

2 September 2009

Investment in Roads

Summary

This paper provides a summary of recent developments in roads policy to inform discussion at the Board. In particular, it focuses on future funding for roads and the road pricing debate.

Recommendations

Members are asked to note the report and to consider issues that should be taken into account in future development of LGA policy on road pricing.

Action

Subject to members' discussion, officers to take forward suggested actions.

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Investment in Roads

1. With the exception of central London, the road network is the dominant means of transport in England. Road traffic has grown 84 % since 1980 and 82% of businesses describe the road network as essential to their business operations. Congestion and deterioration of road infrastructure present serious challenges to efficient functioning of the road network. The Eddington Transport Study (2006) predicted that if left unchecked, the cost of congestion on the road network would cost the economy £22bn per year by 2025. Already 84% of businesses say that road congestion negatively affects their business locally.
2. The poor conditions of parts of the road network further threaten economic performance and quality of life for road users. The average shortfall in road maintenance budgets for councils in England is £7.5m per year; the total backlog is estimated to be £8bn. Road maintenance PFI bidding processes are over subscribed and it is clear that the government's target of eliminating the backlog will not be achieved without further investment.
3. At the same time the need to de-carbonise transport to meet climate change targets requires a focus on better environmental performance from roads. Road transport accounts for 22% of UK domestic CO2 emissions – 92% of emissions from domestic transport at a time when tackling climate change is becoming an ever more significant priority.
4. Investment in the road infrastructure will be essential in meeting these challenges and has an important role to play in stimulating the economy during the recession. Accelerating spending on local road networks would generate employment through maintenance contracts, support growth and regeneration by improving condition of the road network by easing congestion and providing access to shops and services and attracting investment.
5. Clearly there is a case for continued investment for the road network as an important part of national and local transport infrastructure. However, given the forecasts of constrained public spending over the next funding period, concerns have been raised that investment in the road network could suffer in future spending plans.

Developments in Central government policy on roads

6. Published in July 2008, *Roads – Delivering Choice and Reliability* set out the government's strategy and spending programme for the road network over the next decade. Picking up on the Eddington Study's conclusion that "*we broadly have the network we need*", the strategy focused on better management and more efficient use of existing networks. In tackling congestion on the motorways, proposals focused on active traffic management schemes, including hard shoulder driving, and variable speed limits rather than large scale road building programmes. The subsequent spending programme, published in January 2009 consists of £6bn to fund improvements on national strategic roads by 2015, with a significant number of projects focused on hard shoulder

running. The strategy also floated the idea of tolled lanes on motorways, though no clear direction of travel was given.

7. The 2008 strategy looked to local government to deliver solutions to congestion in urban areas through better management of the road network, promoting sustainable travel, improving public transport and implementing local road pricing schemes.

Future for Road Pricing policy

8. In past years, government and other political parties have looked towards road user charging schemes as a potential source of investment in transport improvements including road infrastructure. However, following a hardening of public opinion against a national scheme, statements from successive transport Ministers, most recently from Lord Adonis in July 2009, have made it very clear that government has no plans to introduce a national system of road pricing. The Conservatives have also ruled out a national scheme whilst the Liberal democrats support a national road pricing scheme to replace Vehicle Excise Duty and reduce fuel duty.
9. In recent years, central government policy has increasingly focused on local road pricing, with the £1.5bn Transport Innovation Fund (TIF) programme to incentivise local authorities to bring forward local schemes. A number of areas developed bids for TIF funding to various stages, but all except Cambridge (who are still considering whether to pursue their bid) have subsequently withdrawn from the process. The rejection of the Manchester congestion charging scheme in December 2008 signalled that it is unlikely that successful local road pricing schemes will be brought forward in the near future. Ministers have highlighted that local authorities still have the ability to develop local congestion charging schemes, but they have not committed to continue TIF funding. Without upfront investment it is difficult to see how local schemes will be taken forward.
10. Given the results of the Manchester referendum, uncertainty around TIF funding and hardening of public opinion on congestion charging, members are asked to consider the implications for LGA policy on the potential of road pricing as future source of investment in transport.

Financial Implications

11. There are no financial implications for the LGA resulting from this report.

Implications for Wales

12. This paper refers to the road network in England only, though the issues may be of interest to Welsh authorities. Officers will liaise with WLGA colleagues in taking forward actions resulting from this paper.

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