

Strategic Transport Forum 16th March 2018

Agenda Item 5a: Major Road Network: DfT Consultation

Recommendation: It is recommended that the Forum agree the consultation response in Annex 1, subject to any amendment agreed by the Forum.

1. Context

- 1.1. This Forum has been briefed previously on the concept of the Major Road Network. Indeed it received a presentation by the leader of the work commissioned by the Rees Jeffreys Road Fund, David Quarmby.
- 1.2. In October 2016 the Forum published its 'Planning for Growth' position statement. This set out the Forum's support for the concept of a Major Road Network and for the idea that funding from the (to be established) National Roads Fund should be used to invest in the Major Road Network.
- 1.3. Just before Christmas the Department for Transport published its proposals for the creation of a Major Road Network ([consultation document](#)): the deadline for responses is 19th March 2018.

2. Overview

- 2.1. The consultation seeks views on three major themes: how to define the network; the investment planning process; and a set of eligibility criteria. In putting forward its proposal the DfT suggests that the MRN should:
 - Form a consistent, coherent network, alongside the Strategic Road Network, to allow better co-ordination of road investment
 - Provide funding certainty to roads in the network through the use of the National Roads Fund, and raise standards and performance across the road network
 - Provide clear roles for local and regional partners, who will support the Government to develop and deliver schemes.
- 2.2. The proposal includes an explicit role for the Sub-national Transport Bodies in terms of developing and maintaining a regional evidence base, with that being used to underpin the identification of the Major Road Network and investment priorities.

3. Key Issues

- 3.1. Whilst the DfT's commitment to the principle of identifying a Major Road Network is welcome in principle there are a number of key issues for the Forum:
 - a) A single road network – the original Rees Jeffreys Road Fund research proposed that the Major Road Network should be a combination of Highways England's

Strategic Road Network and the more significant local authority owned roads – the argument being that it is the combination of the two that forms the Major Road Network.

The DfT's proposal is that the Strategic Road Network should remain separate from what they see as being the Major Road Network – i.e. those roads owned and operated by the Local Transport Authorities. The difference in the approach advocated by the DfT represents a significant departure from the original concept proposed by the Rees Jeffreys Road Fund.

- b) Definition based on current road conditions – the National Infrastructure Commission's report on the Oxford – Milton Keynes – Cambridge corridor highlighted the critical role that improved connectivity has to play in enabling the economic potential of the corridor to be realised. Moreover it set out clearly the 'once-in-a-generation' opportunity presented by the delivery of the 'multi-modal spine' as a transformational investment.

By implication delivery of the 'spine will fundamentally affect travel patterns across the corridor: functional economic geographies are likely to change as are strategic housing market areas. The implications of improved connectivity will be considered as the Forum develops the overarching Transport Strategy. The DfT's proposal to base the identification of the MRN based on current conditions underplays the importance of the MRN being a strategic transport policy: one whose role is to shape the operation of the highway network in support of planned economic and housing growth.

- c) A Programme Approach – the proposal to introduce greater certainty to investment in the Major Road Network is to be welcomed. However, there is a need to be more explicit about adopting a 'programme approach' to the delivery of an agreed package of investment. The Forum's overarching Transport Strategy will lead to the identification of investment priorities. Taking those forward as a managed programme – in a similar way to that employed by Highways England in the form of the Road Investment Strategy – is likely to offer significant benefits both in terms of ensuring that investment supports delivery of economic opportunities and in terms of enabling local partners to secure reductions in the cost of delivery.

- 3.2. In addition to developing a detailed response on behalf of the Forum, the core programme team is liaising with the other emerging Sub-national Transport Bodies to develop an overarching response to the DfT's consultation.

Martin Tugwell
Programme Director

March 2018

Major Road Network: DfT Consultation Response of England's Economic Heartland

1. Overarching Comments

- 1.1. England's Economic Heartland as an emerging Sub-national Transport Body:
 - a) Welcomes the Department's recognition of the strategic importance of roads owned and operated by Local Transport Authorities.
 - b) Welcomes and supports the Department's recognition of the role of Sub-national Transport Bodies set out in the consultation document, which in itself builds upon the role identified for them in the Department's Transport Investment Strategy published in July 2017.
 - c) Welcomes and supports the proposal that the definition of the MRN should be reviewed on a five-yearly cycle, consistent with the approach used for both Network Rail and Highways England managed investment programmes.
 - d) Recommends that in taking the proposal for the MRN forward the Department adopts the approach set out in the original Rees Jeffreys Road Fund report – namely that the MRN is a single network: one that embrace both Highways England's Strategic Road Network and the more significant Local Transport Authority owned roads. Only by focusing on a single network will residents and businesses have confidence that investment is focused on outcomes for users.
 - e) Recommends that the focus should be on delivering outcomes for road users and the wider community: in this context we do not support the use of the eligibility criteria set out in the consultation document. We are concerned that the use of criteria may lead to perverse incentives wherein proposals are developed to be the best fit to the criteria as opposed to meeting the needs of users and the wider community.
 - f) Recommends that the National Roads Fund should be capable of making both capital and revenue investment: Vehicle Excise Duty is a revenue stream and should not automatically be re-categorised as capital investment through the National Roads Fund.
 - g) Proposes that detailed guidance on the MRN should be co-produced by the Department for Transport and Sub-national Transport Bodies.
- 1.2. England's Economic Heartland – as the Sub-national Transport Body – is engaged in the development of the overarching Transport Strategy for the Oxford – Milton Keynes - Cambridge corridor. This work needs to taken into account the commitment to deliver the 'multi-modal spine', identified by the National Infrastructure Commission as a 'once-in-a-generation' opportunity. Underpinning

the Commission's support for the spine was a recognition of the need to effect a step-change in east-west connectivity as part of a wider transformational agenda.

