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Why is appraisal important for the implementation of road user charging?

Appraisal is work carried out in advance of implementing a policy of any kind, such as a road user charging scheme, in order to quantify and assess its expected impacts. It is the process of assessing, in advance of implementing a policy such as a road user charging scheme, whether it will be effective in meeting the city's objectives and, where appropriate, whether it will satisfactorily avoid any constraints which the city places on the scheme.

Appraisal can be used to answer three questions:

- Does this design option have weaknesses which could potentially be improved?
- Which of these design options performs best against our objectives?
- Should we implement the best design option?

What is a good appraisal method?

Three broad types of appraisal method are available:

- Disaggregate methods in which performance against each objective is considered separately
- Multi-criteria methods in which performance against objectives is weighted to reflect the importance of the objective, and aggregated
- Cost-benefit methods in which performance against each objective is assigned a monetary value

Objectives differ substantially in the extent to which they can be measured or be assigned monetary values. In addition some objectives are more important than others and it may be appropriate to assign weights to them. Because the appraisal process stems from predicted information, it will carry a degree of uncertainty. The timescale over which costs and benefits arise will affect the appraisal. In general it is assumed that benefits obtained in the earlier years will be more

valuable than the same benefit achieved in later years. For these reasons, an appraisal method needs to reflect the following:

- the use of targets for some or all objectives, and particularly for constraints;
- the differing degrees to which different objectives can be measured;
- the differing degrees to which different objectives can be valued;
- the assignment of different weights to different objectives;
- the uncertainties which arise both in prediction and in the assignment of weights;
- the relative value of costs and benefits arising in different years.

What further research is needed?

Guidance is needed on how to appraise the complex responses arising from road user charging, particularly given that current appraisal methods deal with marginal changes.

The issue of wider economic benefits arising from road user charging is an area in which appraisal methodology is still being developed. Research is needed to understand the period of adjustment required and how it can be separated from exogenous economic changes.

Changes in accessibility reflected by changes in travel time and cost need to be presented in a disaggregated form as input to an appraisal of equity impacts. While generalised cost may be an appropriate metric for accessibility, it raises the question of how road user charges themselves are perceived and valued.

The appraisal of distributional impacts generally is an area of weakness in appraisal methodology. To be informative to decision-makers the output needs to be kept disaggregated, and based on the estimated impacts on each of a number of predefined impact groups. Guidance is needed on how to select those impact groups, which may differ from one scheme to another, for example depending on the policy on exemptions.

Revenues may be treated as a contribution to general public funds, in which case they can be treated at face value or assigned a shadow cost to reflect the value of their use in an optimal investment package. Alternatively they can be treated as hypothecated to a particular purpose (e.g., the enhancement of public transport services), in which case it is preferable to appraise the package as a whole. Guidance is needed on good practice in this area.

What can we conclude at present?

Appraisal is an essential step in policy development, in that it provides evidence on whether a scheme is worth pursuing, and on whether it can be enhanced. Appraisal needs to be based on the objectives (and any constraints) specified by the city for its overall transport strategy and for urban road user charging specifically.

DOs

Carry out an appraisal of potential scheme designs early in the design process to ensure that the most appropriate schemes are developed further

Ensure that all your city's objectives are reflected in the appraisal process

Use the prediction process to provide the best estimates of likely effects of a scheme

Identify clearly any areas of uncertainty in those predictions

DON'Ts

Do not hide any assumptions made in the appraisal process

Do not use weights or money values for given objectives without ensuring that they reflect decision-makers' priorities

Do not claim too much in the appraisal of urban road user charging schemes

