



URBAN TRANSPORT GROUP

Evidence submission

Inquiry on local roads funding and governance

Transport Committee

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1. Introduction

- 1.1. The Urban Transport Group brings together and promotes the interests of Britain's largest urban areas on transport. Our full members are Merseytravel, Nexus (Tyne and Wear), South Yorkshire Passenger Transport Executive, Transport for Greater Manchester, Transport for London, Transport for West Midlands and West Yorkshire Combined Authority.
- 1.2. Our associate members are Nottingham City Council, Strathclyde Partnership for Transport, Tees Valley Combined Authority and the West of England Combined Authority. Between them our members serve over 24 million people. This evidence is on behalf of our full members.
- 1.3. Our members plan, procure, provide and promote public transport in some of Britain's largest city regions, with the aim of delivering integrated public transport networks accessible to all.

2. Response

Summary

- 2.1. We welcome this timely inquiry into the condition of local roads. Properly maintained and efficiently utilised, local roads are the veins and arteries which enable the smooth flow of people and goods in and out, generating growth and prosperity. Local roads are an asset used and relied upon by everyone – two-thirds of all motorised traffic as well as every pedestrian, cyclist, bus and tram passenger.
- 2.2. They are particularly important in large conurbations which concentrate high volumes of economic activity in relatively small areas. Traffic density in the largest city regions outside London is 70% higher than elsewhere in England outside London¹. This means that benefits from improved road conditions are likely to be highest in urban conurbations, something that should be reflected in any future review of funding.
- 2.3. There is a good deal of evidence to suggest that public spending on improved road conditions represents good value for money. Yet, figures show that a significant proportions of local roads are in urgent need of repair. In the city regions outside London² alone, DfT statistics show that 5,170km (13%) of local roads are in urgent need of repair³, a figure comparable to the distance from Liverpool to New York (5,320km).
- 2.4. This state of affairs is the result of both a decline in revenue funding and a short-term, competition heavy approach to maintenance budgets by central government, making it difficult to consistently implement an asset management approach characterised by planned, proactive and preventative interventions.
- 2.5. Following decades of under-investment, a roads maintenance backlog has built up that would take 14 years and £9.3bn to clear in a one-time catch-up⁴.
- 2.6. Investment is needed now to enable our local roads to reach their potential to smooth the path for economic growth as well as prepare for near and long-term future challenges

¹ *pteg* (2015) A Bumpy Ride: The Funding and Economics of Highways Maintenance on local roads in the English City Regions.

² Greater Manchester, Merseyside, Tyne and Wear, South Yorkshire, West Midlands and West Yorkshire.

³ UTG calculations based on DfT Statistics Tables RDL0202, RDC0120 and RDC0130.

⁴ Asphalt Industry Alliance (2018) Annual Local Authority Road Maintenance Survey 2018



including climate change, the desire to increase levels of walking and cycling and the introduction of connected and autonomous vehicles.

- 2.7. We believe there are four things that government can do to enable local roads to be brought up to the required standard and be future-ready:
- Provide greater long-term certainty and stability over highways maintenance funding.
 - Front-load funding over the next spending review period to enable an accelerated programme of maintenance spending.
 - Allow greater flexibility for local highway authorities on how overall maintenance funding is allocated between different types of activity over time.
 - Review the formulas used to allocate funding between authorities so as to reflect need and potential economic contribution.

The condition of local roads in England and how they have fared over time, particularly compared with other parts of England's road network

- 2.8. The poor condition of local roads over time is well documented, not least in the Annual Local Authority Road Maintenance Survey which reports that more than 24,000 miles of road are in need of repair in the next year and that one in five local roads could fail in the next five years if no action is taken.
- 2.9. The latest DfT statistics suggest a downward trend in the length of local roads in need of repair. However, this improvement is set against many years of underfunding. Indeed, the Asphalt Industry Alliance calculate that a one-time catch-up to clear the backlog and get local roads back to a reasonable steady state would take 14 years and cost £9.31bn⁵.
- 2.10. In the city regions outside London⁶ alone, DfT statistics show that 5,170km (13%) of local roads are in urgent need of repair⁷, a figure comparable to the distance from Liverpool to New York (5,320km).
- 2.11. Lower grade roads are in particularly bad condition, with 4,839 kms (15% of unclassified city region roads) in need of repair. Unclassified roads make up the majority of the network but have suffered as councils prioritise their limited resources on the busiest, most economically important routes.
- 2.12. By way of comparison, 206km (4.8%) of the entire Highways England road network requires further investigation for possible maintenance⁸, a figure equivalent to the distance from Birmingham to London.
- 2.13. A survey of our members also highlighted the maintenance of bridges and other highway structures as a major challenge, with many large structures built in the 1960s and 1970s becoming life-expired and in need of costly repairs or complete replacement.

