

Submission to the Transport Select Committee's inquiry into local roads

October 2018

Balfour Beatty has been an acknowledged leader in the transport sector for over a century. During this time, we have developed significant expertise in the highways sector at all levels: we maintain, manage and operate major highway networks and support local authorities in maintaining local roads across the UK.

At a local level, our expert approach to highways maintenance means we do more than fix the potholes and make sure the street lights are on when they should be: we improve everyday lives by minimising disruption and help our local authority customers to manage their budgets through forward planning. Working with our customers, we regularly survey all highways assets to capture information on their current condition. This accurate, up-to-date data enables us to monitor how their condition develops over a period of time, and to plan our work to deliver timely maintenance. This makes sure that the general public can continue their day-to-day lives with minimal disruption and helps our customers to plan their budgets through knowing what works will need to be delivered and when.

As a leading provider of services to Highways England, we specialise in delivering large, complex transport projects. Since 2009 Balfour Beatty has been working in partnership with Skanska, Atkins and Egis to deliver the £6.2 billion M25 DBFO project for Highways England, including the widening over 100km of the motorway to four lanes and conversion to all-lane running, or 'smart' technology (the first fully operational scheme of its type in the UK). Other schemes delivered previously include the £371 million A3 Hindhead Tunnel, the £88 million M4/M5 'smart motorway' scheme and the £360 million A46 Newark to Widmerpool Improvement Scheme.

Our in-house engineering capabilities, expertise and experience of working across all types of roads means that we are able to 'cross-pollinate' ideas and the latest methods of construction, maintenance and repair, recommending the and the most effective and cost-efficient ways of undertaking works.

Responses to the Committee's areas of interest

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

Local roads are the lifeblood of local economies across the country, keeping transport flowing around towns and cities and supporting local supply chains.

In spite of funding pressures, local authorities are investing in local roads. The local authorities we support and work with are seeing a gradual improvement in the condition of local roads overall. However, the existing backlog, the aging local road network, and the fact that ongoing maintenance requires levels of investment to remain constant, rather than one-off amounts, means that these roads often do not receive the investment they need, when they need it. Existing budgets can be focussed on work that is deemed essential, rather than on maintenance at the optimum time for example. As the cost of the maintenance backlog increases, even the slow improvement in the condition of the roads is offset and repairing them becomes more expensive. Improving the approach to maintenance utilising asset management good practices has made a difference to some, but not all authorities. However, in some cases, the budgets local authorities have for maintenance and repair are so small that they are having difficulties in finding contractors to bid to undertake them, as the profit margin on the schemes outweighs the bidding costs.

The difference between the condition of local roads and the Strategic Roads Network (SRN) is now significant in some areas, and noticeable to motorists. Given the importance of local roads to the travelling public and to the economy, we must stop overlooking them in terms of how we invest in them.

Plans for a Major Road Network (MRN) of local roads including proposals on funding and how schemes will be prioritised is welcome and we believe will go some way to support the effective maintenance of these more strategic regional major routes. However, the biggest area of concern for road users, and what generates the biggest postbag with the local council members we work with, is not the major road network, but the local roads residents and communities reside, work, and live in. It is also these sections of our local road network that have less resilience, are the focus for the majority of utility excavations, and are in many cases the last roads to be prioritised for funding.

Where local authorities have secured additional capital investment for these road networks, we have seen a reduction on revenue expenditure, and public satisfaction improving.

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

In the November 2017 Budget, the Government announced investment in the future of driving technology with funding for innovations such as Artificial Intelligence and driverless cars. Its aim is that driverless cars will be on the UK's roads by 2021. In March 2018, the Government also announced a three-year regulatory review to "pave the way for self-driving cars". These developments are predicted to have a range of benefits. For example, removing human error is predicted to reduce the number of accidents; people will become more productive if they do not have to focus on driving; car ownership and the need for parking spaces will decrease as car sharing increases, which will free up large amounts of land in towns and cities.

However, there remains an unanswered question in terms of whether the country's local roads infrastructure will be ready for these developments. We believe that continued underinvestment in the local roads network could impact these plans becoming a reality.

3. The quality of monitoring and reporting of local road conditions

The condition of local roads has historically been monitored using a range of accredited, automated or visual surveys including SCANNER Surveys (Surface Condition of National Network of Roads), and Course Visual Inspections (CVI) or Detailed Visual Inspection (DVI). The data and information these surveys have provided has supported local authorities, enabling many of them to deliver improved investment scenarios, focused maintenance strategies, and consistent measurement of the local roads overall condition trends. However, the condition indicated by these surveys, frequently does not align with the perception of users of the local road network. Reports by the local media, and through regular industry monitoring reports such as the AIA ALARM Survey, or stakeholder representatives such as the RAC's Report on Motoring, generally have a foundation in industry practitioners experience, or users perception. These suggest the quality of local authority's monitoring of condition is out of step with the experience of the road users. Whilst there is a consistent element of negativity within the media and annual reporting, with the emphasis frequently on lack of funding and backlog, until there is an alignment between actual condition versus the users perceived condition, the pressure for more funding seems likely to continue.