- 1.3. Development of the overarching Transport Strategy will take into consideration the work underway on the individual elements of the multi-modal spine, as well as the 'connectivity study' that England's Economic Heartland has been commissioned to take forward.
 - 1.4. By its very definition, a transformational agenda will have implications for the identification of the MRN for the England's Economic Heartland.
 - 1.5. In this context, whilst the indicative network included in the consultation document should be viewed as an initial network. England's Economic Heartland will – as part of its work on developing the overarching Transport Strategy – review the definition of the MRN. It will engage with partners across the corridor in the development of the overarching Transport Strategy and put forward a revised MRN as part of the draft Strategy.
2. The remainder of this response addresses the specific issues raised in the consultation document.

Core Principles

Q1: Do you agree with the proposed core principles for the Major Road Network outlined in the document?

- 2.1. The core principles are set out in the consultation document. Whilst England's Economic Heartland broadly supports the principles there are matters of detail that require further consideration by the Department for Transport:
 - *Increased Certainty of Funding* – support, but noting that Vehicle Excise Duty is a revenue stream and should not automatically be re-categorised as capital investment through the National Roads Fund. The operation of the MRN involves the need to consider both capital and revenue investment: an approach that is targeted on outcomes should have flexibility in the use of available funds.
 - *A Consistent Network* – agree with the importance of having a consistent approach to the network, particularly from a road users perspective. This reinforces the critical importance of adopting the approach set out by the Rees Jeffreys Road Fund – namely a single network, one that brings together both Highways England's Strategic Road Network and the more significant local authority owned roads.
 - *A Co-ordinated Investment Programme* – agree with this as a principle, which reinforces the importance of adopting the Rees Jeffreys Road Fund recommendation that the MRN is a single network. Delivery of planned investment on a programme basis – as with current Highways England investment and Network Rail – will enable further efficiencies to be realised in both the development and delivery of planned investment.

- *Clear Local, Regional and National Roles* – support the principle; we recommend that detailed guidance should be co-produced by the Department for Transport and Sub-national Transport Bodies
- *A Focus on Enhancement and Major Renewals* – support the principle but not how it is applied to the rest of the proposals in the document. We strongly believe that the focus should be on investing in the delivery of outcomes, with those outcomes being grounded in the objective(s) underpinning the overarching Transport Strategy. Investment in the road network must be seen as part of the wider investment not only in the transport system, but also wider strategic infrastructure (such as digital infrastructure).

England's Economic Heartland supports the emphasis on delivering improvements in standards and performance: such an emphasis reinforces the need to focus investment in terms of delivering outcomes and avoid the use of eligibility criteria that may create perverse incentives.

- *Strengthening links with the Strategic Road Network* – support the principle but not how it is applied to the rest of the proposals in the document. The desire to ensure that Highways England's roads and the more significant local authority roads work together is fundamental to the MRN concept advocated by the Rees Jeffreys Road Fund: the proposals set out in the consultation document undermine the core principle of a single network.

Defining the MRN

Q2: to what extent do you agree or disagree with the quantitative criteria outlined and their proposed application?

- 2.2. England's Economic Heartland supports the use of quantitative criteria as a starting point for identifying the MRN and support the criteria set out in the consultation document.
- 2.3. It is critical though that they are only used as just a starting point. Investment in the MRN represents a strategic, long-term investment. It is essential that it is targeted in ways that deliver strategic outcomes specifically those relating to supporting economic growth and the delivery of planned growth. The scale of opportunity across England's Economic Heartland is transformational and will therefore not be reflected in current traffic flows.
- 2.4. It is important that the identification of the MRN for England's Economic Heartland is informed by the work on the overarching Transport Strategy now underway.
- 2.5. In this context England's Economic Heartland does not believe it appropriate to automatically include previously 'de-trunked' roads in the MRN. The justification of their inclusion should be provided by the overarching Transport Strategy.

Q3: to what extent do you agree or disagree with the qualitative criteria outlined and their application?

- 2.6. England's Economic Heartland supports the use of qualitative criteria alongside the use of the quantitative criteria. However, whilst the criteria in the consultation document are useful, the more fundamental requirement is to align the MRN with the overarching Transport Strategy.

Q4: Have both the quantitative and qualitative criteria proposed in the consultation document identified all sections of road you feel should be included in the MRN?

