

National Local Roads and Transport Congress



Adelaide - 18th November 2019

A UK Perspective on Funding Local Roads

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Agenda

- **Responsibility for managing the local road network**
- **Funding mechanisms for the local road network**
- **Management arrangements**
- **Delivery arrangements**
- **The challenges :-**
 - **Condition**
 - **Funding**
 - **Climate change**
- **CIHT Review into the local road network**



Organisations responsible for managing English Road Network

Strategic Road Network

(predominately motorways) - Managed by Highways England (arms length Government Company)

7242 km (2.4% of the total road network)

Overall expenditure \$2.02bn (2017/18)

\$290,000 expenditure per km

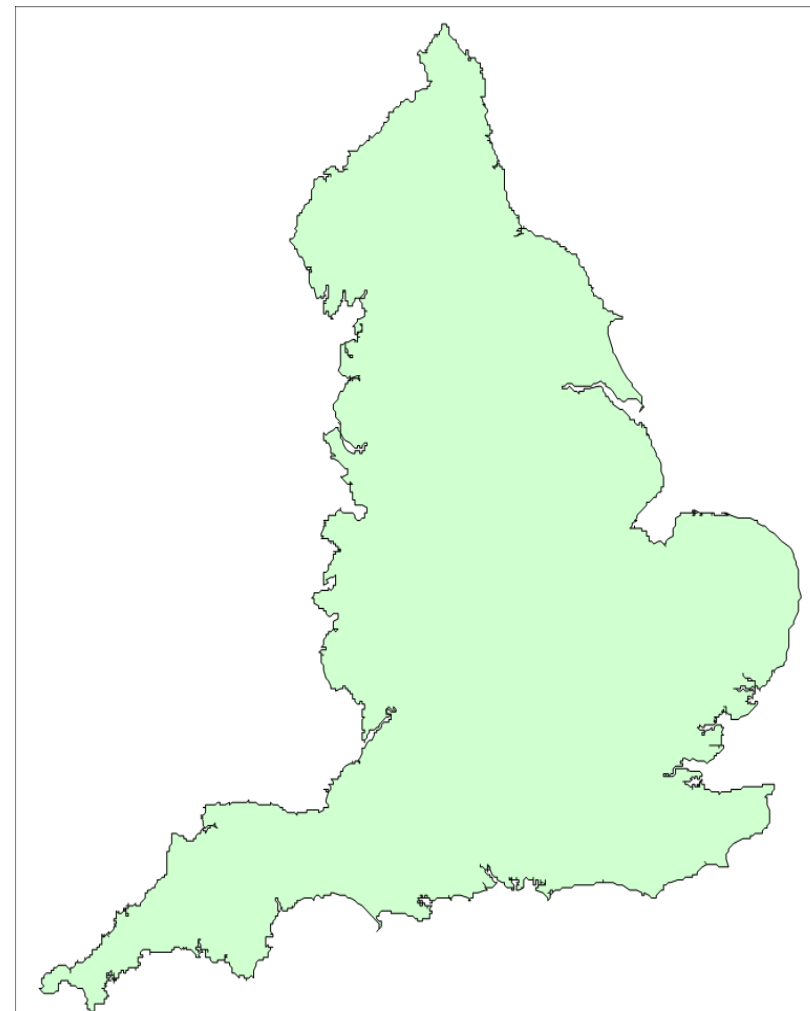
Local Road Network

Managed by 153 Local Authorities

296,602 km (97.6% of the total road network)

Overall Expenditure \$6.54bn (2017/18)