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

- 2.14. The poor condition of local roads and the lack of funding for maintenance imposes direct costs on road users and society at large. These come in the form of higher vehicle operating

⁵ Asphalt Industry Alliance (2018) Annual Local Authority Road Maintenance Survey 2018

⁶ Greater Manchester, Merseyside, Tyne and Wear, South Yorkshire, West Midlands and West Yorkshire.

⁷ UTG calculations based on DfT Statistics Tables RDL0202, RDC0120 and RDC0130.

⁸ UTG calculations based on figures in Highways England Annual Report and Accounts 2017-2018.



and replacement costs, increased risk of accidents, longer journey times, air and noise pollution and loss of weather resilience. This is particularly true for our city regions where local road networks have a key role to play in supporting economic and social goals.

- 2.15. Urban roads need to accommodate large volumes of buses, pedestrians, cyclists and, in some cases, trams, alongside cars, vans and lorries. Manufacturing and construction traffic also relies heavily on urban road networks.
- 2.16. Furthermore, because economic activity is densely concentrated in urban areas, the transport network needs to carry larger volumes of traffic using less road infrastructure. Traffic density in the largest city regions outside London is 70% higher than elsewhere in England outside London⁹.
- 2.17. Cycling levels are also higher in our towns and cities than elsewhere. All road users are affected by poorly maintained roads, but cyclists are particularly vulnerable – poor road surfaces can be a matter of life and death. Cycling UK reports that between 2007 and 2016 in Great Britain, a ‘poor or defective road surface’ was recorded by police at the scene as a ‘contributory factor’ in incidents in which 22 cyclists died and 368 were seriously injured¹⁰.
- 2.18. Growing numbers of cities are seeking to restrict motor traffic and create ‘Healthy Streets’ which encourage walking and cycling. To do so will require smooth, defect-free roads. As Cycling UK point out, potholes, ruts, loose gravel, ice and spills not only make cycling uncomfortable, but can cause serious, sometimes fatal injuries.
- 2.19. Reliable, safe, well-maintained roads are vitally important in achieving the vision of healthy, prosperous places. They enable agglomeration economies and contribute significantly to higher productivity in dense urban areas. Benefits from improved road conditions are likely to be highest in urban conurbations, something that should be reflected in any future review of funding.
- 2.20. The DfT, Transport Scotland and local authorities (notably in the West Midlands) have all sought to quantify the economic value of highways maintenance spending. Their analyses suggest that maintenance spending is below its optimum level and that a higher level of spending would more than pay for itself. The West Midlands Road Condition Study suggested that an increase in funding, largely in the form of an accelerated maintenance programme, would generate economic returns of £6.50 for every £1 of tax-payers money.
- 2.21. ***To facilitate the kinds of accelerated programmes of maintenance that generate optimum economic returns, maintenance funding should be front-loaded over the next spending review.*** This would lead to a gradual reduction in expensive reactive maintenance and ensure a more cost effective use of future maintenance funding.

Whether the current approach to maintenance of local roads is appropriate and whether it needs to be improve

- 2.22. Most local authorities strive for an asset management approach to the maintenance of local roads which looks to take planned, proactive and preventative measures to ensure the ongoing quality. However, implementing such an approach consistently is difficult in the context of inadequate levels of funding and a lack of long-term funding certainty.

⁹ *pteg* (2015) A Bumpy Ride: The Funding and Economics of Highways Maintenance on local roads in the English City Regions.

¹⁰ <https://www.cyclinguk.org/campaigning/views-and-briefings/highway-maintenance>



- 2.23. Local authorities continue to explore ways of ensuring that the funds available are used to best effect. This might involve, for example, conducting as much asset renewal as possible at the same time as other road or junction improvements thereby making best use of resources and minimising disruption for road users.

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

- 2.24. The evolving governance landscape at local level offers a significant opportunity to make more effective use of highways maintenance funding. The shift to Combined Authorities and greater devolution of powers and funding to the local level could enable a more integrated and cost effective approach to the management and development of the entire transport network.

2.25. Greater flexibility for authorities over how overall maintenance funding can be allocated between different types of activity and over time (e.g. revenue versus capital; timing of expenditure; borrowing) and better alignment with economic goals could potentially allow even greater outcomes to be achieved.

- 2.26. More specifically, the government should review the classification of maintenance-related spending into capital and revenue budgets. Local authorities should also be allowed to vary the amount of maintenance spending year-on-year, within a long-term funding envelope. Under-spend from any ring-fenced grants should be capable of being carried over and local authorities should be free to borrow against future grant funding so as to bring forward spending where appropriate.
- 2.27. Local authorities are closest to communities and are best placed to decide where, when and how local roads funding can be spent to complement wider goals and achieve best value for money.

