

The real cost of Travel

A report from Emmerson Hill Associates

All too often, the headline cost of travel is all that people focus upon, when the real costs are hidden away and not appreciated. So whether travel is for work, business, leisure, personal needs or providing essential transport assistance for others, one might need to take a step back and consider the real cost of travel. Here we consider what one might need to think about when assessing or measuring the cost of travelling time, the relative costs of different modes of travel and a sensible measurement of the actual distance travelled, which are all key factors. Then there are the real barriers to travel which make things more difficult for the traveller. We might consider that most journeys are in fact multi-modal, where the traveller might use any number of different forms of transport to get from point a to point b (or “door to door”) which is our view might be the most reasonable way to consider the real cost of travel.

CAR COSTS Some might contend that it costs 45p per mile to travel anywhere by car, regardless



of the type of car used, as this seems to be the headline figure that Her Majesty’s Revenue & Customs (HMRC) considers it will cost for tax purposes – sadly HMRC never index link this to anything, unlike the equivalent IRS in America, who review their car allowance rates each year in line with consumer costs. HMRC expect motorists to choose smaller,

more fuel efficient cars to keep within the so-called Approved Mileage Allowance Payment level – the 45p/mile – which has remained unchanged for quite a few years. This use of the tax system to influence behaviours is not unusual, but does nothing for those who have to travel by car and put up with increasing congestion, pollution from noxious gases, delays and time wasting. In reality personal motoring often costs far more than this, with some cars costing £1 per mile to operate. But that is only part of the make up of costs – say one covers only 10 miles in an hour (not bad using some of our most congested roads) then the HMRC headline cost might be £4.50 but what is an hour of one’s time worth, cost wise? The real cost might be £14.50 including the cost of the car. Then there are car clubs (many offering electric cars) sometimes linked in with so-called rail/bus “keycards” so that cars are made available at destinations on an hourly/daily basis and paid for as used. Quite cost effective travel without the costs of car ownership...



TRAVELLING TIME In looking at the real cost of business travel in particular, how does TIME come into the equation? Well “time is money” so they say, and for most working people, they might need to put a value on their travel time, as well as work time. But if you ask travellers (as we did) how much a day or an hour of their time is worth - or might be costed at - then many will have no

idea. Ask a consultant, or a professional who charges by the hour/by the day, then they will likely be able to tell you exactly what their time is worth – usually because it is chargeable to their clients or offset somewhere in the costs of their business. For some professionals £100 an hour or £1000 per day is a conservative figure and they have to value their time spent travelling as well – and so they do. So everyone should value their time somehow, whether chargeable or not. We have used a notional time cost figure of £10 per hour for our measurement, loosely and informally based on the time people usually spend working/travelling each year, so we arrive at £10 per hour as a figure for someone ‘working’ around 2000 hours each year. In many cases – such as when driving in a car, or travelling ‘cattle class’ on an overcrowded, late train without a seat – travel time is unproductive, apart from the ability to think about work or work related projects.





MODE OF TRAVEL The next area of cost is connected with the mode of travel, with many journeys involving any number of different means to get about – on foot, by bike, bus/coach, train (if you can wait long enough for an overcrowded one



to come along), by air, by taxi, by car, through carshare or by other means. Sadly many employers only consider that one method of travel is used – ie by car, bus or train, and reimburse business travel using some dogmatic fixed rate which fails to consider that more than one method of travel might be adopted. For instance, a business traveller goes to the train station by car (paying a car park or park and ride fee) then gets a train to somewhere near their destination (paying a rail fare), gets a ferry across a river (paying a ferry fare) and gets a taxi to their eventual destination (paying a taxi fare). So for many journeys, four different modes of travel – and charges - are not unusual.

DISTANCE Anyone who uses a SatNav or GPS system will be aware that the shortest distance between two points is not always (and sometimes never) the quickest.



Does one measure the shortest straight line distance, the easiest distance, or the one which takes the least time, regardless of distance? The seasoned traveller will be constantly pondering the answer to these questions, where it will often be sensible to make a diversion in order to avoid the not inconsiderable congestion on our outdated and congested road network.

Measurement of distance alone is not an accurate definition of the total cost involved, but many employers (NHS Trusts for instance) measure car mileage using a GPS based measurement to reimburse their employees, when the distance travelled bears no resemblance to the time it takes to travel that distance. A classic disconnect is the measurement of distance through a town centre rather than around it, often misguidedly applied by employers.