\$22,000 expenditure per km

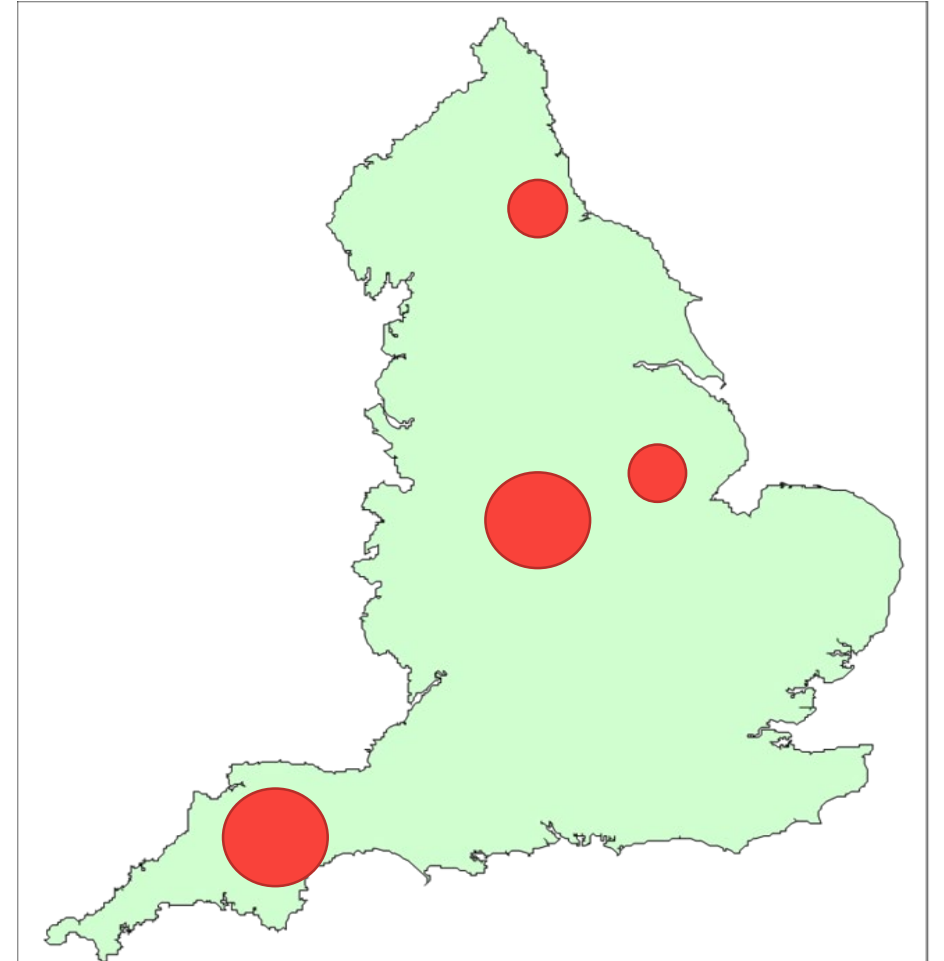


Local authorities responsible for managing English local road network

- 26 County Councils
- 36 Metropolitan Councils
- 57 Rural Unitary Councils
- 34 London Boroughs

Total of 153 Highway Authorities

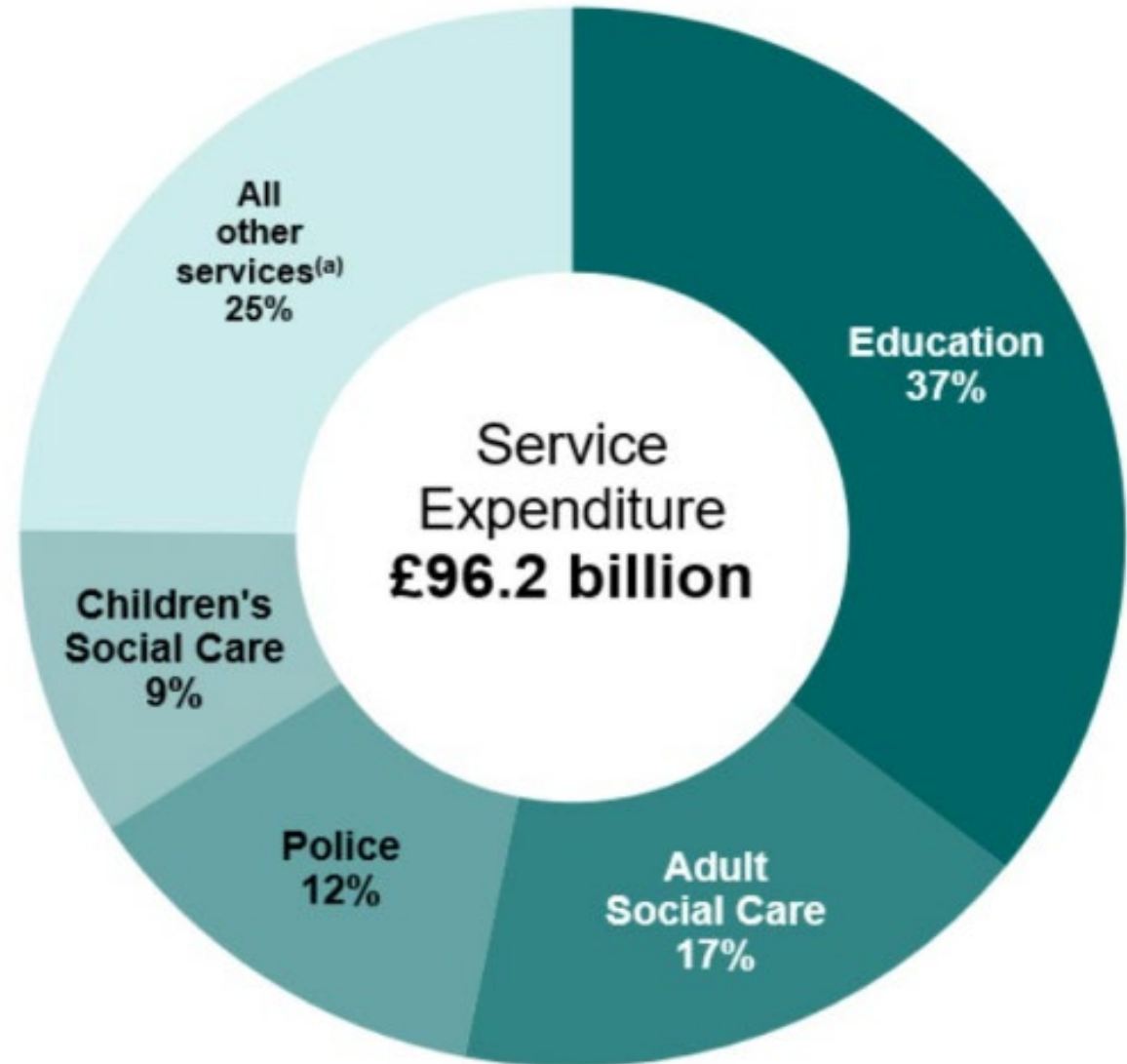
- Largest network Devon 12,875 km
- Largest population Birmingham 1.2m people
- Smallest network Hartlepool 402 km
- Smallest Population Rutland 37,000 people



