

Chartered Institution of Highways & Transportation response to the Transport Select Committee Inquiry into local roads funding and governance

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CIHT is a charity, learned society and membership body with over 14,000 members spread across 12 UK regions and four international groups. We represent and qualify professionals who plan, design, build, manage and operate transport and infrastructure networks. Our vision is for world-class transportation infrastructure and services. Our values are to be Professional, Inclusive, Collaborative and Progressive.

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Introduction

1. CIHT welcomes the committee's inquiry into local roads funding and governance as timely and important. We are currently undertaking a review, led by our current President, Matthew Lugg into many of the issues that the committee is considering. CIHT would be happy to share the findings of that review as it develops over the next few months
2. Our 14,000 members work to build, maintain and operate the UK's roads and have identified three major areas which need to be addressed to deliver a functional local road network, which promotes economic growth, strong communities and environmental benefits. Those are:
 - The scale of the maintenance problem is not understood comprehensively and consistently.
 - The local highway network (LHN) has a complex range of purposes which are not fully understood and therefore not managed or funded appropriately.
 - The current funding system is not fit for purpose and without change will not provide appropriate levels of service.
3. CIHT argue that these issues can only be solved by government clearly defining the role of the transportation network in delivering the policies of the government, demonstrating how the national and local works together and setting out a clear framework for the responsibility and accountability.
4. In total there are 152 local highway authorities (LHAs) in England, mainly comprised of County Councils, Unitary Authorities, Metropolitan Boroughs and London Boroughs. These have seen an estimated 37% real-terms reduction in Government funding from 2010-11 to 2015-16¹ which has had a knock-on effect on the LHN. Ad hoc injections of capital in response to major events have improved capital funding but revenue has been harder hit. The LHN accounts for 98% of England's total road length, carries around two-thirds of all traffic and is estimated to be worth around £400bn – the largest of any local authority asset
5. Government acknowledges the importance of local roads, but often seems unclear on how to tackle the challenges it faces. CIHT believes that there needs to be a rethink of how we manage and pay for the LHN to ensure that it is better, safer and sustainable for the future.

The condition of local roads in England and how they have fared over time

6. The condition of the LHN is complex to assess due to the number of authorities involved, variety of standards and range of data needed, this means that an overall picture of the situation is difficult to draw. However, it remains a familiar topic in politics, the media and everyday conversation. Highly-visible failings in the form of potholes are highlighted regularly, particularly after challenging weather events, such as freezing temperatures or heavy rainfall.
7. The Department for Transport collates statistics provided by LHA in a statistical release each year on Local Road Condition which describes a generally improving situation *for carriageway condition* on the classified parts of the network and a broadly stable position on the bigger unclassified part of the network. However, the data does not include the other

¹ NAO [‘The impact of funding reductions on local authorities’](#) page 4

elements that make up the local highway asset i.e. bridges, footways, drainage and streetlighting and there are major differences in how LHAs measure unclassified assets.²

8. These statistics appear to reflect the impact of improved capital funding in recent years which allow highway authorities to address those lengths of carriageways that need treatment, directly impacting on the statistics. While deterioration is inevitable, good initial construction and an effective maintenance regime can slow the process and reduce the frequency with which major repairs or reconstruction are required.
9. However, the overall condition of the LHN is subject to a wide range of significant factors outside of planned funding limits; including;
 - Weather conditions, extremes of temperature, rainfall and extreme events both in summer and winter have significant impact on carriageway condition over wide areas.
 - Use of the network, in particular by heavy goods vehicles (HGVs) which cause higher levels of damage to the carriageway.
 - Underlying deficiencies in the initial construction and long-term maintenance as many local roads were not built to modern standards (being converted from tracks or cobbled lanes) and have simply been patched-up and occasionally resurfaced over time

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

10. There has been some limited work carried out in this area that demonstrates the value of investing in highways maintenance, but it is hampered by traditional appraisal methodologies, developed for justifying capital expenditure of new infrastructure. It is only when parts of the LHN are not available such as with long-term roadworks or extreme weather events removing parts of the network that the true costs to communities and the national economy becomes clear.
11. In contrast to the Strategic Road Network (SRN) which necessarily focuses on moving motor vehicles between places, the LHN is often a destination in its own right. The homes, workplaces, shops and other facilities it hosts mean that it must accommodate a wider range of user purposes.
12. The balance among these sometimes competing uses also changes over time as communities and priorities develop. For example, in town centres, the desire to create an attractive environment may outweigh the importance of maintaining traffic capacity or health objectives may see highway space reallocated to favour buses, cyclists or pedestrians.
13. This complex mix of uses is not properly recognised in policy terms by government with the result that use of funding is not considered holistically and so may not be used effectively. By way of example we do not have a consistent way of assessing footway condition nor do we measure the number of injuries arising from slips, trips and falls on our footways, nor the financial impact in social and health terms of better investment in footway maintenance.

