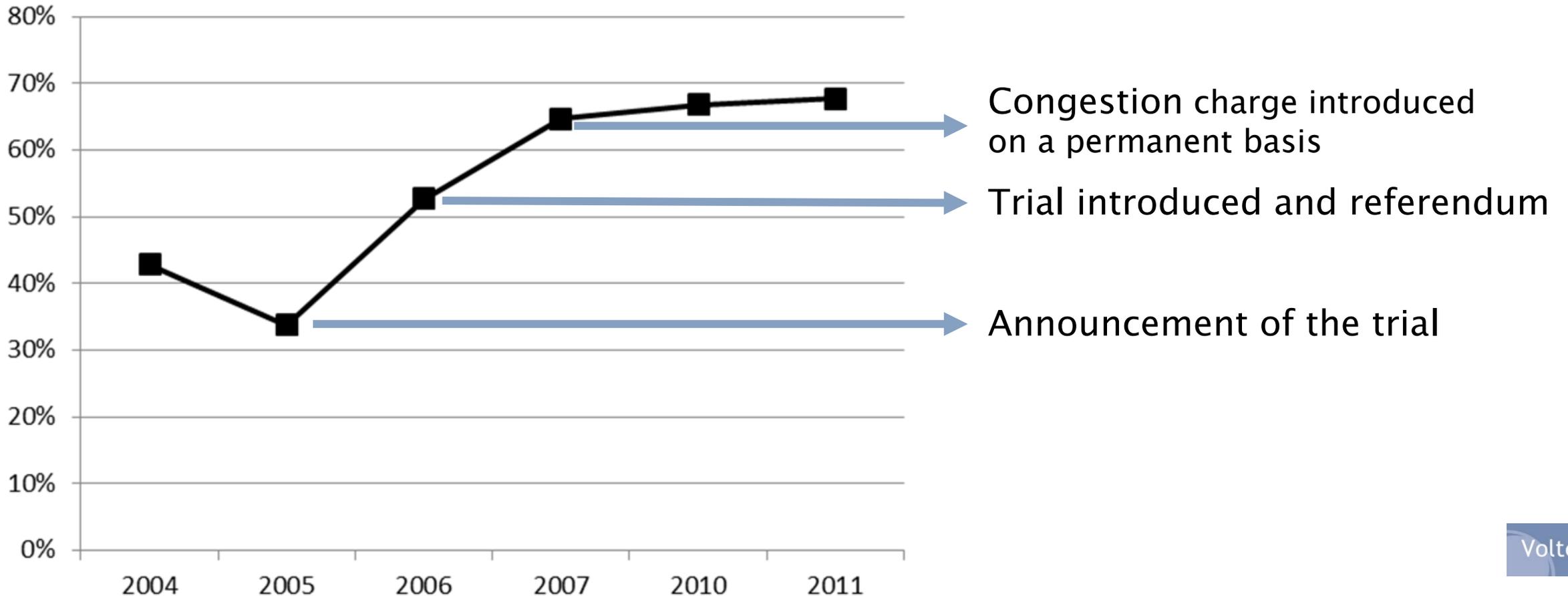
Takes the environment into account

- **People will feel better if they know money is helping the environment rather than just another tax**

Fairness and acceptability

Historically road pricing has not been viewed as politically popular

However, studies have shown that once implemented road pricing can become popular



Conclusion

Sustainable:

- Immune to changes in fuel, CO2 emissions and driving technology

Value for money:

- Everything a driver pays is reinvested back into roads

Drivers who cost society more pay more:

- Maintenance and mitigation costs are higher for LGV and HGV in densely populated places, people who drive on congested roads pay for it.

Incentivise drivers to make better decisions

- Whether through the congestion charge or environmental charge – drivers can save money by make better decisions. Current system does not do this!

An aerial photograph of a city, likely London, showing a dense urban landscape with numerous buildings, streets, and green spaces. A large, semi-transparent blue rectangular overlay covers the middle portion of the image, containing white text.

Thank you

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