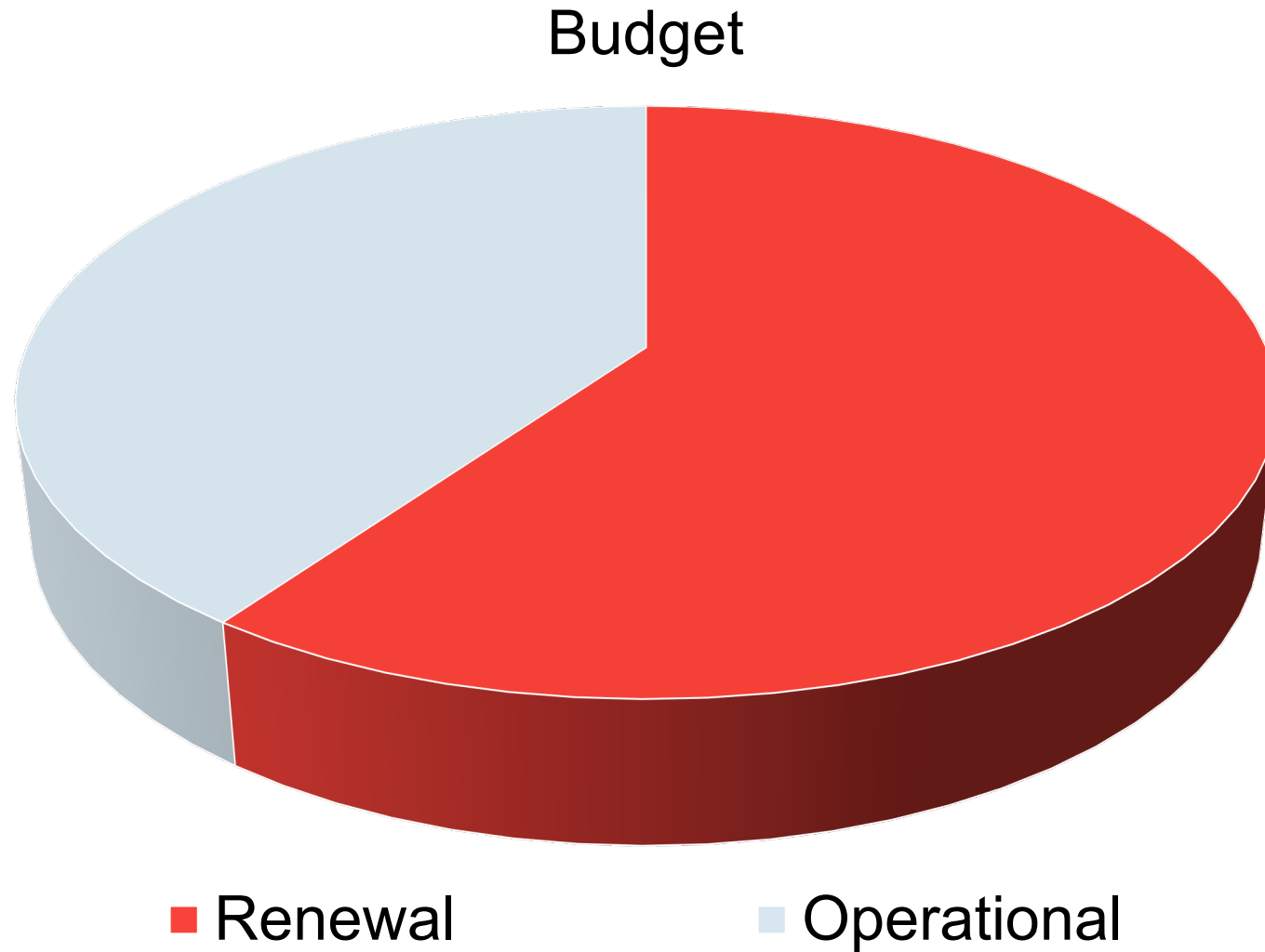
Overall local authority expenditure by service 2018/19

Total \$180bn

Other services includes technical services such as highways and planning ,also Public health and fire & Rescue ,libraries, leisure facilities & parks of which Highway maintenance is 4%



Funding for local roads in England 2017/18 \$6.84bn



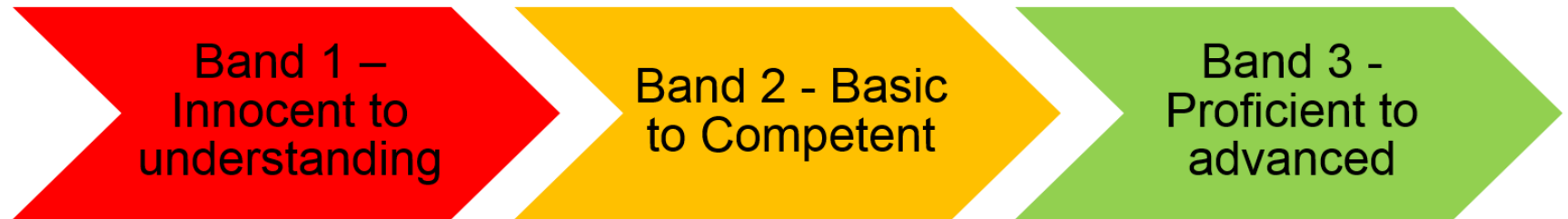
Incentivised Funding

- **Between 2016 – 2021, UK Government made \$11.14bn of capital funding available for local highways maintenance**
- **\$1.073bn of this amount has been set aside to incentivise local authorities to carry out cost effective improvements**



