

THE GULF BETWEEN NATIONAL AND LOCAL ROADS REGIMES

Introduction

This Supporting Document explores the contrast between governance and funding arrangements now in place for the Strategic Road Network (SRN) and the great bulk of England's roads run by Local Highway Authorities (LHAs); notes the many difficulties in attempting an effective comparison between the two, particularly around funding; and explains how we have reached some tentative conclusions about relative levels of spend, in the past five years and as planned for 2019/20.

The regime for local roads

The new governance structure for the SRN has been carefully constructed, considered by Parliament, and clearly communicated since it came into being in April 2015. The transfer of functions to the new arms-length, government-owned Highways England, coupled with the commitment to fund and deliver the ambitious programme set out in the first five-year Road Investment Strategy, should now be delivering on four key objectives of the reform:

- clarity around exactly what improvements should be made to the SRN in that five-year period, and the performance standards that users and other stakeholders should expect;
- certainty of funding to make that possible;
- scrutiny, through the Office of Rail and Road, of how effectively and efficiently Highways England is delivering all this; and
- increased accountability, including through Transport Focus on behalf of SRN users.

Whilst the governance structure for local roads has not benefitted from any equivalent comprehensive programme of reform, there have been a number of incremental improvements in recent years, along with broader changes in central government's relationship with local government which have not all helped the effective delivery of local roads. Four strengths of the local roads regime should however be noted:

- Freedom for a local authority to determine its own priorities across its diverse set of overall responsibilities, and allocate much of its available funds accordingly;
- Flexibility, increasingly so, to cooperate with neighbouring local authorities in order to provide a better highways service

- Incentives to increase efficiency and achieve best value for money from constrained resources; and
- most importantly, accountability to local communities, including users, through the ballot box; occasionally, the condition of local roads is an issue in some local elections.

The arrangements now for running local roads are in a state of flux, with the creation of combined authorities and, at the more strategic level, of sub-national transport bodies. Most significant, across England, may be the planned move to 100% retention by local authorities of business rate receipts by 2020. But, as things currently stand, responsibility for local roads rests with 153 individual local highway authorities, with immense variation in the scale and nature of their local network, and in their capability.

Challenges of a comparative assessment

84% (154,000 miles) of local roads are unclassified or have 'C' road status - predominantly local access roads, not signed as through routes; fewer than 10% (17,500 miles) are 'A' roads. Because the great bulk of local roads perform a very different function to the SRN, there has been little need to attempt a comparative assessment of how the two categories are run. But, as our main report argues, a subset of LHA 'A' roads plays an important role alongside the SRN; and users are unaware of the difference between the SRN and busier LHA roads. Effort should therefore be made to explore if LHA 'A' roads are underfunded and provide poorer outcomes, and if any variance is in fact justifiable.

Funding arrangements for the SRN are reasonably straightforward, even more so with the changes introduced last year. Deriving any comparable data for local roads - let alone the 'A' road subset - is fraught with difficulties:

- Central government funding for local roads comes through the Department for Communities and Local Government (CLG) as well as DfT, and not all of it is ring-fenced for spending on roads;
- The highway authorities - county councils, unitary authorities, metropolitan boroughs, and Transport for London - have varying sets of non-highway responsibilities which might make stronger claims on available funding.
- Even where funding is dedicated to, essentially road-based, local transport, it is rarely possible to distinguish that proportion which is spent on road infrastructure as opposed to, for example, support for local bus services that use the infrastructure.

- Finally, road infrastructure at the local level - unlike much of the SRN, more likely to be purpose-built - performs much more than a purely transport role: the local road, street or lane is usually also part of the wider townscape or rural landscape, performing a significant 'place' function as the core of local communities, while also acting as the conduit for most public utilities.

Multiple funding sources

The biggest obstacle to a comparison of the SRN and major local roads is the complexity and evolving nature of funding arrangements for local highway authorities. A recent RAC Foundation report¹ summarised the problem that LHAs face, focusing on funding for road maintenance. Support from DfT for maintenance capital comes primarily through the Highways Maintenance Block Grant - committed at £976 million p.a. through to 2020/21; topped up by ad hoc grant schemes set up in response to specific problems, notably the weather damage grant (March 2014) and the Pothole Action Fund (£250 million through to 2020/21, announced in Budget 2016).

Capital improvements to local roads are funded by an array of schemes, topped up by local capital receipts, and including:

- Local Growth Fund - channelling a range of existing funding streams across government through the LEPs, and in part through new Local Transport Bodies.
- Local Majors Fund - announced in late 2015, to support schemes (mainly roads) that are too large for the Local Growth Fund
- Transport Development Fund - announced at the same time, to support planning for major infrastructure schemes, which may include roads
- Integrated Transport Block Grant - primarily to support public transport and walking and cycling, but often entailing associated road improvements

The frequency of changes in the funding regime in recent years, with the restructuring of the funding pots, brings uncertainty which does not provide a strong basis for effective planning of infrastructure development.

