

# Providing a robust economic case for local road investment

Highway departments are urged to take advantage of a new assessment tool that has shown how investment in road maintenance can generate a real economic return.

Economic impacts from specifying different road network maintenance treatment scenarios can be assessed using the Highways Maintenance Economic Assessment (HMEA) tool and HMEA Collator, which are available on the UKRLG website.

Outputs can include an estimate of impacts to aGVA (approximate Gross Value Added – the total output of an economy), Value Added Tax, income tax, National Insurance Contributions and employment, as well as the impact to users of the road network over a given analysis period.

In addition the tool includes an option to calculate the benefit from the network – in terms of accident, travel time and carbon emission reductions – if travel behaviour changes and traffic uses an alternative network.

The UKRLG's Asset Management Board, with financial support from the Department for Transport, Welsh Government and Transport for London commissioned Atkins to update the Highways Maintenance Efficiency Programme lifecycle planning toolkit and TRL to develop the HMEA model.

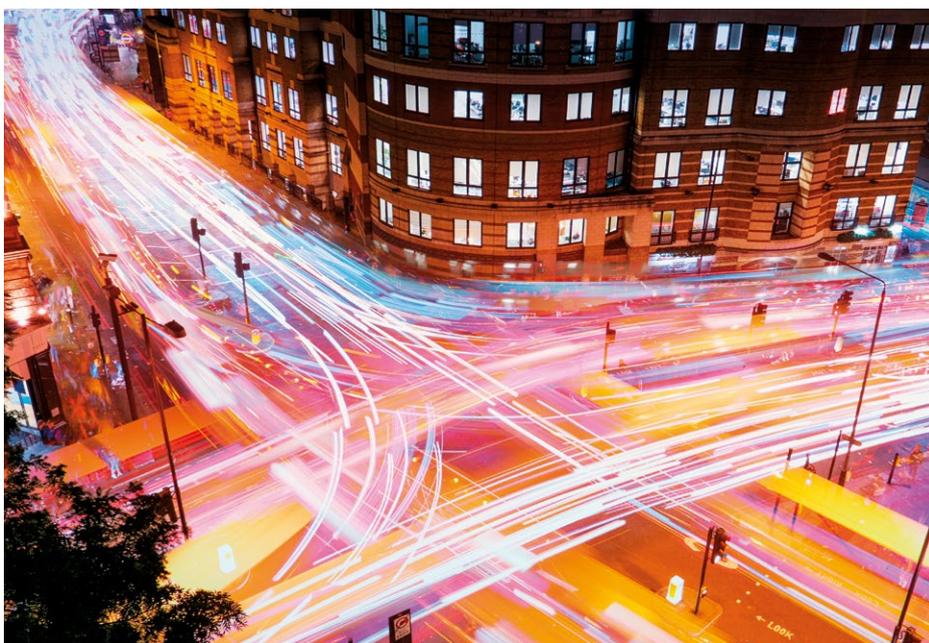
**Justin Ward (JW) of CIHT spoke with Garry Sterritt (GS) who chairs the Asset Management Board and Richard Abell (RA) who is the lead consultant from TRL on the project.**

**Here is an edited version of their conversation.**

**JW: What added benefit will the HMEA tool offer the industry?**



**GS:** For a long time in highways asset management, we have been explaining what happens to the condition of our roads if we do or don't invest and what that means in terms



↑ Spending on roads can generate significant economic benefit for the country FILIFE.SAMORA - SHUTTERSTOCK

of overall condition, as well as what the impact of bridge closures or the introduction of more LED lighting may have on customers.

It's been very 'condition engineering' driven to date and we have struggled to make the argument at times because it's not always tangible.

What politicians and governments can be more interested in is what that means to the economy and prosperity of an area.

Work has been done in the past as part of the National Road Maintenance Review in Scotland and since then for other places where they were looking at the impact on indirect costs from the condition of the network and the level of maintenance funding.

More recent studies have considered the indirect impacts of the condition of the network and the actual economic value of the highway.

So as UKRLG we thought we need to take this further whereby all local authorities in

the country have an ability to explain what the economic value is of our highway network, the value of maintaining that network and what impact it has on the local economy.



**RA:** What came out of the earlier work in Scotland is the consequence to the local economy if the condition of the network goes down and it deters people from using the network, reducing business activity in the surrounding area.