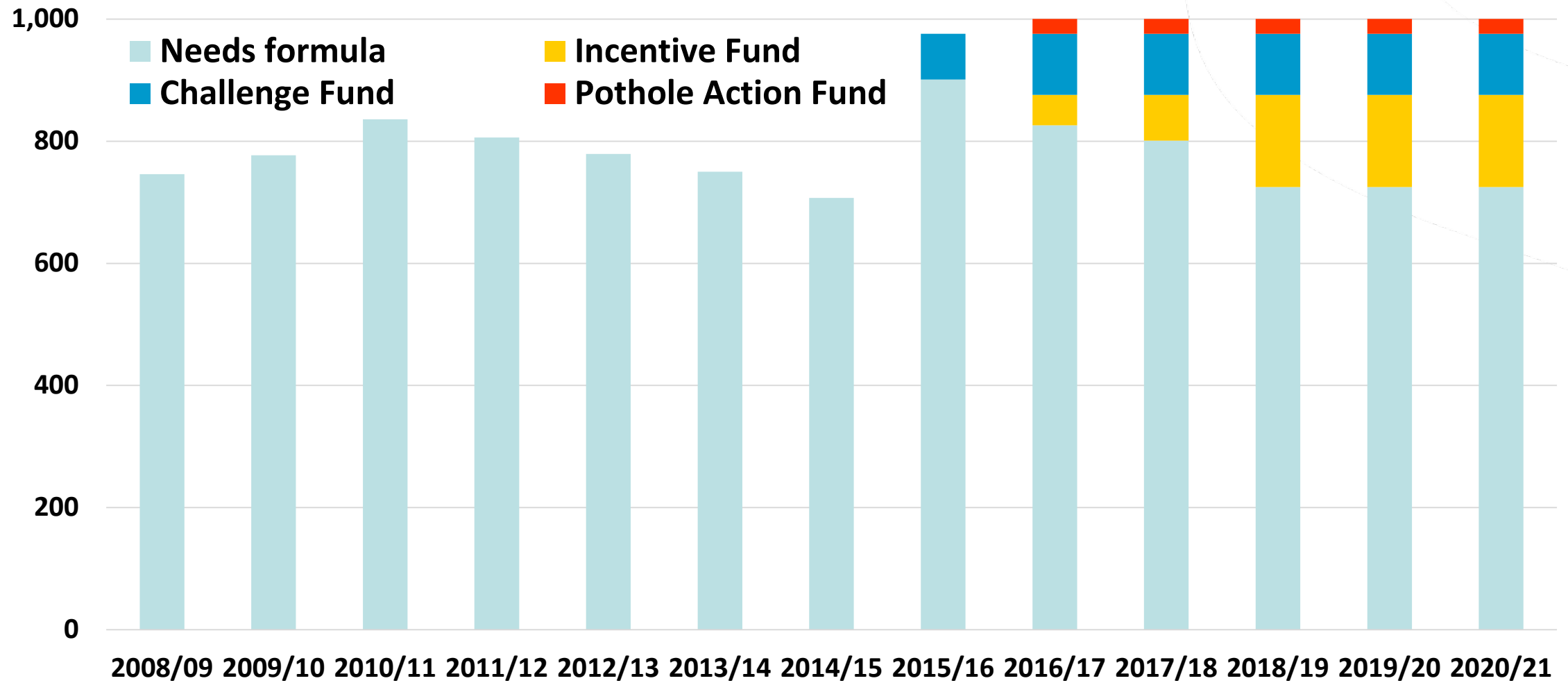
Incentive Fund

Self assessment by authority via a questionnaire
Three potential bands:



2016/17	90%	100%	100%
2017/18	60%	90%	100%
2018/19	30%	70%	100%
2019/20	10%	50%	100%
2020/21	0%	30%	100%

