consultancy engineering business environment

The House of Commons Transport Select Committee

Inquiry into local roads funding and governance

ACE submission

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Association for Consultancy and Engineering Alliance House 12 Caxton Street London SW1H 0QL
T: 020 7222 6557 F: 020 7990 9202 consult@acenet.co.uk www.acenet.co.uk

ACE Submission

1. The condition of local roads in England in contrast to the rest of the network

1.1 The current condition of local roads in England is mixed. Whilst the proportion of local authority managed 'A' and 'B' roads that should be considered for maintenance has been falling year on year since 2010, the number of unclassified roads that could also be considered for maintenance has remained consistently high.

1.2 One of the key reasons for this is a focus on improving large key pieces of infrastructure determined by the average daily flow on a given route. Priority is given to the Strategic Road Network (SRN) owing to its high volume of traffic, and whilst this maintenance is necessary, failing to redress the imbalance between the most and least busiest routes risks creating a two-tiered road network if increased levels of funding cannot be found for Local Authority (LA) managed roads.

1.3 Much of the Local Road Network (LRN) suffers from not receiving the same degree of long term planning as the SRN, and the quality of these roads suffers as a result. The SRN benefits from broad government strategy in the form of Road Investment Strategy One (RIS1) and Road Investment Strategy 2 (RIS2). Whilst local roads feature in these strategies, it is difficult to give more minor roads the same degree of attention.

1.4 The frequency with which unclassified roads in England are resurfaced varies dramatically. Long intervals between the resurfacing of local roads results in patchwork repairs to sections, resulting in poor ride quality and increases the likelihood of the asset requiring more extensive work in the future. The old age of much of LRN and associated assets is a distinguishing feature of the network and raises certain challenges when replacing or maintaining assets.

1.5 Recent consultations on the creation of a Major Road Network indicate the government's acknowledgement of disparity in quality in terms of roads managed by Highways England and LAs. In conjunction with positive funding commitments for local roads, with £244 million dedicated to 76 projects looking at unlocking 'pinch points', the busiest 'A' and 'B' roads have seen some improvement.

1.6 However, there is still far more to be done if the chronic challenge of under-funding of local roads is to be negated. The value of local roads as feeder routes to the rest of the network should not be undervalued as very few journeys happen exclusively on the SRN. It is critical the quality of LA managed roads allows users to transition seamlessly across the network.

1.7 As the effects of climate change continue to be felt, the level of maintenance required on our roads will increase. Hotter summers and colder winters pose an ever increasingly difficult challenge for our infrastructure assets. Improving the resilience of our LRN to withstand changes in climate will become an increasingly important focus in the future.

2. The direct and wider economic and social costs of not maintaining local roads.

2.1 The first and most obvious impact of failing to maintain local roads is the economic one. There is a strong link between a poorly maintained road network and productivity: failing to maintain local roads to a sufficient standard has an economic impact in terms of vehicle repair costs, wasted staff time as a result of congestion and higher levels of fuel consumption.

2.2 Local roads also serve a diverse range of needs. Not only do they provide connectivity for private motor vehicles, they are also integral to an effective public transport network, especially in urban areas. They are also the start and end for most goods' delivery vehicle routes. The impact the condition of the LRN has on non-motorised users is also not often considered as a consequence of not maintaining the network.

2.3 In order to help determine how the needs of these roads can best be met, it is critical we have greater clarity on the role of the LRN. Understanding the role of this network will help to define how these needs can best be met, as well as help better inform us of what the consequences of not maintaining the LRN are. Many of the less direct consequences can be difficult to identify and may cross regional or district boundaries causing issues in terms of reporting and monitoring.

2.4 Failure to maintain the LRN impacts not only on private motor vehicles, but also on those reliant on local bus services for their mobility, such as the elderly. Poorly maintained local roads threaten the provision of these services and risk isolating those without access to their own private vehicle.

2.5 Similarly, businesses operating within a small localised area are heavily dependent on the maintenance of the LRN for their trade. Where local roads are not maintained to the point at which they can cause damage to vehicles, this can be particularly costly for business owners should their company vehicle require repair work, having a knock-on effect on their business operation.

2.6 Most people live on or in close proximity to the LRN and poorly maintained roads, streets and lanes can have a significant negative impact on the social wellbeing and safety of these people. In rural locations particularly, the connectivity they provide cannot be judged on economic grounds alone, as they keep families, friends and social support circles in contact.

2.7 Poor provision or maintenance of footpaths, cycle lanes, local roads themselves and their associated infrastructure for non-motorised users can put these individuals at risk of harm. The Annual Local Authority Road Maintenance survey reported that councils in England and Wales paid out £7.3m in compensation and a further £21m was spent in staff time between March 2017 and March 2018[1].

2.8 Furthermore, the perceived risks of an unsafe network may also discourage users from travelling on particular routes or from taking up alternative modes of transport, especially

[1] http://www.asphaltuk.org/wp-content/uploads/alarm-survey-2018-FINAL.pdf

cycling where potholes pose a significant safety risk. Similarly, poorly lit areas of the LRN can pose significant safety risks to pedestrians, potentially dissuading them from travelling on a specific route; the illumination of local roads is an area that is not often considered when it comes to local road maintenance and may have a direct influence on people's journey choices.

