



Motoring Towards 2050

Roads: A Utility in Need of a Strategy?

Stephen Glaister

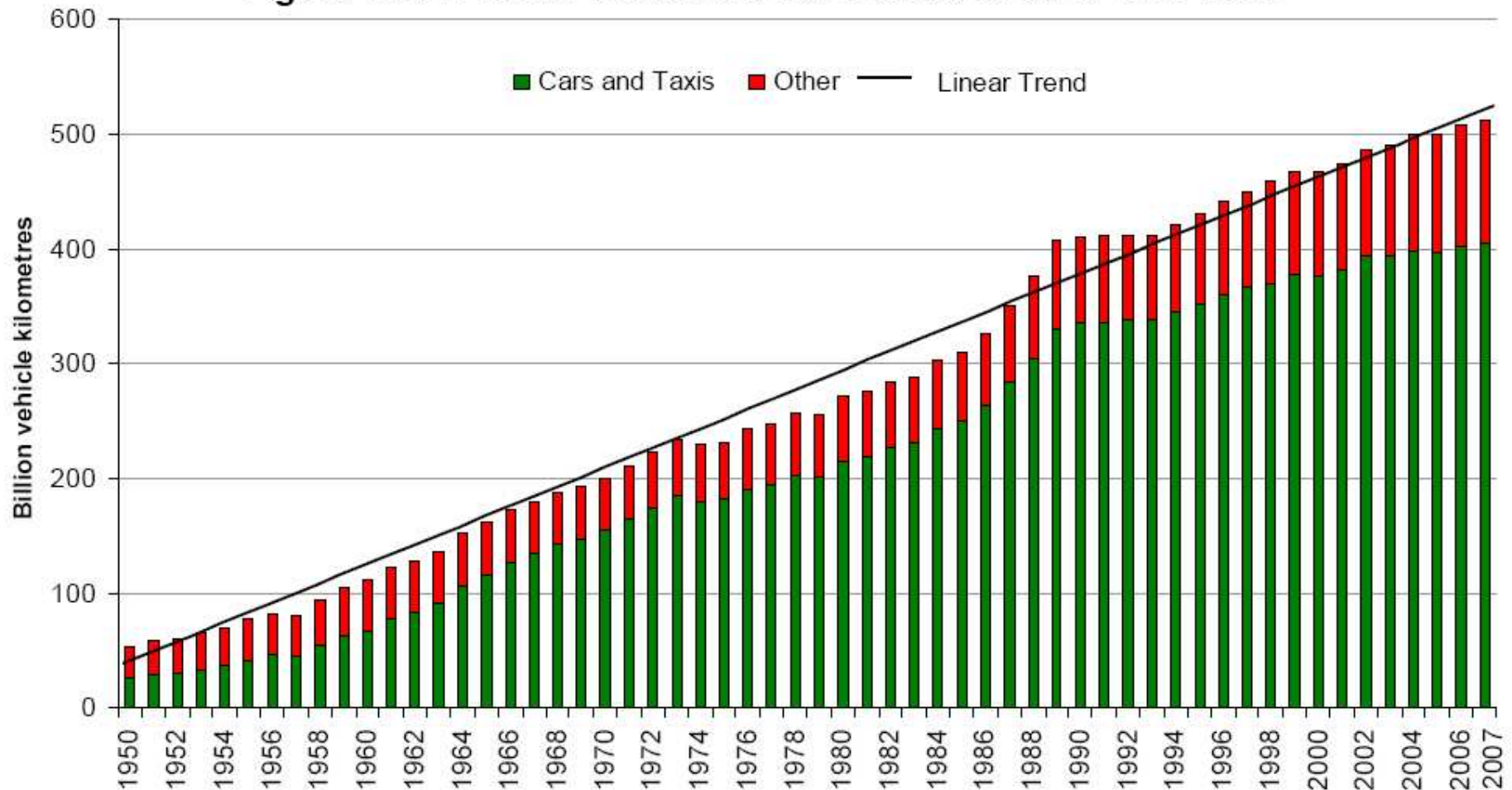
Director RAC Foundation

11 June 2009

Relentless road traffic growth

(source: Road Statistics 2007, DfT)