Incentive Fund

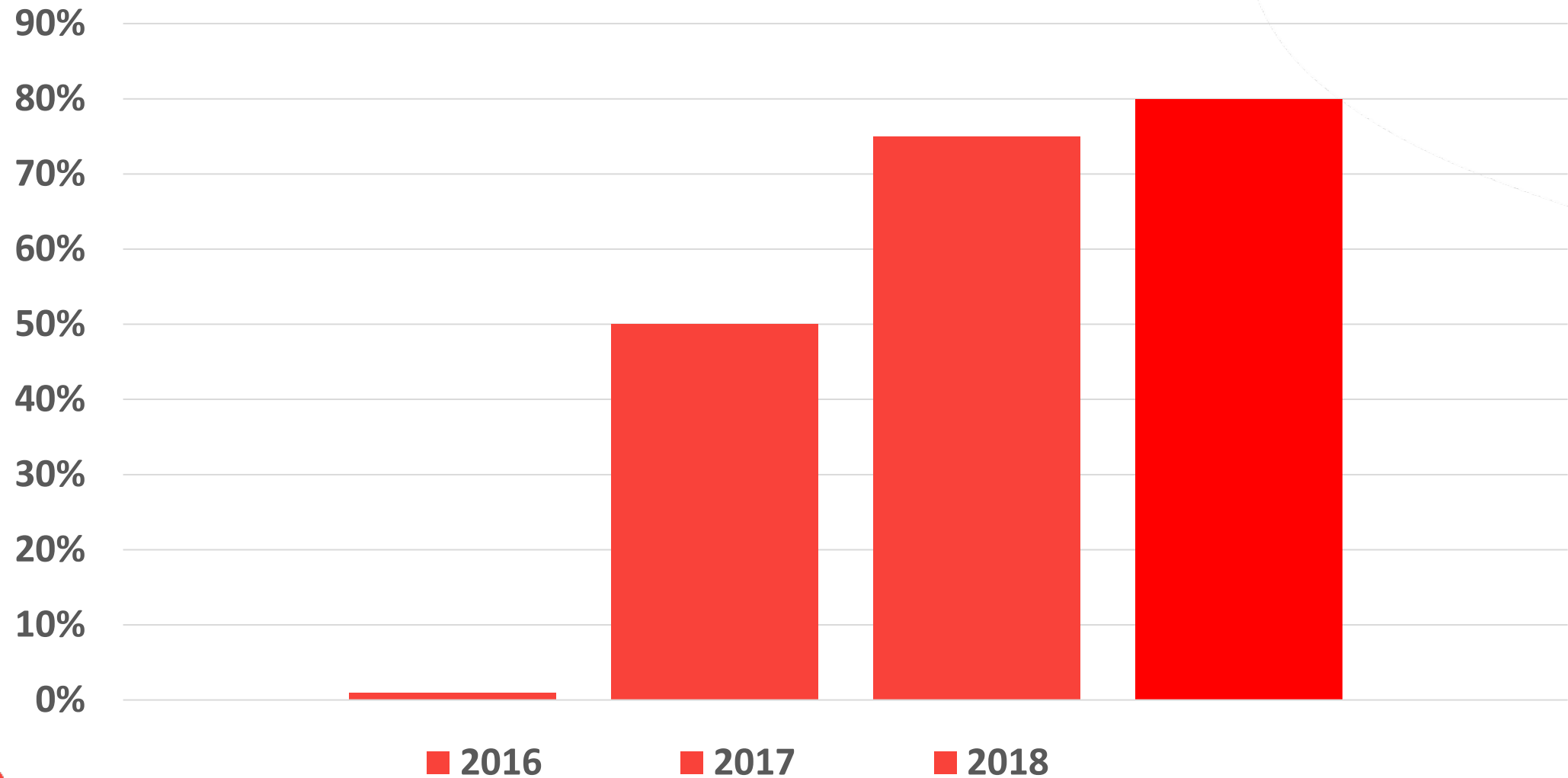


Self Assessment

The questionnaire was divided into Questions and covered the following sections:

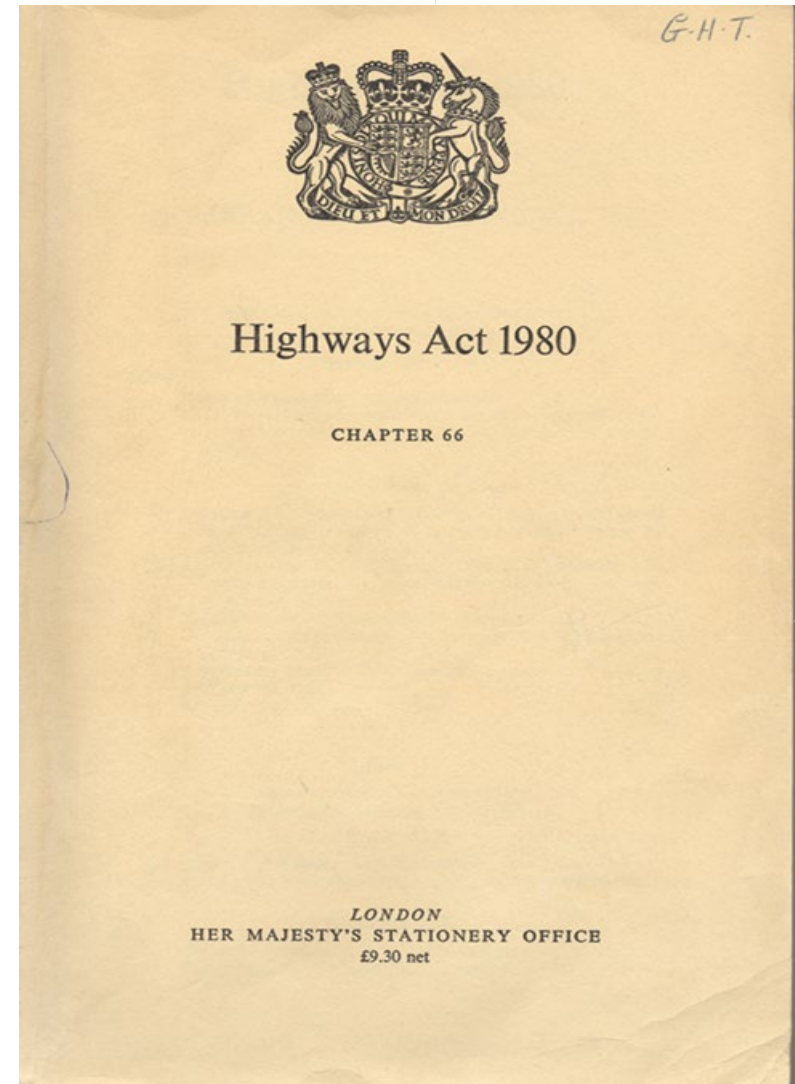
- **Asset Management**
- **Resilience**
- **Customers**
- **Benchmarking and Efficiency**
- **Operational Delivery**

Percentage of Local Highway Authorities that have achieved Band 3 Status



Highways Act 1980

The legislation that sets out the responsibilities and duties of local highway authorities in England



