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This note provides a response to the inquiry into the **State of Roads in Wales** for the National Assembly for Wales' Economy, Infrastructure and Skills Committee on behalf of the County Surveyors Society (CSS) Wales.

To provide some background, CSS is an association with membership from all 22 Local Authorities across Wales. The main committee comprises of the Directors and Heads of Highways, Transportation, Waste and Environment. There are a number of sub groups below the main committee including; highway asset management, performance, benchmarking, waste, traffic and engineering. CSS work closely with the WLGA, CECA Wales as well as other UK wide bodies including ADEPT (Association of Directors of Environment, Economy, Planning and Transportation) and the UKRLG (United Kingdom Roads Liaison Group). CSS is committed to knowledge sharing and developing best practice to ensure that the highways, transportation and environment services in Wales are delivered in the most efficient and effective way.

This response has been structured against the three key headings;

**Views on the current condition of roads in Wales and whether the approach to funding and delivery of maintenance programmes for the local road, trunk road and motorway network in Wales is effective, managed so as to minimise disruption to road users, and provides value for money;**

### **Road Condition**

CSS recognise the importance of good highways asset management and has shown a very strong commitment to capturing and developing the data relating to road condition in Wales. CSS have provided funding for an ongoing highways asset management project using specialist external consultants over a number of years. This project was initially developed in conjunction with our colleagues in Scotland (SCOTS) and has been referenced as an example of best practice across the UK. CSS works closely with the Welsh Government to ensure that regular road condition surveys are undertaken which scientifically monitor the condition of the trunk roads as well as the A, B and C road networks. All Councils across Wales produce a highways asset management plan (HAMP) which is a vital document for ensuring efficient and effective maintenance approaches to the most expensive and important asset managed by the Councils.

There is clear evidence that there is a very large highways maintenance backlog on all the roads (local, trunk and motorways) in Wales. This backlog is referenced in the recent ALARM report by the Asphalt Industry Alliance, which estimates that it would cost in excess of £600m to bring the highways infrastructure up to an acceptable standard. The consequences of a significant highway maintenance backlog are;

- The level of reactive maintenance increases compared to the level of planned maintenance. This is much less cost effective and hence provides poorer value for money.
- Higher levels of reactive maintenance lead to much greater disruption for road users through more road works and unplanned closures.
- Reactive maintenance effort is targeted at repairing and preventing safety hazards rather than extending the life of the highway and hence much more 'abortive' and repeated works are undertaken which have a financial and environmental cost.
- Greater levels of third party claims against the highway authorities and increased levels of risks to road users.

## **Funding**

Current funding levels for highway maintenance are inadequate for maintaining a steady state in terms of road and footway conditions; let alone improve the conditions. Road condition projections for many Councils show that with current funding levels, within ten years the number of roads in poor condition will double compared to today.

In March this year, the Welsh Government announced an additional highways maintenance capital investment of £30m to local authorities, which is much needed particularly with a winter which has had a very dramatic effect on road conditions. However, it is clear that an increased and sustained level of investment is necessary for the highway networks. The Local Government Borrowing Initiative (2012/13 to 2014/15) provided Councils with three years of funding which was in the region of £50m per annum. This investment had a clear impact on road condition, both in terms of visual condition as well as the road condition data, as it bucked the trend of deterioration. CSS feel that there should be increased funding for Councils to spend on highway maintenance which is continued year on year. It is recognised that there are significant funding pressures on the public purse. However an ongoing capital investment in the region of £50m would start to make a real difference in terms of tackling the highway maintenance backlog.

In addition to the lack of funding, there is also a significant issue with single year budget settlements, which leads to issues with the planning, procurement and delivery of highway maintenance works. The 'peakiness' in delivery is further exasperated by further capital funding becoming available late in the year. The additional funding is welcomed but works are often added to on an already hectic delivery period between December and March. In addition to the challenge for contractors and suppliers to deliver the works, there are further issues with poor weather and cold temperatures which are less suitable for laying surfacing materials.

The peak workloads often affect the competitiveness of the tenders whereby works are more expensive due to the simple supply and demand metrics.

**Views on whether major enhancement projects on the local road, trunk road and motorway network are prioritised, funded, planned and delivered effectively, and provide value for money. Relevant issues include the implementation of the Early Contractor Involvement approach and the opportunities offered by the Welsh Government's Mutual Investment Model;**

The prioritisation approach for major projects has recently been reviewed by Welsh Government and a revised WelTAG assessment process has been launched. This process includes a clear link to the Well Being and Future Generations Act. The effectiveness of the revised process will become apparent over time. However it is important that prioritisation processes are proportionate to the size of the schemes being developed. Concerns have been raised over the years regarding extremely cumbersome assessment and prioritisation processes for minor improvement schemes. The assessment required to justify and prioritise schemes should be proportionate. CSS will continue to work closely with Welsh Government officers to ensure that processes are not excessively bureaucratic.