Figure 1.1 All motor vehicle traffic in Great Britain: 1950–2007





Predictability of journey times

As the network gets closer to capacity

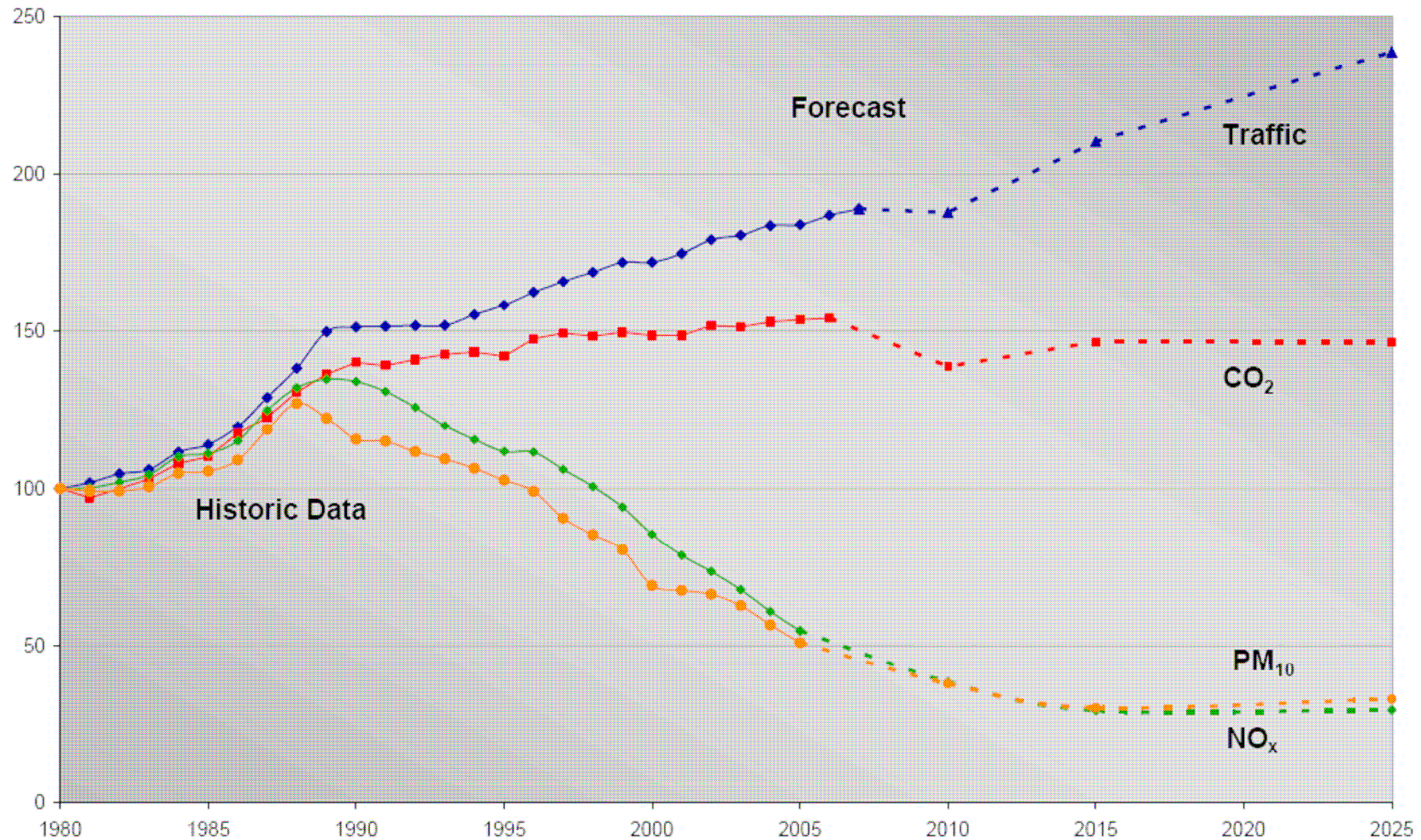
Average journey times increase (classic congestion)
Variability of journey times increase.

Conventional appraisal has only considered the average

Eddington, DfT research have recognised this

National Traffic Forecast (DfT, 2008)

Figure 1: Road Traffic and Road Transport Emissions, Past and Forecast



Source: Historic traffic data from DfT (2007); Historic emissions data from DECC (2007); forecasts from the NTM



It will get much worse?

Between 2005 and 2041:

- Population will grow by at least 11%
- Most growth in the E, S and London
- Incomes will double
- Number of cars will increase by 44%
- Road traffic demand up by 43%

(RAC Foundation estimates)

But

**Will economy recover?
Telecoms and IT?**



What to do?