Highway Service an asset management approach – Context

CONTEXT

National
Transport Policy

Local Transport
Policy

Corporate Vision

Stakeholder
Expectations

Legal Constraints

Financial
Constraints

UK Highway Infrastructure Asset Management Guidance

HIGHWAY INFRASTRUCTURE ASSET MANAGEMENT GUIDANCE DOCUMENT



UKRLG Well-managed Highway Infrastructure –Code of Practice

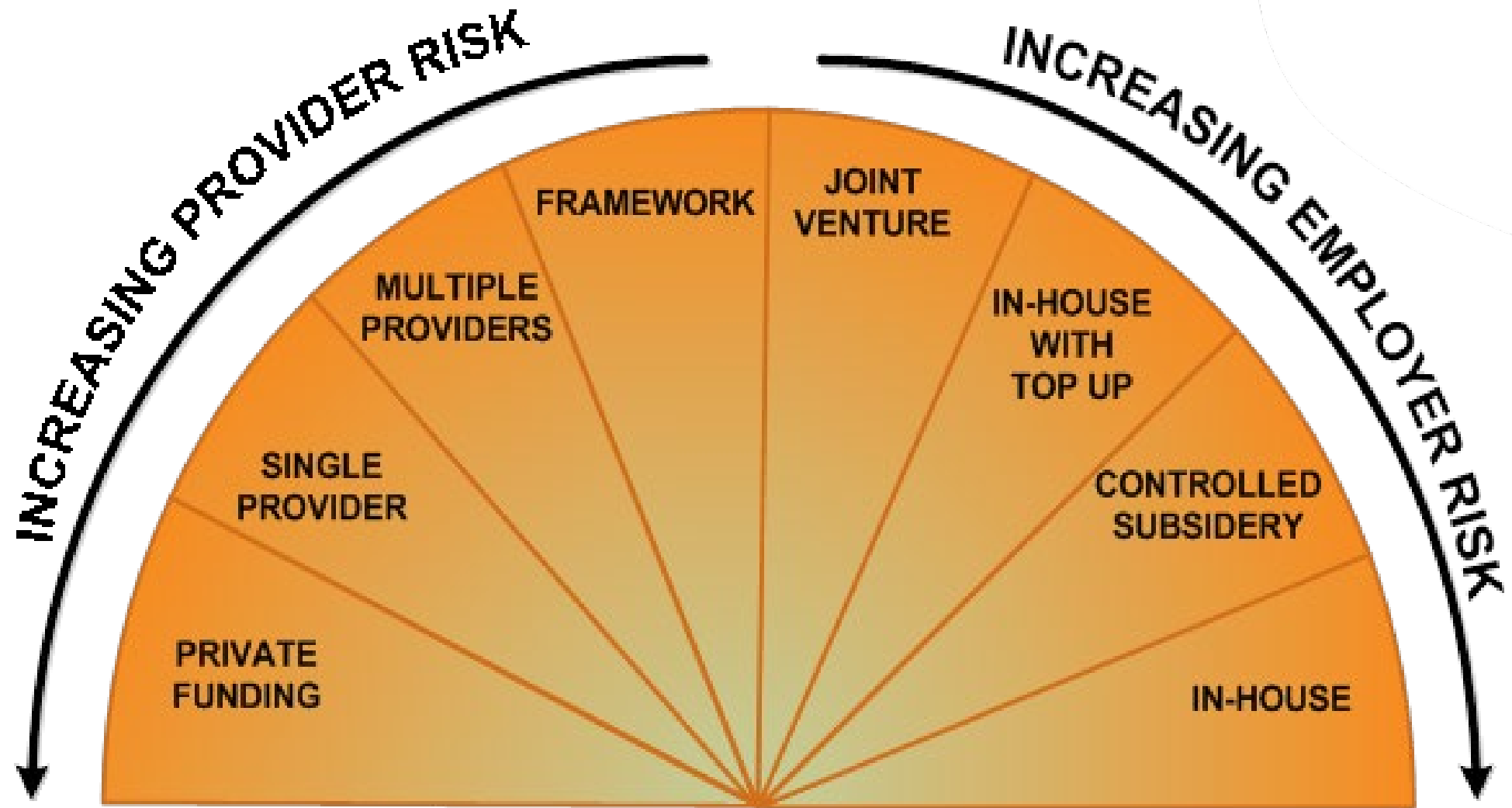
UK ROADS LIAISON GROUP

WELL-MANAGED HIGHWAY INFRASTRUCTURE: **A CODE OF PRACTICE**



OCTOBER 2016

Highways Service delivery arrangements



Highway service delivery arrangements in England

Highway Maintenance PFI's

- Generally 20-30 years commissions e.g. Sheffield (Amey) , Isle of White (Ringway), and Portsmouth (Colas).
- No longer in favour due to bad press of PFI in other sectors.

Joint Ventures

- Generally 10-15 years e.g. (Kier/wsp) Northamptonshire , (Ringway/Jacobs) Buckinghamshire, (Costain/Jacobs) East Sussex.
- Also no longer in favour due concerns about visibility of costs

Separate works and consultancy outsourced contracts

- Generally 4-10 years e.g. (WSP& Ringway) Hertfordshire , (WSP & Kier) Shropshire
- Still in vogue.

Highway service delivery arrangements in England

Top up consultancy contracts & outsourced works contracts

- Generally 4-10 years e.g. (WSP & Balfour Beatty) Lincolnshire , (WSP & Tarmac) Norfolk.
- Still in vogue

Framework contracts for consultancy and works contract

- 4 years max e.g. Midland Highway Alliance
- Very popular

Tekal Companies (arms-length local authority companies)