Revenue spending on roads (maintaining the asset, rather than improving it) by local authorities is also complex, but it is all channelled through the General Fund

¹ [*The Condition of England's Local Roads and how they are funded*](#) ; David Bayliss, RAC Foundation, November 2015

Revenue Account, drawing on central grant from CLG, local tax revenues and other sources of income. It can be used to supplement capital maintenance spend (but there is no provision for capital funding streams to be used for revenue, non-investment, needs). Revenue funding for local authorities generally has been under great pressure in recent years, with total spend as a result falling 17% between 2010/11 and 2015/6, and set to fall further.

Attempted indicative assessment

Against that background, we have endeavoured to summarise total spend on local roads, from all main sources, in 2010/11 and as so far reported, 2015/6, broken down into the standard headings used for reporting spend on the SRN; we have also attempted a projection for 2019/20. We then calculate comparative figures for spend relative to length of road, in terms of lane miles as well as route miles. We have also produced a comparison in relation to the traffic volume in vehicle miles on each network, but only in relation to maintenance spend (on the basis that improvement and operational spend is less likely to be related directly to the volume of traffic). The results are shown in the accompanying [Tables 1, 2 and 3](#), for 2010/11, 2015/6, and 2019/20 respectively, along with information on sources used.

This is a highly tentative analysis, and the following points should be noted:

- The projection for spend in 2019/20 uses, for the SRN, the committed Year 5 capital provision set out in Highways England's Delivery Plan, with the additional assumption that revenue provision remains at 2015/6 levels (ignoring the modest £7m increase in provision set out for maintenance and renewal by 2019/20).
- For local roads, we have assumed no change in cash terms in overall capital funding, taking the cue from the commitment to keep the Highways Maintenance Block Grant constant over the period. The sharp recent decline in revenue spending on local roads could be expected to continue through to the end of the decade, but, as a more cautious assumption to avoid possible overstatement of the gap in funding between the two networks, we have extrapolated just a 5% pa decline in local roads revenue spend for the four further years.
- We have ignored the temporary impact of the ad hoc funding streams; and have not been able to take account of the emerging 'devo deals' with newly empowered combined authorities.
- We derive lane mile figures for both the SRN and local roads through simple indicative multipliers - assuming all motorways have three lanes in each direction, and dual carriageways two. We have also used, as a

starting point, the assumption that 20% of other roads - comprising many miles of country lane and residential streets - are sufficiently narrow to score as single lane only.

It has not been practicable to attempt to single out the share of spend that goes on the LHA element of the MRN. It is challenging enough identifying the proportion of total LHA funding that goes to 'A' roads within local authorities' networks. The only readily available breakdown of spend by road type is for maintenance (capital and revenue), and this apportions gross-equivalent reported spend (not directly comparable with the main CLG spending data) using an estimation process only. In recent years maintenance spend on 'B', 'C' and unclassified roads has been running at roughly double that on LHA 'A' roads and motorways (these latter subsequently ignored, as there are only 26 miles of them). In 2014/5, the ratio had slipped to 1.8 times (64% to 36%).

From this, we estimate that 5.4 times as much per mile is spent on LHA 'A' roads as compared with their other roads, or 4.3 times as much when calculated against lane miles. But as LHA 'A' roads carry 48% of local road traffic on only 9.5% of that network, the spend per vehicle mile on them is only 0.6 times that on other local roads.

Tentative conclusions

We believe a legitimate comparison can be made between these proportionate spend figures for the SRN and for LHA 'A' roads.

Total spend in 2010/11	£'000 per route-mile	£'000 per lane-mile	£'000 per million vehicle-miles	£'000 per million vehicle-miles MAINTENANCE SPEND ONLY
Strategic Road Network	561	127	29	9
Local authority 'A' roads	113	49	19	12
Total spend in 2015/16	£'000 per route-mile	£'000 per lane-mile	£'000 per million vehicle-miles	£'000 per million vehicle-miles MAINTENANCE SPEND ONLY
Strategic Road Network	643	146	33	16
Local authority 'A' roads	117	51	24	12
Forecast spend in 2019/20				
Strategic Road Network	911	207	45	16
Local authority 'A' roads	108	47	21	11

Source: see detailed spreadsheets attached.

For the year 2015/6: total spend on the SRN compared with local authority 'A' roads was:

- 5.5 times higher, per route mile;
- 2.9 times higher, per lane mile; and
- 1.4 times higher, per vehicle mile

Homing in on maintenance spend only, as the component most closely linked to traffic volumes carried, spend on the SRN is 1.3 times higher per vehicle mile. This may reflect the higher frequency of bridges and other structures on the SRN.

Forecasting ahead to 2019/20, with significantly increased planned spend on the SRN, and an expected tailing off of spend on LHA 'A' roads, the gap widens, as shown.

Comparison of spend on the SRN with that on LHA 'A' roads

- 8.4 times higher, per route mile;
- 4.4 times higher, per lane mile; and
- 2.1 times higher, per vehicle mile (or 1.5 times higher, based on maintenance spend only).

The ratios would be very much higher were the SRN to be compared with all local roads - except in respect of total spend per *vehicle* mile, where the heavy weighting of traffic towards the SRN means it receives only marginally (6%) more spend per vehicle mile than the total local road network.

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