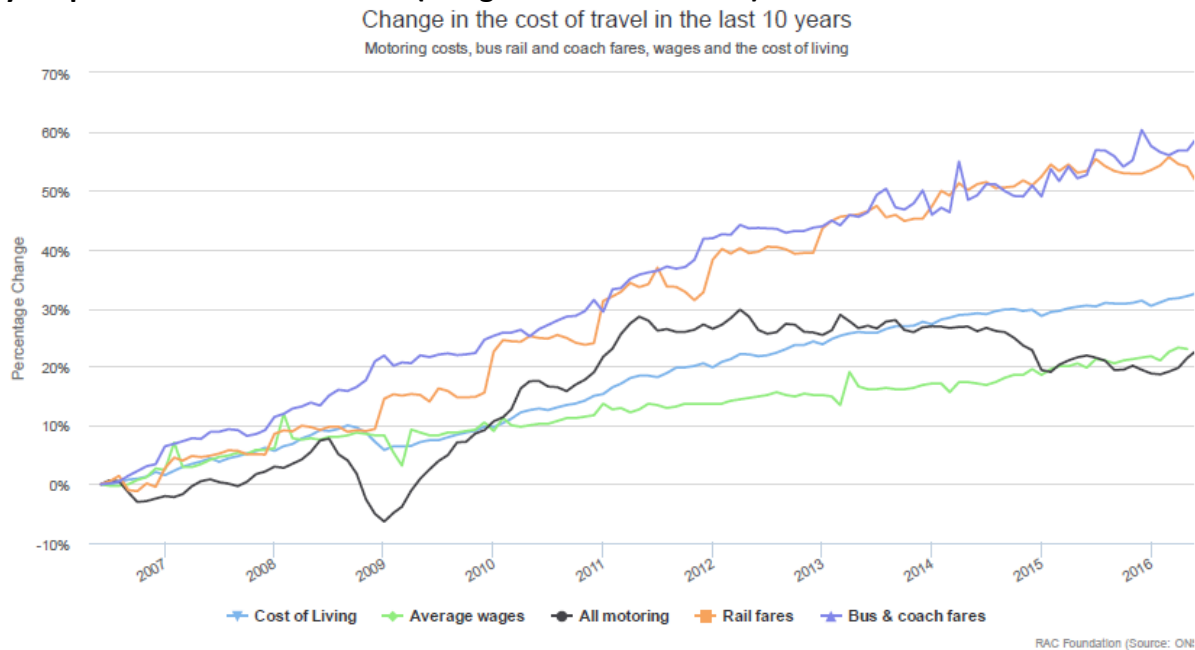
BARRIERS TO TRAVEL Many will argue that our congested roads, poor design layouts, air pollution in cities and overcrowded trains are all created or caused simply by a lack of investment in our road and rail infrastructure.



It goes much deeper than that, since there is plenty of money being invested – too often in private companies who take too much out by way of dividends to shareholders and directors, and fail to invest wisely, or apply commonsense to their planning. A case in point is one created by various highway and local authorities’ “experts” -

some of whom seemingly don’t have a clue about simple road layout improvements, traffic management or moving people around safely and efficiently. As a result we see unintelligent and unnecessary traffic signals sprouting up all over the place, badly designed junctions, cycle lanes and roads which go nowhere, roundabouts with conflicting lane markings and other senseless design flaws, which all add to journey times and act as a barrier to travel by road. In many cases, ordinary motorists can see a cost effective solution to a problem that “experts” cannot envisage - please if you wish, communicate any personal experience of delays and/or simple problem solving suggestions for particular congestion points to us (see separate form). We will collate these into a summary and pass this on to the Department for Transport (DfT). One could write a book about the trains. At one end of the spectrum we have a rail franchise handled by the Government which ran well and cost effectively after being taken over, and at the other a badly run network with cancelled trains and high fares, coupled with militancy and intransigency by both the Union involved and the Rail operator, leaving dissatisfied customers with no other choice of travel. Just announced is the next planned increase in fares – part of a cunning plan, encouraged by the government, to increase fares by a certain percentage (related to RPI) each

year, and linked with no real transparency in how fares are calculated or how cost rises can be explained. So what happened to so-called “smart ticketing” one must wonder, and by how much have travel costs increased? A report by the RAC Foundation analysed the changes in the relative costs of different forms of travel, together with the cost of living and average wages during the ten year period from 2006 to 2016 (using data from the ONS).



