

3 July 2019

***Please note that the following recommendation is subject to consideration and determination by the Committee before taking effect.***

## RECOMMENDATION

### It is recommended that:

- (a) Arrangements continue for the Officer Group and Senior Officers Group to progress the Economic Connectivity Study with delegated authority.

#### 1. Introduction

This report provides a brief update on work being undertaken to develop an Economic Connectivity Study (the Study) for the South West Peninsula to support the future development of a South West Peninsula Transport Strategy and to help make future cases for sub-regional investment.

#### 2. Proposal

The DfT recommends that STB's conduct an Economic Connectivity Study as a central part in the evidence base for sub-regional investments and the development of a Transport Strategy. However, the Study timescales mean that it is separate from the selection of Major Route Network schemes or Large Local Majors which are currently under consideration.

The Study is an opportunity to step back from day-to-day scheme development and examine the longer term strategic issues facing transport and connectivity across the Peninsula. It seeks to understand how major trends in technology, climate policy and transport behaviour may play out within the Peninsula, as well as exploring more locally specific factors such as tourism, resilience of key arterial routes, high quality environments, and changes to local demography.

'Business as usual' assumptions are flawed. The Department for Transport's TAG guidance provides assumptions that transport schemes must currently be tested against including, for example: that 55% of the car stock will still have petrol or diesel power trains by 2050 – despite a commitment to cease selling such vehicles after 2040.

This is one example of how 'business as usual' appraisal currently fails to take account of trends which are already underway and expected disruptive forces. Other behavioural trends are also reshaping transport – such as a dramatic reduction in driving licence holders among younger cohorts, and the rapid increase in home working. At the launch of the Road to Zero strategy<sup>1</sup>, the Secretary of State for Transport, Chris Grayling said that "We expect to see more change in the transport sector over the next 10 years than we have in the previous century".

An assessment of how these issues could affect the future of transport in the South West Peninsula will be critical to developing future transport strategies and building effective future investment cases. The South West Peninsula geography is an effective scale for approaching issues such as resilience, sub-regional demographic changes and visitor spend because many of the trends identified spread beyond the boundaries of individual local authorities.

To date, the Study has collated and assessed a wide range of evidence from across the South West Peninsula and further afield. This has identified five thematic areas for which future scenarios will be explored:

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<sup>1</sup> The Road to Zero, Next steps towards cleaner road transport and delivering our Industrial Strategy, DfT, July 2018

- **Technology disruptors** including connected and autonomous vehicles, app enabled mobility (e.g. Uber and the emerging Mobility as a Service models) and more established trends such as the growth of online retail.
- **Urbanisation** or changes in spatial patterns of activity across the Peninsula.
- **The world of work** where structural economic trends are affecting business sectors and the occupational mix against the backdrop of regional specialisms.
- **Flexible lifestyles** where people are increasingly working from home or in less structured working relationships such as the 'gig economy' and where the Peninsula has the opportunity to capitalise on digital connectivity to attract high value activities seeking a great environment and work-life balance for staff.
- **Decarbonisation** where binding targets will drive changes in the vehicle stock – and where being prepared (for example through effective planning for electric vehicles) could help to avoid future switching costs for residents and businesses.

The Study has secured access to a version of the South West Regional Traffic Model (SWRTM) from Highways England which will be used (according to the agreed rules established with Highways England) to explore how these trends may play out. The next steps for the Study will be to:

- Develop quantified future scenarios reflecting the thematic areas;
- Examine how these affect transport network demand and strengthen or weaken the case for different types of investments in different areas; and
- Make recommendations for how future trends and connectivity needs should inform the development of future transport strategy within the Peninsula.

### 3. Consultations/Representations/Technical Data

The Strategic Transport Challenges presentation given by AECOM at the inaugural Transport Forum in May 2019 contained discussion of some of the results of the analysis discussed above.

### 4. Financial Considerations

The project plan covering AECOM's work to produce the Study was submitted and approved by the Officer Group in March 2019.

### 5. Other Considerations

This Report has no specific equality, sustainability or legal implications that are not already covered by or subsumed within the detailed policies or actions referred to therein.

### 6. Summary/Conclusions/Reasons for Recommendations

The Economic Connectivity Study is an important component of the Peninsula's case for investment, supporting the evidence presented in the REB and demonstrating to Government that the Peninsula understands how future policies, technologies and behaviours will influence the way people connect and the impact of this on the sub-regional economy. With delegated authority to the Senior Officer Group, work will continue to progress the Economic Connectivity Study.