3 The quality of monitoring and reporting of local road conditions

3.1 National statistics collect only limited data on the condition of local roads. The regional and local variation combined with the scale of the LRN make measuring its condition a difficult task. The range of components and features on the local network make specific inspections difficult and costly.

3.2 Furthermore, the varying monitoring measures used by local authorities for local roads can be problematic. The majority of LAs use visual inspections, often indicating the condition of a given road is much worse than it is. This is part of the reason why the quality of local road reporting can vary in consistency.

3.3 Moving forward it is crucial that the quality of reporting is improved. The first step to monitoring the condition of the network is establishing an accurate and reliable measurement of it. Trying to ensure consistency across LAs would form a key step in standardising our understanding of the condition of our LRN.

4 Approach to local roads maintenance

4.1 LAs often lack the skills or understanding to be able to develop effective strategies for long term local road maintenance. When considered in conjunction with reductions in the budgets for local councils, much of the technical knowledge for creating and implementing these strategies has been lost.

4.2 Similarly, some LAs do not have the right system architecture in place to manage their assets. The first step to this is having confidence in a robust asset inventory on which LAs make informed infrastructure decisions. This will rely on improving the quality of reporting when it comes to assessing the condition of the asset.

4.3 This will require a consistent and continuous level of monitoring. New scanning and monitoring systems could be utilised to establish a true picture of the whole road network. In the past this would have been a daunting task, however, with new technology, this is a much more viable strategy for LAs. Utilising tools such as Google Earth, would help provide a consistent national approach. Whilst there may well be an additional initial cost associated with these systems, the whole life benefits stand to be far more rewarding for LAs.

4.4 Not only would a consistent reporting framework allow conditions to be easily assessed, it would also facilitate comparisons in and across areas. The collection of data in this way would allow budgets to be allocated on real need rather than being subject to quality bids, which only benefit the most capable and informed LAs. It would also aid in

producing a long-term strategy for an authority, identifying where early intervention is needed and subsequently reducing whole life costs.

4.5 Equipping councils with the skills to properly assess and understand the condition of their local roads will be vital if this approach is to be maximised. Increasing the number of skilled highway officers sitting within LAs will be critical to ensure local roads are maintained effectively. Retaining these staff and helping them develop is a key part of ensuring the LRN is well maintained.

5 Local road maintenance governance structures

5.1 The nature of local roads necessitates a different approach to funding and maintenance compared to the MRN and SRN; the considerations required are of a much smaller scale on local roads. What constitutes a local road, the conditions and 'street furniture' on these local roads will vary massively across the country. This is in contrast to what one would expect to find on the SRN which has become increasingly standardised.

5.2 It would be wrong, therefore, to suggest that any new approach to maintaining local roads should aim to entirely emulate the planning or governance that is in place for the SRN. Instead elements of strategies in place for the SRN, such as the Road Investment Strategy, should be considered by LAs and adapted for the LRN. It is however, unreasonable to expect LAs to be able to develop long term strategic plans for their LRN in isolation of one another. Therefore, LAs could create regional collaborations similar to the Midlands Highway Alliance, to collectively devise strategic plans for their LRN.

5.3 The LRN would also benefit from an increase in visibility to long-term funding to support improved levels of investment in maintenance. Interventions that better consider whole life costs would help make targeted improvements and smooth the profile of works. Confidence in the long-term budget availability for local roads maintenance would provide significant assurance for local authorities and improve outcomes for the users of the network.

5.4 A more holistic approach to planning and funding would be of significant benefit to the LRN. The current process of bidding for funding from the Government by local authorities prevents LAs from having a programme of continuous improvements or interventions on the LRN. This system also has the outcome of rewarding the LAs who have the ability to develop the most nuanced and cost-efficient bid. As a result, much of this funding flows into the same councils, creating pockets on the network that receive more funding than others.

6 Funding requirements for local roads

6.1 Current funding for local roads stems from a multiplicity of sources, and this contributes to the piecemeal approach to maintenance of the LRN. Central government grants that LAs rely heavily on come from either DfT or MHCLG. Other sources of funding include

EU structural fund grants, the national lottery, private developers and leaseholders, to highlight but a few, demonstrating the fractured nature of local road funding.

6.2 Furthermore, many of a LA's problems with funding arise because local road budgets are not ringfenced, resulting in these budgets being used to prop up other areas of the council with limited funding. This is especially the case where the delivery of essential services, such as health and social care, are concerned. Local road maintenance, in comparison, can be deferred meaning only the most pressing maintenance requirements are addressed. The result of this is quieter local roads are underfunded and can get neglected.

6.3 In conjunction with this, ACE foresees a funding crisis for England's road network in the future in general: declining revenues from VED and fuel duty as the uptake of electric and more fuel-efficient vehicles increases will have a detrimental impact on our ability to fund the maintenance and renewal of our road network. This will impact upon local roads but will also have significant effects on the SRN and MRN as this pot of funding dries up in the future.