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

One of the risks to an effective approach to maintenance of local roads is the continued reduction in knowledge and expertise within the highway sector. As we have seen in the wider construction sector the number of engineers and technicians available in the highways market sector has been dwindling. The impact on the local authorities capability to procure services, deliver in house, or manage service delivery through partnerships and the supply chain has been noticeable, with knowledge, skills and capabilities being lost and not replaced. Succession planning has become more difficult to plan and replacement of vacant roles can frequently take excessively long recruitment campaigns, further undermining consistent effective service delivery. We have experienced our local authority partners turning to us and other private sector partners, to support delivery through the provision of specialist engineering and management experience.

To improve the current approach, we believe effective partnership and collaborative working with local authorities and industry providers is essential, in order to maintain highway construction and maintenance knowledge that will support the local road network in the future. This will enable new technologies and innovations to be developed and invested in, for the benefit of the communities and economies that rely on the local roads every day.

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

Highways England has rightly recognised that most journeys do not begin or end on the SRN. The road user in many cases is not aware of the differences between the networks and will not differentiate between them, viewing the roads network as a single entity. Ensuring that Highways England joins up more effectively with neighbouring highway authorities is

therefore important in order to ensure that the road user has door-to-door journeys that are as seamless as possible. Ensuring the SRN is well supported by high quality local roads and a robust new Major Road Network will also help overall network resilience. Regional bodies working with the local authorities across their region to prioritise where funding should be focused and provide consistency in delivery should enable an effective platform for collaborative working.

It will be increasingly important as road user numbers continue to rise, that both Highways England and contractors working on the different networks interact and communicate effectively in order to deliver the seamless journeys and increased reliability the customer needs.

This need to prioritise a joined up approach to transport infrastructure goes beyond strengthening the interface between the SRN and the local roads network. Firstly, we believe that the local roads network would benefit from a long term strategic approach – and consistent funding, as has happened with the SRN. Furthermore, while we welcome the fact that the SRN and Major Road Network are now being considered together, this is still a long way from a fully integrated system. In particular, there is also a need to improve the way different Highways authorities and other transport modes work together, and procure the delivery of local road maintenance. At the moment, the lack of a joined-up approach means that transport planning is disjointed and both slower and more costly than it should be. This is something which merits further consideration.

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

There must be a better balance of funding between the SRN and local roads. That is not to say that money should be taken from one and given to the other, but that the roads network should be considered more holistically and the local roads network should be better funded, either from new funding pots or by using new ways of generating money to invest in them. This funding should be ring-fenced, so local authorities are not forced to make difficult choices between competing priorities. For example, at the moment we are finding that some local authorities are using budgets that would have been allocated to road maintenance, to ensure they are able to deliver other services such as social care.

Furthermore, the funding should be consistent. The way additional funding for local roads is made available by the Government is unplanned and usually in response to a specific issue. It is also complicated, with a range of different pots local authorities can apply to. This can be confusing and time consuming to negotiate. While Government support via pinch point schemes and funds to repair potholes is welcome, the best, most efficient way of managing local roads is to have a consistent level of investment and to undertake maintenance work regularly, rather than using an unplanned top-up approach and attempting to play catch-up later.

The recommendation in the recent National Infrastructure Assessment that Government provide £500m a year of funding from 2025/26 to 2034/35 to address the local road maintenance backlog is extremely welcome. However, in Balfour Beatty's experience of

working on local roads, this amount may not be enough given the poor state of local roads and the underinvestment of recent years. The AA has calculated that local authorities face a £12 billion 'black hole' of repairs. While Balfour Beatty does not have visibility of all local authority roads maintenance budgets, our experience is that local roads maintenance budgets need substantial increases.

There are some efficiencies that can be gained by moving using new and innovative approaches. In some cases however, these require an initial capital outlay that there may not be budget for. In other cases, local authorities may, understandably given their budgetary constraints, be reluctant to try new approaches, as tried and tested methods have less of an element of risk.

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

Balfour Beatty believes that steps should be taken to ensure investment in local roads continues over the long-term, for example, by considering new funding models and ways to enable local authorities to raise more money for road maintenance and improvements. Having long term forward visibility of funding enables effective forward planning of maintenance and improvements, optimising treatments, and minimising more expensive reactive repairs. Any return to a regime of year on year funding settlements seen in the past would be a backward step, and undermine the good work local authorities and their partners have achieved by having clear visibility of future funding allocations.

About Balfour Beatty

Balfour Beatty is a leading international infrastructure group. With 15,000 employees across the UK, Balfour Beatty finances, develops, delivers and maintains the increasingly complex infrastructure that underpins the UK's daily life: from Crossrail and Heathrow T2b to the M25, M60, M3 and M4/M5; Sellafield and soon Hinkley C nuclear facilities; to the Olympics Aquatic Centre and Olympic Stadium Transformation.

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