² Transportation Professional '[Future scanning to improve road condition](#)' May 2017

14. CIHT's review of Shared Space³ found there was little evidence of how the needs of all in our society are provided for when street redesign is carried out and made a series of recommendations to government in this regard.
15. CIHT further believes that transport resilience assessments (by all transport asset owners: highways, rail, aviation) should be made a statutory requirement to identify the UK's vulnerable areas.

The quality of monitoring and reporting of local road conditions;

16. As discussed above there is a widespread understanding amongst the public that the overall condition of the network has deteriorated in recent years, yet there is no objective assessment of the scale of the funding and maintenance gap. There are a range of useful surveys by bodies such as the AIA, RAC, NHT, LGA and UKRLG but none are sufficient to provide the detail needed to develop a structured approach to addressing the issues or compare between authorities.
17. At a basic level highways authorities have different standards for road damage, there are limited published indicators and work on calculating the value of the LHA as an asset has not translated into better funding or management. This hampers effective maintenance strategies which should be informed by evidence and understanding of the assets.

Is the current approach to maintenance of local roads appropriate?

18. CIHT argues that there are missed opportunities to improve our current approach and ways of working at the local and national level, such as;
 - Longer-term planning – bidding for money on an annual or scheme specific basis does not allow for the stability of investment to bring down costs and encourage investment in equipment and skills. Certainty of investment and clarity of the pipeline of works anticipated is fundamental to the ability of the supply chain to deliver a significant programme of investment in an agreed timescale.
 - Better reinstatements - numerous uncoordinated utility companies have rights to dig up the roads to access water, power and telecoms infrastructure. The quality of reinstatement is inconsistent, while even good repairs reduce the 'healthy' lifespan of a surface.
 - Risk based asset management - LHAs have been inconsistent in their application of modern asset management practices and work needs to be done on spreading best practice.
 - Major events resilience - rare and unpredictable weather events can aggravate major deterioration, particularly where maintenance has been only adequate for 'normal' conditions. While LHAs performed admirably during the recent winter weather there is a need to ensure the resilience of the local network afterwards.

³ CIHT '[Creating Better Streets](#)' 2017

The suitability of governance structures for maintaining local roads and whether any changes are required

19. CIHT have been supportive of the governance and funding changes made to the SRN in recent years. These changes have brought about a clear recognition of how the network is used, better service performance and increased customer satisfaction and have provided that network and the people that provide services to it with;
 - Certainty and continuity of funding
 - Clear standards and process
 - Regular monitoring of performance
 - Effective enforcement of standards and performance
20. CIHT has also welcomed proposals for the creation of a major roads network to sit alongside the strategic network and we believe that it is important that the LHN is given the same support.
21. A key example of unsuitable governance structures is the way in which utilities access and reinstate the highways. The highway network is used for a range of functions including those that run underneath it, and managing sub surface water, electricity, gas, broadband, and sewage assets means digging up parts of the road network and then reinstate the highway network affected. This causes surface, visual and structural deterioration resulting in the need for significant premature maintenance of carriageways and footways which is currently having to be funded from existing highway budgets. The total additional maintenance cost due to reinstatements in England was estimated to be £1.3 million per a local authority, or 11 per cent of their carriageway maintenance budget each year.⁴
22. CIHT believes that better governance structures over access to highways will lower the short and long-term impacts of highway openings. A fit for purpose system will;
 - Ensure a safe network for road users and road workers
 - Incentivise good planning between local authorities and providers
 - Encourage innovation and more efficient ways of working for both utilities and local highway authorities.
 - Ensure the long-term quality of reinstatements
23. CIHT argues that a 'polluter pays' approach is reasonable and justifiable approach to use for funding, that there is support for a method of recovering funding to deal with premature maintenance issues and that it is possible to determine an equitable means of apportioning the costs with those opening the highway that have contributed to the subsequent condition of the street.
24. A charge structure has been proposed to be levied against those opening the highway to recover the additional maintenance costs incurred and supplement increasingly overstretched maintenance budgets. The consequences of reinstatements are highlighted as part of the Traffic Management Act 2004 with an explanation of the concerns being covered in the associated Regulatory Impact Assessment which comments that *'there is a long-term benefit in preserving the integrity of the highway and improving its visual appearance. It is fair that those who play a part in shortening the life of the road and*

⁴ AIA Survey page 13

undermining its visual appearance contribute towards remedying the detrimental effects they are responsible for’.

25. More details on the effects of reinstatements and the justification for user charges can be found in the appendix.

The funding requirements of local roads and the suitability of current funding streams for the immediate and longer-term future

26. There are three key flaws in the current system of funding local highways that need to be addressed to ensure that our local highways are properly managed and invested in. The trade off’s local authorities make between services, the inconsistency between capital and revenue expenditure, and the lack of a relationship between usage and payment.