Nothing?

Improve public transport?

Taxes and charges?

More capacity?

 better management

 more physical infrastructure



Public transport cannot help much

Public transport improvements may be good policy

BUT

They cannot make much impact on road congestion
or carbon emissions **at a cost that is feasible**

Rail and local bus each have 6% of passenger market



Plans to 2015

January 2009,

- Hard shoulder running alternative to motorway widening,
- 520 additional lane miles to the national strategic road network, 340 lane miles through hard shoulder running.
- £6bn announced in July 2008
- Not much new capacity for local roads?



Timescales for construction are long!

Crossrail opens in 2017

High Speed Rail open well after 2020

We live today with decisions made in 1990's ... on rail
and road

All the political parties are talking
very long term on rail
very short term on road!



Timescales for management changes are much shorter

Maintenance

Variable message signs

Traffic officers

Managed Motorways

Speed control

But all these measures require increased,
continuous funding of operating expenditure



Investment good value for money?

Sector	Number of projects	Average Benefit: cost
Highways Agency	93	4.7
Local Road	48	4.2
Local Public Transport	25	1.7
Rail	11	2.8
Light Rail	5	2.1
Walking and Cycling	2	13.6
Total	184	

Source: Eddington (Dodgson, RAC Foundation ,2009)

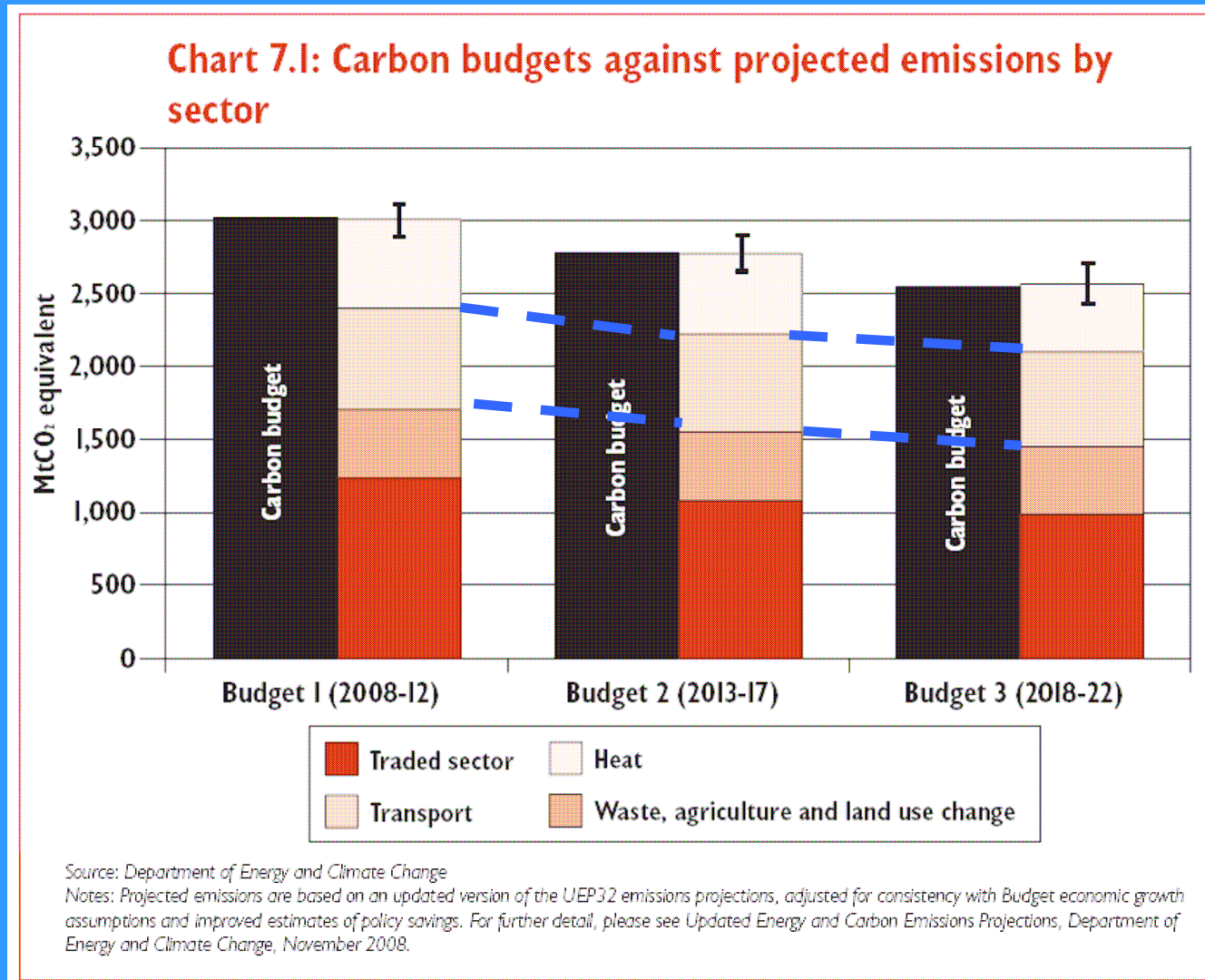


Appraisal methods subject to revision

...but economic returns look very good

for the right schemes (Eddington)

Is Carbon a show stopper?



Budget 2009: Official Carbon Budgets Transport emissions stable



Picture is of more traffic

Stable transport carbon emissions

Achieved by improved vehicle technology etc.

Implication: **we will need more road capacity!**

Is it “affordable”?

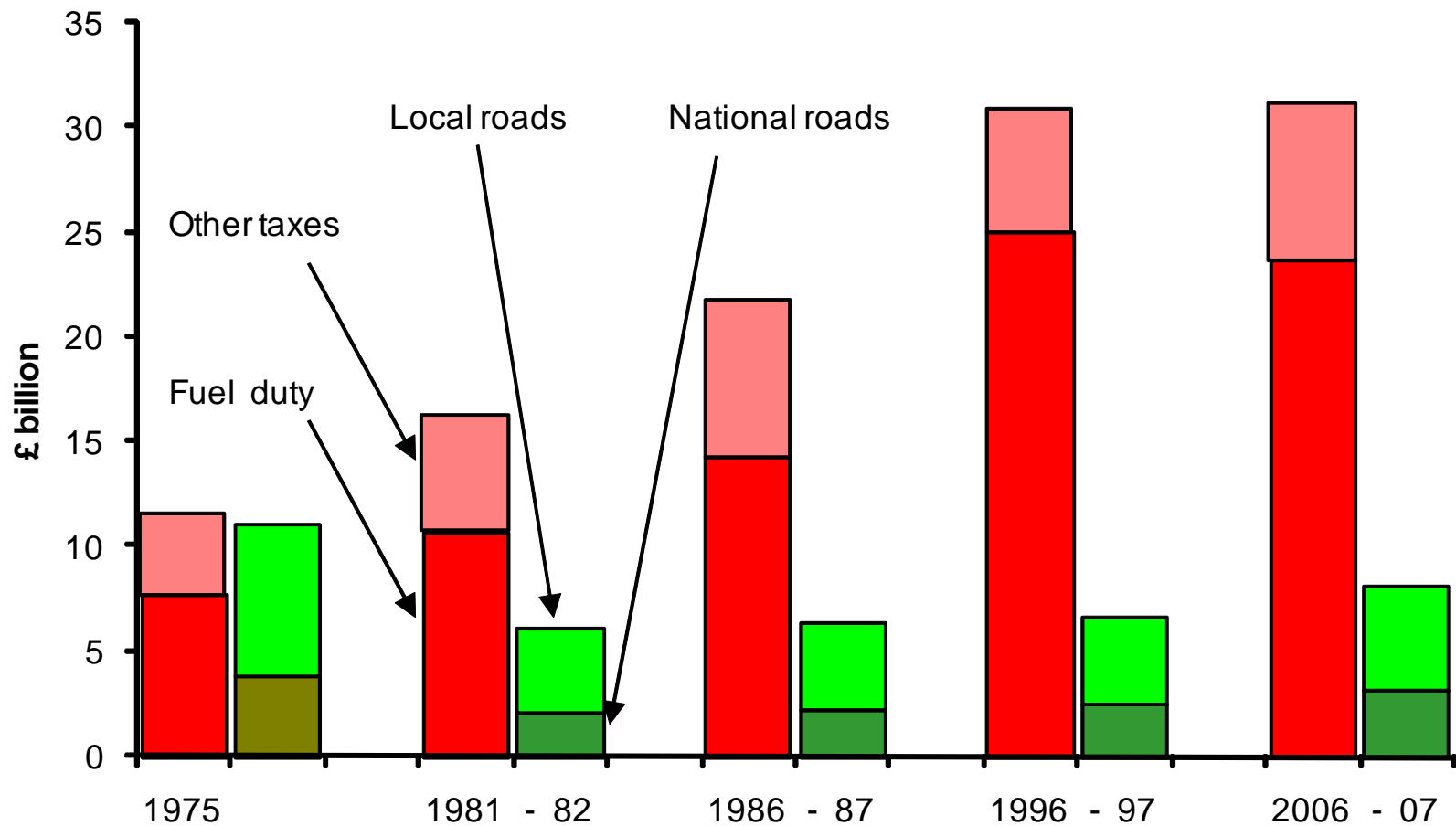
Table C2: Summary of public sector finances