Having good road condition can actually generate economic wealth in an area.

**GS:** It's saying for every pound spent you create additional pounds of value in the economy.

**RA:** When Scotland did the initial work it showed that for every £1 reduction in road

## UK ROADS LIAISON GROUP

c/o CIHT, 119 Britannia Walk  
London N1 7JE  
web: [ukroadsliaisongroup.org](http://ukroadsliaisongroup.org)  
email: [info@ciht.org.uk](mailto:info@ciht.org.uk)  
tel: 0207 336 1555  
twitter: @ukrlg

**UKRLG Chair:** Stephen Fidler

**UKRLG Board Chairs:**  
**Roads:** James Bailey  
**Lighting:** David Denner

**Bridges:** Liz Kirkham  
**Network Management:** Mark Kemp  
**Asset Management:** Garry Sterritt

**Head of Policy and Technical:**

Justin Ward  
email: [justin.ward@ciht.org.uk](mailto:justin.ward@ciht.org.uk)  
tel: 0207 336 1584

maintenance, there is a cost of £1.50 to the wider economy. This was really the indirect effects of the condition rather than the economic impacts which are now in HMEA. So that was the starting point for HMEA: if you improve the network condition there are benefits that are not currently taken into account.

**JW: And what returns have been shown?**

**GS:** The project indicates this can be up to five times return on each pound spent, but the next phase will be for local authorities to try it on their own networks.

**JW: Is it an argument that is useful for people who hold the purse strings and make the case for investment in the highways?**

**GS:** It is for elected members, but could be used on a national level. Primarily it's for an individual authority to really demonstrate the value of the highway network and to elevate that discussion.

**JW: This tool was developed during the Covid pandemic, any views on that?**

**GS:** What Covid has shown is that the road network is the absolute cornerstone of transport in the UK. People have primarily chosen the road network to get around – walking, cycling and driving – the numbers returning to public transport are, for now, much lower and we can appreciate why that is.

We don't know how habits will change in the future, however whatever they are the model can reflect them. Importantly we need to get across



← Financial benefits of maintenance can be quantified  
K NEVILLE – ISTOCK

to people that there is real economic value in the highway network.

**JW: Anything else?**

**GS:** It is incumbent on highway engineers to take this leap of faith into an area that many of them will not be familiar with. If they don't do this and don't push this type of agenda in their local authority, it's very unlikely anyone else will do it.

So what we are providing here is a tool and guidance that will help them engage with the planners, economists, financial people and others in their local authority to say, 'I've got something here that can demonstrate the economic value of the local highway'.

It is about pushing ourselves outside our comfort zone for our own benefit.

**JW: Will this be useful for HM Treasury?**

**GS:** Absolutely. The national economic value of the local highway network must be massive.

Highways are not a liability, they are an economic generator and once we actually show that and recognise that for the money we're putting in, we can demonstrate the real return on our investment.

If you are getting five times your return on your investment and you are a commercial banker, you would be throwing all your money into that.

Surely that's got to be a crux of the argument for saying: 'Give us a fair slice of the money to maintain this network so we can contribute to the economic health and prosperity of the country'.



MINO SURKALA – SHUTTERSTOCK

**Grand challenges for bridges set out:** Preventing bridge failures, extending the life of existing structures and building bridges that perform better are three of five 'grand challenges' outlined in a new document from the Bridge Owners Forum. Two further challenges featured in the document – available on the UKRLG website – are embracing innovation and embedding technology, and securing a competent and diverse workforce. The publication aims to present an accurate picture of the pressures faced by bridge owners in order to push for increased funding.

**Roads value calculated north of the border**

Independent research into the value of the local road network in terms of the social and economic wellbeing to Scotland and its communities was carried out in 2019. The work was commissioned by the Society of Chief Officers of Transportation in Scotland and the Improvement Service.

A research team of consultants with expertise in economic modelling, social value and community engagement completed primary and secondary desktop research. The intention was to understand the current arrangements for assessing the value of the road network, as well as identifying opportunities to develop and implement a richer approach moving forward.

Based on data available for the research report, the 'Utility Ratio' for Scotland's local roads network shows a multiplier effect of 3.46:1. This measure shows how users value the network relative to its cost.

For more details visit [scotsnet.org.uk](http://scotsnet.org.uk)