The local authority dilemma

27. The current system of funding is the result of increasing freedom for local government as funding became increasingly less ringfenced in order to allow local authorities more freedom in spending their money and more ability to respond to local priorities. However, this has forced local authorities to decide between spending on adult social care and children’s service and other services, including highways maintenance. This sharing of a fixed pot means that local road maintenance will ultimately receive less funding than required to deliver a serviceable network.
28. Figures published by the Ministry of Housing, Communities & Local Government⁵, show that local authorities underspent by over £240 million out of the funds forecast to be spent on highways and transport in 2017-18. And that local authority maintenance spending on B roads, C roads and unclassified routes in 2016-17 was at its lowest amount in a decade⁶
29. Much of that money would have been spent on preventative maintenance and the inability to proceed with that will have financial consequences. The cost of a treatment like surface dressing (a simple method to improve safe skid resistance, water proofing and frost protection) can vary from £1.50 per square metre to over £15 per square metre in “*extreme cases*.”⁷ The cost-life index frequently shows that techniques like this provide financial savings even in the short term and has other benefits in terms of planning and amenity value.
30. CIHT argues that undertaking regular and timely maintenance is a more sustainable and cost-effective approach than allowing carriageways and footways to deteriorate to a state requiring more costly intervention. Intervention will extend the service life of highways, delay the need for structural maintenance and improve the user experience. The poor condition of the local road network proves that an approach of reactive patch-and-mend rather than long-term prevention is not economically sustainable or socially desirable.
31. This contradiction is particularly highlighted in authorities where the highways authority has reduced all highway maintenance down to a ‘statutory minimum’ and eliminated a large proportion of non-immediate work. This has already resulted in weight restrictions over bridges harming the reliability of the local network.⁸ With other local authorities approaching

⁵ MHCLG, ‘[The Local Authority Expenditure and Financing 2018-19 Budget: England](#)’ 28/06/2018

⁶ DfT, ‘[Road Conditions in England 2017](#)’ 18/01/2018

⁷ RSTA, ‘[Guidance note 2014: When to surface dress](#)’ Paragraph 2.6

⁸ Northamptonshire Telegraph ‘[Council says it cannot afford to repair major route into Oundle](#)’ 10/05/2018

similar situations the fear from our members is that we are building up a major maintenance backlog for the future which will cost more to put right.

Inconsistent funding mechanisms

32. The balance between capital (new construction and capital maintenance) and routine revenue maintenance is often sub-optimal. This has particularly been the case in recent years, and the position is expected to worsen as unprotected revenue allocation from Ministry of Housing, Communities and Local Government continues to decline.
33. There are twelve ways in which highways authorities can apply for funding and there are almost entirely separate methods of receiving funding for new developments as there is for maintenance and renewals. These different funds are the initiatives of a number of ministers and departments, which has resulted in a complex and inefficient approach.
 - Transformational Cities Fund
 - National Productivity Investment Fund
 - Housing Infrastructure Funding
 - Local Major Funds
 - Safer Roads Fund
 - Potholes Action Fund
 - Local Highways Maintenance Funding – Needs Element
 - Local Highways Maintenance Challenge Fund
 - Local Highways Maintenance Incentive/Efficiency Element Funding
 - Local Growth Fund
 - Sustainable Travel Access Fund
34. CIHT argues that funding mechanisms need to be designed to drive efficiency and value for money by providing certainty for local roads funding on similar lines to the strategic network and by ensuring an optimum balance between revenue and capital.
35. The relationship between capital and revenue funding means that it can be easier for local government to obtain money for new developments and capital improvements, rather than revenue funding to put robust maintenance policies in place to maintain existing infrastructure. This can be seen in the development of the Major Roads Network which envisions funding new bridges and bypasses but has no additional dedicated funds to maintain them. CIHT believes that the sector needs to better understand the total lifetime expenditure of what we do to provide long term value for money and to properly plan for the future.

Is there a role for alternative funding models for local roads maintenance and investment?

36. CIHT recognise that this is a challenging time for the government and welcomes government recognition there is a need for infrastructure investment to both support and grow the economy. However local government can only increase spending through, taxes, borrowing or user charges and there needs to be a discussion over what will be sustainable in the long term.
37. CIHT argues that parliament, government and local authorities have not settled the question of how we can pay for better, safer, more reliable roads in a way that is fair to road users and good for the economy and the environment. Doing so means seriously engaging

with the topics of road user charging and demand management. There is currently no relationship between using local highways and paying for them, despite some users such as utilities and freight companies having a disproportionate impact.

38. This means that despite the huge value of the LHN, it is effectively a liability without a clear return on investment for local authorities.
39. CIHT welcomed the introduction of a hypothecated roads fund to support the SRN. We believe that principle should be extended to the LHN and there needs to be a proper consideration of how we fund our local highway network for long term sustainability and encourage long term maintenance and planning.

The regional distribution of local roads funding across England.

40. The statistics provided by government do compare the condition of carriageways in different authorities but as outlined above these are limited in the conclusions that can be drawn. The other surveys referred to above allow some comparison of individual authorities, but little analysis is available on regional differences.

Conclusion

CIHT supports the committee in its work and would be pleased to contribute further. We have outlined our current work in reviewing local roads governance and funding, carried out by Matthew Lugg, OBE and would be pleased to share that with the committee as it develops.