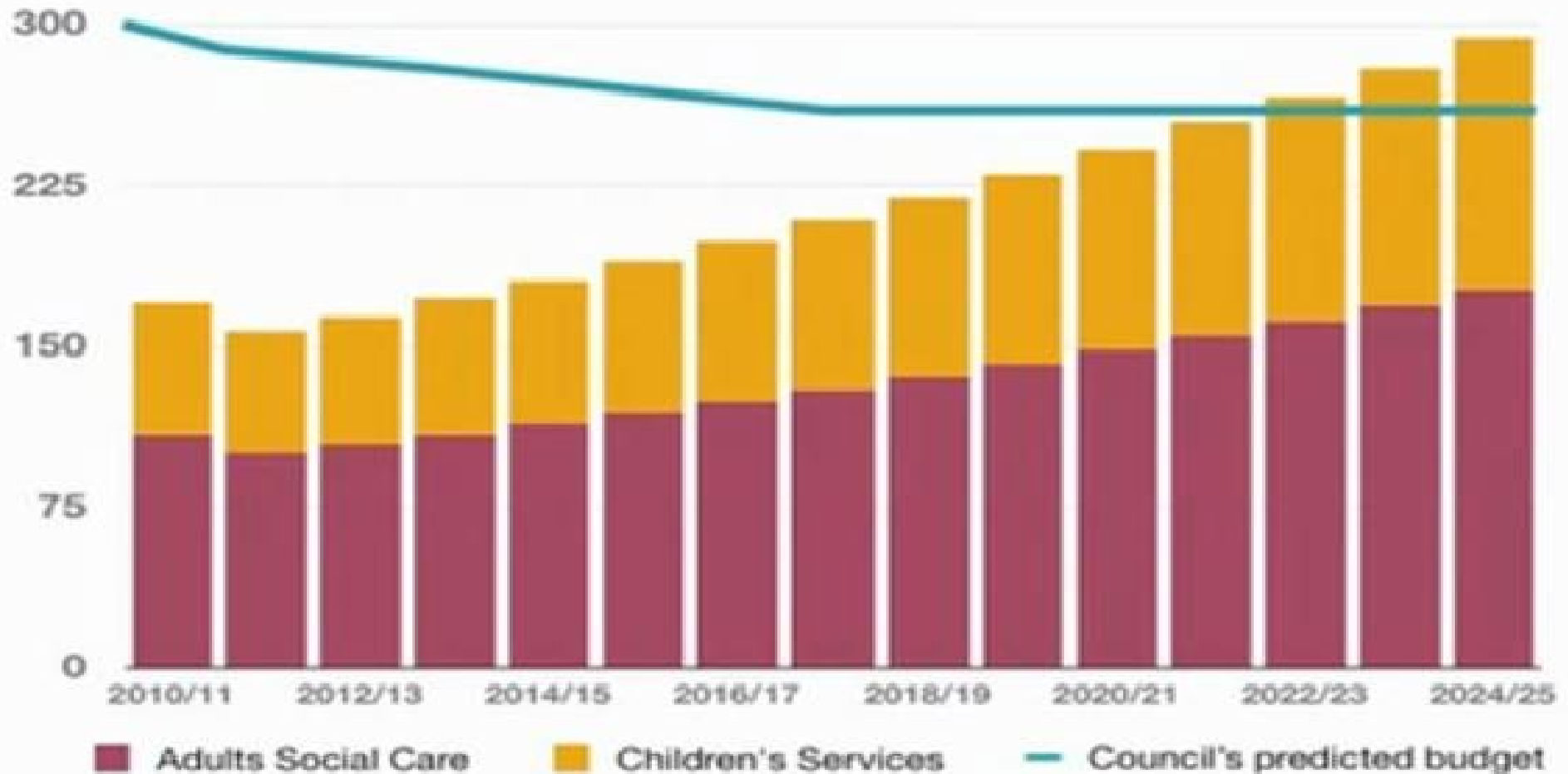
- No specified time limit e .g. (CORMAC) Cornwall, (VIA) Nottinghamshire
- On the increase

Direct Labour for highways works and in-house consultancy services

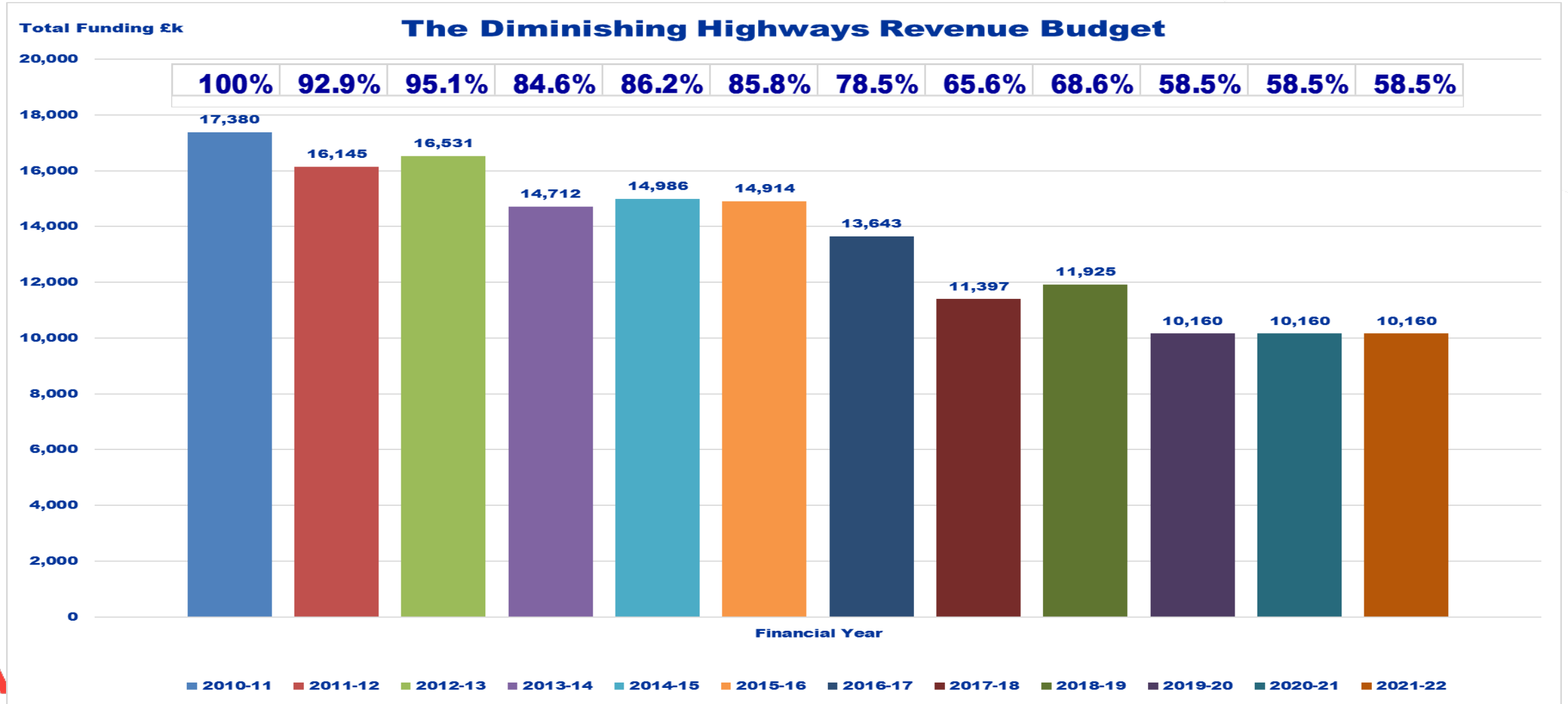
- No time limit e.g. Derbyshire , Leicestershire
- Still in vogue