The funding for local authority transport schemes has reduced massively over recent years whereby in 2008 there was approximately £120m of transport grant funding available whilst in 2017/18 this had reduced to approximately £20m. This reduction in funding levels has had a severe impact on the delivery of schemes identified through the Local Transport Plans. It is acknowledged that the Welsh Government is directly funding a number of transformational major infrastructure schemes on the trunk and motorway networks which will have a significant impact on the Welsh economy. However, they should not be funded at the expense of local transport schemes which will improve safety, accessibility and transport choices across Wales. CSS believes that there is a need to significantly increase funding for local authority managed transport improvements and interventions.

The current approach of one year funding settlements for local transport projects is completely unacceptable. The challenges of these settlements include;

- Reduced aspirations whereby schemes are developed on the basis of what can be delivered in year, rather than what is actually needed.
- Stop start development of schemes where larger schemes have to be broken down into 'bite sized chunks' which can be delivered in year leading to multiple contractor delivery and poor value for money.
- Peaks and troughs for resources to develop, procure and deliver the schemes leading to significant peak workloads at the end of the financial year. This in turn leads to delivery challenges and poor value for money from tenderers due to resource constraints.

- Uncertainty for local authority design teams and consultants as the 'pipeline' of workload is unclear. This leads to difficulty in recruiting, developing and retaining professional staff which has an impact on the local economy.

It is clear that the benefits of multi-year budget settlements are understood by the Welsh Government as they have announced five year budgets for the newly established Transport for Wales. Hence it is imperative that Welsh Government move away from single year budget settlements as soon as possible. CSS would urge an immediate change in the funding approaches to multi-year rolling budgets.

Procurement approaches based on early contractor involvement have very strong benefits in being able to combine the knowledge and skills of the client and contractor in developing the best solution. These approaches are particularly beneficial for large complex projects which have a high degree of uncertainty. .

The Mutual Investment Model is an example of public private partnership whereby project funding is provided by the private sector partner and payment is made by the Welsh Government over a number of years. The suitability of this form of procurement and funding needs careful consideration to assess whether it actually provides value for money. The appeal of a 'buy now, pay later, arrangement needs to be assessed against the higher cost of borrowing which the private sector experiences in addition to the management of risk. A key question is how much risk is there in the project and where is the risk best managed. All risk means uncertainty, and uncertainty means additional cost which, spread over a number of years can add significant cost to a privately funded project. There are increasing examples where many PFI arrangements which were established in the past, have found to provide very poor value for money.

**Views as to whether Wales is adopting a sustainable approach to the maintenance and enhancement of its road network in the context of key legislation such as the Well-being of Future Generations (Wales) Act 2015 and the Active Travel (Wales) Act 2013;**

**Well Being and Future Generations Act**

The principles of the Well Being and Future Generations Act are admirable but at present it is clear that much needs to be done to embed the principles and achieve the aspirations in terms of the maintenance and enhancement of the road networks.

Uncertainty with budget levels and single year budgets severely impact on the planning, design and delivery resources. This presents significant challenges to recruiting, developing and retaining staff. It should be recognised that the construction sector associated with the maintenance and enhancement of the road network provides a wide range of employment opportunities in Wales. The limited funding and fluctuating workload presents very real challenges to the viability of the public and private sector organisations delivering the works. There are many high value, high skill jobs which are critical to the economy across Wales but current

approaches could lead to more of this work being delivered by workers from outside Wales.

A strong economy is critical for the future generations of Wales and the importance of efficient, well maintained transport links cannot be understated. It is vital that more investment is provided for the maintenance and improvement of transport links across Wales to ensure that it can attract investment and become more competitive against other countries and regions.

Good asset management must be at the core of the activities and ensuring the appropriate level of investment to ensure the highway network is crucial. HAMPs were first developed in New Zealand as it was recognised that it was not appropriate to allow highway assets to deteriorate and leave the problems to future generations. Significant highway maintenance backlogs mean less efficient processes for reactive maintenance, which require more resources (raw materials, labour, fuel etc.). This is clearly a poor approach in terms of environmental sustainability. There is also a higher degree of disruption to road users, which increases congestion with the associated impacts on the economy and the environment. There is a real opportunity for Wales to tackle this issue and demonstrate a real commitment to sustainable highway maintenance funding levels.

### **Active Travel Act**

The Active Travel Act was introduced with very little additional funding which presents significant challenges for authorities who are tasked with delivering the outcomes. The aims of the act are clear but achieving the outcome will not be an easy task. There will be tensions where road space and priority will need to be taken away from motorised transport and given to active travel modes. Embedding the design principles of the Act in all schemes is a positive move but it should be acknowledged that this often comes with further costs. This is a particular problem when funding for transport improvements is limited as compromised have to be made to deliver the scheme.

The budgetary pressures faced by local government lead to certain activities being prioritised over others. An example of this is the maintenance of off-road cycle ways whereby maintenance activity is prioritised against the degree of use which means that many cycle ways would get relatively little maintenance. However if active travel is to be encouraged then it may be necessary to have an enhanced level of maintenance. This would be at additional cost and would require increased revenue maintenance settlements.

CSS Wales would be happy to help with any aspects of this inquiry and are grateful for an opportunity to respond on this extremely important issue.