	Per cent of GDP						
	Outturn	Estimate	Projections				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Fiscal consolidation							
Surplus on current budget	-0.4	-3.6	-9.3	-9.4	-7.2	-5.6	-4.3
Cyclically-adjusted surplus on current budget	-0.7	-3.1	-6.7	-6.4	-4.9	-3.9	-3.2
Consolidation in the cyclically-adjusted surplus on current budget ¹	-	-	-	0.3	1.6	1.0	0.7
Economic impact							
Net investment	2.1	2.6	3.1	2.5	1.9	1.6	1.3
Public sector net borrowing (PSNB)	2.4	6.3	12.4	11.9	9.1	7.2	5.5
Cyclically-adjusted PSNB	2.7	5.7	9.8	8.9	6.8	5.5	4.5
Sustainability							
Public sector net debt ^{2,3}	36.5	43.0	55.4	65.0	70.9	74.5	76.2
Core debt ^{2,3}	36.6	42.5	52.4	59.2	63.2	65.7	66.9
Net worth ⁴	28.9	25.5	21.1	10.5	4.0	-0.3	-2.9
Primary balance	-0.9	-4.6	-10.8	-9.3	-6.1	-4.1	-2.5
Financing							
Central government net cash requirement	2.3	11.3	15.6	12.3	9.6	7.3	6.0
Public sector net cash requirement ³	1.5	4.2	13.3	12.3	9.7	7.5	6.0

What we pay for our roads



GB Roads: taxes (ex VAT) and government spending (2006 prices)





But what are these charges for??

- Demand management?
- Environmental charges?
- General revenue raisers?



Under any Government

Reality is that they will

remain or
increase

as general revenue raisers



National Road Pricing

A means to manage demand
more efficient use of existing network

A way of generating more funds
in order to enhance the network



How roads are administered

The DfT strategic development, policy and funding.

The Highways Agency delivery and management for the strategic road network.

Regional Development Agencies (RDAs) develop regional transport plans.

Local authorities responsible for local transport policy and maintenance of local road networks.

HMT collects road tax: **separately** determines national and local spending



Problems in roads

Byzantine confusion about who is accountable for what

The absence of a customer billing relationship between the service provider and the road user

No independently reported measure of quality of service

No independent consumer protection

No long term strategy



For Rail there is now a coherent strategy

High Level Output Specification (HLOS) }
Statement of Funds Available (SoFA) }

Independent Regulator to adjudicate that it all adds up

High speed rail proposals will have to be shown to be

- good value for money vs the alternatives,
- genuinely good environmentally
- affordable by the taxpayer



This rail regime aligns

- predicted numbers of users
- charges to users
- sources of funds (fares, taxes)
- investment in capacity

Similar for all the other regulated utilities (but not roads!)



Can roads progress without reform??

Taxes and charges?

level and structure

Institutions and governance?



Like other regulated utilities?

Road infrastructure provider

- With an income stream
- Held accountable by **independent** regulation
- A duty to meet the needs of users
- Ensure that it is able to finance its functions
- Monitor its performance in relation to stewardship and service delivery; and



Conclusions

- Do nothing??
- Highways Agency given [what?] corporate status
- An independent regulator for roads and road safety?
- Government HLOS and SoFA for roads?
- Informed by input from road users, local authorities and regional bodies?



Better output & Q of S measures and associated reporting systems

A customer representation body for road users?
to include commercial road users?

Financing of the Highways Agency: providing a revenue stream independent of DfT



Regional Planning input?

Interface with local authorities?

New Planning Act and statement of national need?



We need a long term strategy
for our roads!