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

- 2.28. National roads and motorway maintenance receive 52 times more funding than local roads¹¹. This is despite the fact that, as the call for evidence highlights, local roads carry two-thirds of motor traffic and almost all cyclist movements. Local road networks also carry the vast majority of bus and tram journeys.
- 2.29. In a recent survey of our members, the inadequacy of funding for road maintenance was repeatedly raised. Many core cities report that they have historically spent more than the central Government allocation for road maintenance, something that they can ill afford to do and that is still insufficient to address the scale of work required.
- 2.30. Strategic, planned, preventative and pro-active renewals and maintenance using an asset management approach is considered good practice, but inadequate levels of funding from central Government can make this difficult to achieve consistently.
- 2.31. Current funding streams continue to be short-term and subject to numerous ad hoc competitions which generate bureaucracy and waste precious resources. This contrasts with spending programmes for national road networks which are based on long-term funding plans and settlements.

¹¹ LGA (2018) Local Government Association briefing: Debate on potholes and road maintenance



- 2.32. ***The Government should provide greater long-term certainty and stability over highways maintenance funding.***
- 2.33. Local roads can be fairly long-lived assets, and several years may pass between major maintenance interventions. Funding cycles of at least five years or, ideally, ten years or more would therefore be most appropriate.
- 2.34. Long-term funding certainty enables effective asset management, where renewals are planned and proactive. It allows a considered approach to ranking and delivering priorities and ensures preventative measures can be taken to tackle road maintenance issues before they become serious and costly. By way of illustration, the average cost to fill one pothole as part of a planned, proactive approach is £49. The average cost of filling a pothole reactively is £74¹².
- 2.35. It is important to note that the majority of highways maintenance funding for local roads does not come from DfT but from a combination of Ministry of Housing, Communities and Local Government (MHCLG) grants (including Formula Grant and re-distributed business rates); Council Tax; and other local sources of income, such as car parking charges. Whereas most DfT funding can only be used for capital spending, funding from MHCLG and local sources typically offers greater flexibility. Given that the majority of local government maintenance spending is classified as revenue (including fixing potholes and other minor repairs) these sources of funding are critical to ensuring roads remain in an acceptable condition.
- 2.36. However, revenue spending has seen deep cuts, with the prospect of more to come. The proliferation of competition funding and the decline in block revenue funding creates additional pressures.
- 2.37. Investment is needed now to ensure we are prepared for the near and long-term challenges of the future – chief amongst these are climate change, increased levels of walking and cycling and the introduction of connected and autonomous vehicles (CAVs):
- The effects of **climate change** are already being felt. Wetter winters and hot, dry summers could create a perfect storm for road maintenance. A road surface's biggest enemy is water. Once a small crack begins to form, for example, as the result of traffic, this allows water in. Once water has penetrated, it begins to wash away the road surface and the crack grows and – if unaddressed – becomes a pothole. The cycle of freezing and thawing during the winter accelerates this process, as do wide variations in temperature.
 - As noted above, many urban areas are seeking to restrict motor traffic and **increase levels of walking and cycling**, including through the application of 'Healthy Streets' principles. In the long-term, this could result in less damage to the road surface as fewer heavy vehicles pass over it. However, in the meantime, investment will be needed to ensure road surfaces are of an adequate standard to support comfortable, safe journeys on foot and by bike.
 - **CAVs** are another development that will require increased investment in road maintenance. The Government Actuary's Department predicts that these vehicles would need a high standard of road maintenance as they may be less able to adapt to

¹² Figures for England from Asphalt Industry Alliance (2018) Annual Local Authority Road Maintenance Survey 2018



potholes¹³. Furthermore, the RAC Foundation note that CAVs will run consistently in the same lane positions meaning greater wear and tear in the wheel tracks¹⁴.

Whether there is a role for alternative funding models for local roads maintenance and investment

2.38. *Formulas for the allocation of local roads maintenance funding are in need of review to ensure that in future they reflect need and potential economic contribution.*

Currently, funding is primarily allocated on the basis of road length. Urban areas lose out as this does not reflect intensity of use in terms of volumes of traffic – traffic density in the city regions outside London¹⁵ is, on average, 70% higher than elsewhere in England outside London¹⁶. Any future formulae should also take account of the economic opportunity offered by local roads.

2.39. As noted in our response to previous question, any future funding model should place local roads funding on a long-term, stable footing.

¹³ Government Actuary's Department (2017) GAD Comment: Self Driving Cars

¹⁴ RAC Foundation (2017) Readiness of the road network for connected and autonomous vehicles

¹⁵ Greater Manchester, Merseyside, Tyne and Wear, South Yorkshire, West Midlands and West Yorkshire.

¹⁶ **pteg** (2015) A Bumpy Ride: The Funding and Economics of Highways Maintenance on local roads in the English City Regions.