6.4 Whilst England's largest and most important roads have the profile and patronage that will ensure their funding continues, the same does not apply to England's local roads. The importance of maintaining local roads cannot be understated and it is imperative the funding arrangements recognise that all England's road classifications have a symbiotic relationship.

7 Alternative funding models for local roads

7.1 To avoid local roads falling behind, the establishment of a Local Roads Fund to pay for road maintenance and improvements would go some way to mitigating this risk. A Local Roads Fund, structured in a similar way to the National Roads Fund for the SRN and the proposed MRN, would be a very effective approach for the Government to provide funding for local authorities, local highway authorities or city regions to exclusively invest in improving local roads.

7.2 Funding from a Local Roads Fund would need to be ringfenced and split between road improvements and road maintenance. For road improvements, the Government could structure the fund in a way that encourages local authorities to bid for funding by demonstrating how the investment will unlock productivity, ease congestion, improve connectivity and support rural communities, thus bringing benefits to the entire road network. For road maintenance, a funding model could be established based on the number of miles of local roads in a local authority or other similar measurements as a basis.

7.3 To ensure the Local Roads Fund is effective, the Government could follow a similar model as the Local Highways Maintenance Incentive Fund where local authorities are to complete self-assessments to demonstrate their need and how they spend funding in a value for money way. This would also necessitate an improvement in reporting standards on local roads. Crucially a mechanism will need to be established in order to

asses where the priorities are within a LA, taking into account the condition of these roads. This will help LAs to make informed decisions based on the amount of work required to maintain the road to an acceptable standard when allocating any portion of the Local Roads Fund.

7.4 Funding for local roads should also consider the impact following major climactic events, for example, such as flooding, severe winter weather or significant damage to bridges. In some cases, events may cause communities to become isolated and these roads should be cleared as priority using relief funding. Where funds are made available in such scenarios to areas of the LRN, these should consider the scale of disruption caused to the local road, connecting routes and on local communities. Any future interventions in areas of the LRN should consider the resilience of these areas of the network and takes steps to reduce their susceptibility to climactic.

7.5 A proportion of Fuel Duty would be an ideal revenue stream for the Government to ringfence for the Local Roads Fund, particularly as this is a tax collected from the use of vehicles predominately on local roads.

7.6 However, Fuel Duty and VED are at risk of becoming empty pots of money due to the uptake of hybrid and electric vehicles in the UK. Any ringfenced funding from Fuel Duty will need to consider reductions in revenue from Fuel Duty in the future. This prospect is extremely positive for the environment, but the Government must address this decline in revenue to ensure the road network is adequately funded. While some minor changes to VED will help, the real challenge will be replacing Fuel Duty with a viable and long-term revenue source. The scale of this challenge, which currently represents 1.4% of the UK's GDP, means the Government must prepare for a post-Fuel Duty world now, and it is our view the clear answer is the introduction of dynamic road user charging.

7.7 In the past the idea of taxing vehicles at the point of registration through VED or at the pump through Fuel Duty made a lot of sense: it was the fairest way to ensure the cost of the road network was spread amongst all users with the limited technology available. However, today there are a range of new technologies that can allow us to tax vehicles in a smarter way, as seen with the introduction of London's Congestion and T-Charge.

7.8 The concept of dynamic road user pricing has received a mixed response from the public to date, predominately around the cost to individuals and the fear people will be priced off of the road. This need not be the case, in fact people could be incentivised to drive on local roads if they could see the link between their use and the funding to improve them.

7.9 Dynamic road user charging represents the best alternative to the taxes currently being collected and it is imperative the government starts seriously considering and work on implementing a form of dynamic road user charging.

7.10 ACE has previously published a report on the benefits of dynamic road user charging. A link to the report can be found here.

About ACE

As the leading business association in the sector, ACE represents the interests of professional consultancy and engineering companies, large and small, in the UK. Many of our member companies have gained international recognition and acclaim and employ over 250,000 staff worldwide.

ACE members are at the heart of delivering, maintaining and upgrading our buildings, structures and infrastructure. They provide specialist services to a diverse range of sectors including water, transportation, housing and energy.

The ACE membership acts as the bridge between consultants, engineers and the wider construction sector who make an estimated contribution of £15bn to the nation's economy with the wider construction market contributing a further £90bn.

ACE's powerful representation and lobbying to governments, major clients, the media and other key stakeholders, enables it to promote the critical contribution that engineers and consultants make to the nation's developing infrastructure.

Through our publications, market intelligence, events and networking, business guidance and personal contact, we provide a cohesive approach and direction for our members and the wider industry. In recognising the dynamics of our industry, we support and encourage our members in all aspects of their business, helping them to optimise performance and embrace opportunity.

Our fundamental purposes are to promote the worth of our industry and to give voice to our members. We do so with passion and vision, support and commitment, integrity and professionalism.

Further information

For further details, please contact:

Daniel Hyde
Policy Manager
ACE Policy and External Affairs Group
dhyde@acenet.co.uk
www.acenet.co.uk