From this it can be seen that during the 10 year period the overall cost of motoring has only increased modestly, in line with average wages (just over 20%) and below the increase in the cost of living index (just over 30%), whereas the cost of travelling by train or bus has risen dramatically – by over 50%. Yet for many people, forced to use expensive and overcrowded public transport, there is no choice but to use it and pay more, given there is often no alternative means to get to where they wish to go. It might seem unrealistic for the ONS to directly link bus, coach and train fares with the same rate of increase, as most pre-booked coach (as opposed to bus) services are affordable, always offer seating and an environment in which it may be possible to do some study or work, unlike many buses or trains, where overcrowding, lack of available seats and lateness are the order of the day. The cost of car ownership itself has been kept to a reasonable level, through introduction by manufacturers of smaller, more fuel efficient cars, and whilst some of this advantage may be negated by recent increases in other cost areas, most notably fuel and insurance, costs are seen to have remained affordable. So the conclusion here is that while the increase in motoring costs is reasonable, the unwelcome increases in Bus and Rail fares are not so welcome and for many travellers appear to be wholly unreasonable.

TYPICAL JOURNEY COSTS Here we take a look at a non-commuting journey from Winchester to Birmingham, returning within a week. The return mileage by road is about 260 miles. The most affordable headline return fare by coach is around £50, where the cost by car will be around £117 (using the 45p/mile HMRC rate). Going by train will cost £150 or less, whilst air travel will cost around £200 and - surprisingly - take up most time. Headline costs and travel time are estimates only. The last column includes the cost of travelling time.

Method of travel	Headline cost	Travel time	Cost including time
By Coach	£50	9 hours	£140
By Car @ 45p/mile	£117	5 hours	£167
By Train	£150	5 hours	£200
By Air	£200	10 hours +	£300

JOURNEY PLANNING It takes a canny traveller some considerable time to work through some of our most complex rail and coach fare structures, or to plan their travel by car, using such a badly congested road infrastructure system, in order to establish how to get from door to door by the most cost effective and least time consuming method. It takes an even more canny traveller to calculate or plan what the real cost, including their travelling time, might be. There being no simple “smart” ticketing or fare structure for all trains, it is often necessary to obtain or purchase separate tickets for different parts of the journey, from different rail operators, if one is to benefit from the lowest cost fares.

Is it all worth it? For many travellers, the answer will be yes – but others lack the will, time or resources to research the most cost and time effective travel options, and take the easy route by paying up and putting up with it. For the commuter it is well worth taking time to find out the best, cheapest or quickest way to get to and from the workplace. If this is within a city boundary it might be a reasonably easy task. The public transport situation in most large cities is generally well organised and coordinated, being generally affordable and accessible through so-called ‘smart or travel cards’ used on buses, trains and trams – so many residents don’t need to own or use cars and find it much quicker to use other forms of transport. For the commuter having to travel quite far and from outside a city boundary, journey planning can get much more complicated. Coach cards, bus passes, car clubs and so forth all have their attractions.



THE WAY AHEAD Most motorists living in large conurbations are already finding the cost and practicality of car ownership is being made more expensive and difficult – by authorities restricting or refusing to issue residents’ parking permits, introducing more no-go or no-parking areas, extending congestion charge zones and so forth. Car use in these and other areas is also being made more difficult and expensive - through limited parking time, punitive parking charges, restricted

access to parts of cities, deliberate delaying tactics by Authorities, such as overlong red traffic light phasing, more bus/two person per car only lanes and other actions, calculated to deter car use. Nothing wrong with this, one might argue, if sensible alternatives such as park and ride facilities or rapid bus or tram transit systems are in place. Looking ahead, it is going to become more expensive – whatever the make of car – for motorists to own and use their cars in larger conurbations and cities. Hard to put a figure on how much more it will cost the city motorist in future – but it will be more, for sure.....



Some useful website links:

Helpful Motoring information from The RAC Foundation:

www.racfoundation.org/data

Bus or Coach Travel: www.firstgroup.com/journey-planner

www.nationalexpress.com

Rail travel: www.nationalrail.co.uk

www.thetrainline.com

City Car Clubs: www.enterprisecarclub.co.uk www.zipcar.co.uk

CONGESTION PROBLEMS Are you fed up with always being kept waiting at red lights, badly designed junctions or roundabouts? Have YOU any practical and simple suggestions to improve traffic congestion in your area? Please take a few moments to complete a suggestion form, obtainable from www.emmerson-hill.co.uk/news Comments will be collated and forwarded (anonymously) to relevant Local Authorities and/or their Highways departments for consideration – and will also be summarised for the government/DfT.