Funding Crisis

The 'Graph of Doom'



The diminishing highways revenue budget – Suffolk County Council 40% reduction 2011-19



Northamptonshire County Council goes bust

“Relentless central-government cuts played as big a role as local mismanagement”



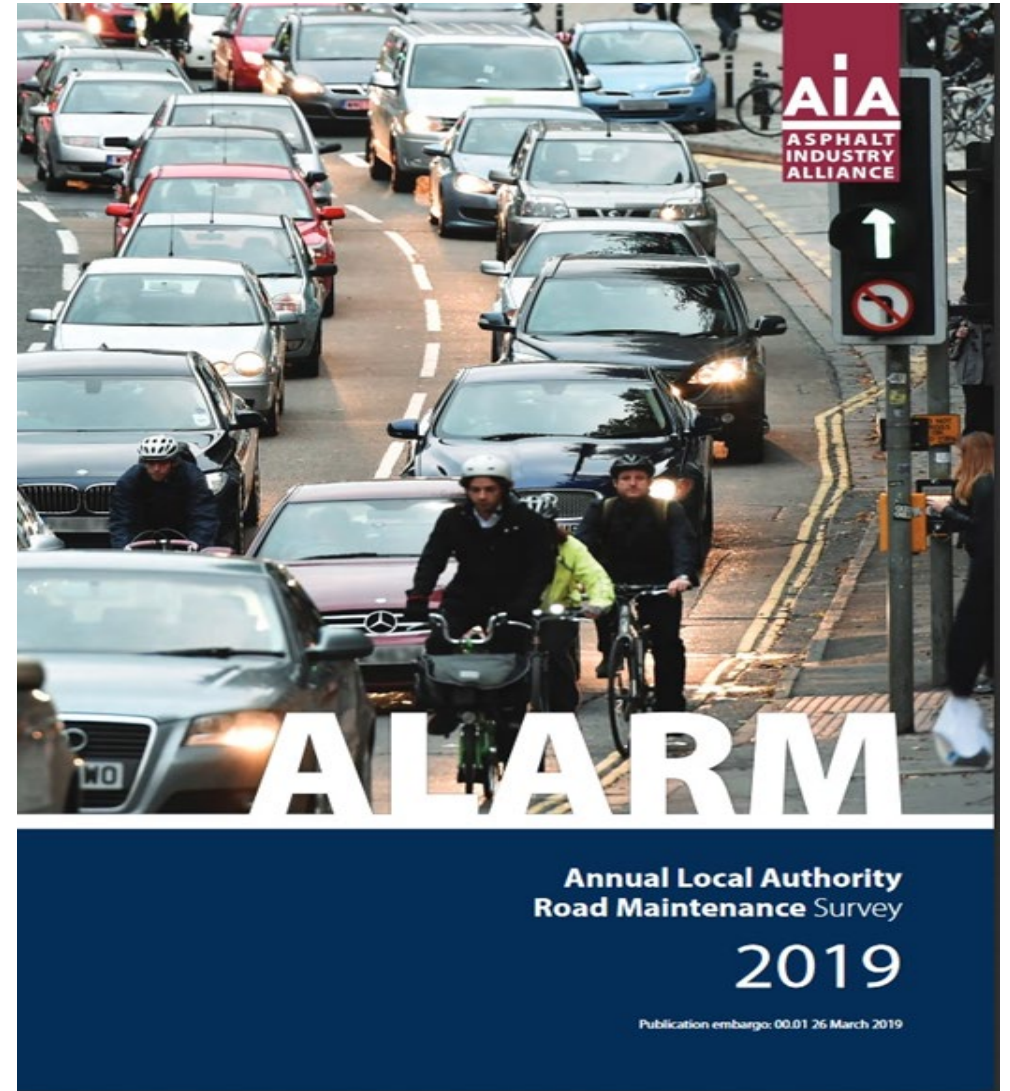
**2017/18 a prolonged wet and cold winter with two
Beasts from the East led to a pot hole epidemic !**



2019 ALARM Survey

**According to the Asphalt Alliance
ALARM report (March 2019)**

- **\$1.2bn annual carriageway budget shortfall**
- **\$18.2bn backlog – 10 years to complete**
- **\$50m cost of compensation claims for local authorities**
- **2 million utilities openings**



- **Condition**
- **Economic & social costs**
- **Governance & management**
- **Funding requirements**
- **Suitability of current funding**
- **Alternative models**



Scope of the Review – Covered all highway infrastructure assets



Parliamentary Transport Select Committee Inquiry into the funding and Governance of local roads

The Committee called for written evidence on

- Condition
- Economic and social costs
- The quality of monitoring and reporting
- What needs to be improved
- The suitability of governance structures
- The funding requirements of local roads
- Alternative funding models
- The regional distribution



What happened next – Episode 2 tomorrow!

