

Report to Partnership Meeting 3 February 2017

RESEARCH AND STRATEGY DELIVERY

Value of Transport

Purpose of Report

To update Members on a commission considering the wider socio-economic value of the transport network and transport services within the HITRANS area.

Background

The HITRANS Partnership meeting in November 2017 approved the undertaking of a study into the wider value of the transport network and services in the Highlands and Islands.

HITRANS have subsequently engaged locally based transport economist James Laird (Peak Economics) based on a summary of the proposal below.

The key dates for delivery are as follows:

- A briefing paper on local bus and air impacts by end January 2017.
- A full draft report for March 20th 2017
- A finalised report for May 12th 2017.

Following completion of the report HITRANS will consider the merit of undertaking further primary research to help support the desktop study.

Value of Transport Proposal

Government finances are always limited and stark choices have to be made regarding prioritisation of expenditure between different sectors of government: education, health, transport and social services. Within each sector, such as transport, with limited finance it is also necessary to prioritise transport revenue and capital investment. To aide that decision making HITRANS is commissioning a desk based study into the value of transport. Within the HITRANS area local authorities incur revenue expenditure on the provision of public transport services: bus, ferry and air. Capital expenditure is also needed to support these services along with maintaining and improving the road network. Within the Highlands and Islands region there is also the need to maintain inter-regional connectivity. Some of the responsibility for this lies with Transport Scotland (the trunk road network and the rail network), whilst local authorities have responsibility for other elements of this intra-regional infrastructure and service provision. A similar story plays out at a national level regarding the connectivity of the Highlands and Islands to Aberdeen, the Central Belt, North of England, the South of England and continental Europe. The review therefore needs to consider the value of transport at three different geographical levels

- Within a local authority area with particular reference to intra-authority bus and air services.
- Within the Highlands and Islands; and
- Longer distance inter-regional and international links.

In all instances the interest is on rural transport issues.

When valuing transport it is important to be clear what the unit of valuation is. The cost benefit analysis reported in the Transport Economic Efficiency (TEE) of a STAG whilst measured in £s is best thought of as a measure of social wellbeing. This is because attributes such as visiting friends and family, pain grief and suffering from accidents and the loss of leisure time when moving into employment are included in the appraisal – despite them having no monetary value (that is you can't go to a shop and buy leisure time or a reduction in pain grief or suffering). This is in contrast economic impact studies where only monetary flows such as cost reductions or increased wages or profits are captured. Here the value of transport reflects financial measures only – akin to the bottom line on a balance sheet. Arguably government is primarily interested in maximising social wellbeing, but budget constraints mean that it needs to have cognisance on financial outcomes too. Furthermore social wellbeing is closely related to employment and therefore monetary incomes. Employment and productivity impacts are therefore an important element when considering the value of transport.

The study will be primarily desk based. The brief identifies six papers which will act as a starting point for a literature search. As an author of four of these papers I already have familiarity with their content and am well placed to develop the review further. The following literature search methods will be adopted:

- Source mining. Using references in the six key papers to identify further papers.
- Keyword searches. Using keywords in google scholar to identify potential papers (www.scholar.google.co.uk) as well as in Google. Google scholar identifies papers in journals and that have been cited by other works, whilst google is more suited to identifying 'grey' literature. A list of keywords will be circulated for comments early in the project period. A lot of the literature on rural transport is associated with developing countries therefore only a sub-section of the rural transport literature will be relevant for this study. Informal databases such as that compiled by the Victoria Policy Institute will also be searched (<http://www.vtpi.org/index.php>) .
- Networking. Contacting local stakeholders (local authorities, HITRANS, HIE, Transport Scotland) for studies on economic impacts in the region. HITRANS has indicated they will provide a list of local authority contacts. Studies I am aware of include the economic impact of air services, valuing the rail network and the economic impact of the A9 upgrade. Contacting local consultants (Tom Matthews, Naomi Broady and Ann MacGregor) and the broader consultancy industry in general (Mott MacDonald, AECOM, Systra, Arups, Steer Davies Gleave). Contacting other stakeholders like the Department for Transport and Greener Journeys. Utilising overseas contacts in Norway and New Zealand. Some of these contacts will be by phone and others by email.

A list of potential reports and papers will be identified. This list will be narrowed down for relevance to this study by examining abstracts and executive summaries.

The findings of the study will be set out in a report written in an authoritative but accessible style. Three distinct groupings/themes can be envisaged. The first is that based on social values vs monetary/financial impacts, the second based on modes (e.g. bus, air) and the third based on geography (local authority, intra-regional, national/international). It is also intended that an early section of the report would set out what our expectations of the impacts in terms of scale and direction from the theoretical models of transport and the economy. The report will have an executive summary.

A copy of the initial briefing paper will be shared in advance of the Partnership Meeting on 3rd February.

RTS Delivery

Impact - Positive

Comment – This work will help provide an evidence base to support the business cases for investing in local and strategic transport projects identified in the Delivery Plan

Policy

Impact - Positive

Comment – This work helps support the core objectives of the Regional Transport Strategy

Financial

Impact – Positive

Budget line and value – An initial allocation of £5,000 has been made in the HITRANS Business Plan.

Equality

Impact – Positive

Comment – The study will help to provide evidence in support of the retention and development of transport services for the most vulnerable areas and elements of the population within the HITRANS region

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