- 2.7. The identification of the MRN should be grounded in the need to support the delivery of the overarching Transport Strategy. As noted previously, England's Economic Heartland is developing the overarching Transport Strategy: the identification of the MRN needs to form part of that work. At this stage the indicative network included in the consultation document should be viewed as an initial network.

Q5: Have the quantitative or qualitative criteria proposed in the consultation identified sections of road you feel should not be included in the MRN? 5

- 2.8. The identification of the MRN should be grounded in the need to support the delivery of the overarching Transport Strategy. As noted previously, England's Economic Heartland is developing the overarching Transport Strategy: the identification of the MRN needs to form part of that work. At this stage the indicative network included in the consultation document should be viewed as an initial network.

Q6: Do you agree with the proposal for how the MRN should be reviewed in future years?

- 2.9. England's Economic Heartland agrees with the proposal to review the MRN every five years.

Investment Planning**Q7: To what extent do you agree or disagree with the roles outlined for local, regional and national bodies?**

- 2.10. England's Economic Heartland agrees with the roles outline for local, regional and national bodies.
- 2.11. It welcomes the support set out in the consultation document for the need for the regional evidence base. England's Economic Heartland, as part of its work to develop the overarching Transport Strategy is already investing in the development of the regional evidence base.
- 2.12. It has invested monies in the development of a single, overarching database that captures a comprehensive range of information. In addition to providing the underpinning for the overarching Transport Strategy, the database is available to

the Heartland partners (including the Department for Transport, Highways England and Network Rail) for their own use.

- 2.13. England's Economic Heartland has recently commissioned specialist consultants to develop a policy scenario model: one that will enable it to examine the relative impact of alternative policy scenarios. This will also form part of the regional evidence base, and will similarly be available to the Heartland partners for their own use.
- 2.14. In order to undertake their role Sub-national Transport Bodies must receive an appropriate level of core funding from the Department for Transport.
- 2.15. England's Economic Heartland supports the need for guidance to be prepared and proposes that this be co-produced by the Department in partnership with the Sub-national Transport Bodies collectively.

Q8: What additional responsibilities, if any, should be included? Please state at which level these roles should be allocated

- 2.16. Given the importance of ensuring that the MRN (the combination of Highways England's Strategic Road Network and the more significant local authority owned roads) is considered as a single network, it would be appropriate for reporting on the programme to be the joint responsibility of both the Department and the relevant Sub-national Transport Body.
- 2.17. Reporting on the programme should be in the context of the delivery of the agreed overarching Transport Strategy.

Q9: Do you agree with our proposals to agree regional groupings to support the investment planning of the MRN in areas where no sub-national transport bodies (STBs) exist?

- 2.18. No comment

Q10: Are there any other factors, or evidence, that should be included within the scope of the Regional Evidence Bases?

- 2.19. England's Economic Heartland proposes an extension of the approach used with Highways England's Strategic Road Network and to identify a series of performance measures.
- 2.20. We are committed to adopting such an approach as part of our work with the overarching Transport Strategy. We consider that the use of performance measures should be a key consideration in identifying future investment priorities, enabling as it does a stronger linkage to be drawn between the investment made and the road user experience.
- 2.21. The original Rees Jeffreys Road Fund report included examples of how the performance measure adopted might vary depending on the role and function of a particular road.

- 2.22. The adoption of performance measures for the MRN would provide greater clarity on the level of service available: potentially a key consideration for investors looking to realise economic opportunities.
- 2.23. As part of the work to develop our policy scenario modelling capability we are exploring the potential of developing the capability to assess the implication of future scenarios on existing levels of service.

Q11: Do you agree with the role that has been outlined for Highways England?

- 2.24. England's Economic Heartland does not agree with the role outlined for Highways England.
- 2.25. Through our individual partners we already have access to major consultancies that have the skills and resources necessary to support the development and delivery of investment on the MRN. We believe that there should be the flexibility to enable Sub-national Transport Bodies and their partners to draw on this resource base, as well as being able to draw on Highways England where appropriate.
- 2.26. As noted previously, it is essential that investment in the MRN is taken forward in the context of the overarching Transport Strategy. The regional evidence base prepared by England's Economic Heartland (and the other Sub-national Transport Bodies) will provide exactly this context.
- 2.27. Across England's Economic Heartland it is highly likely that proposals to invest in the MRN will need to be considered alongside multi-modal interventions. The added value of the Sub-national Transport Bodies is our ability to provide the focus for a single conversation on strategic investment options that stretch across modes.

Eligibility & Investment Assessment Criteria

Q12: Do you agree with the cost thresholds outlined?

- 2.28. England's Economic Heartland disagrees with the approach outlined when it comes to cost thresholds.
- 2.29. We are concerned that the use of criteria may lead to perverse incentives wherein proposals are developed to be the best fit to those criteria as opposed to meeting the needs of users and the wider community.
- 2.30. We welcome updates to the Treasury's Green Book which now includes recognising the potential agglomeration benefits of investment; the MRN should embrace not limit such approaches.

Q13: Do you agree with the eligibility criteria outlined?

- 2.31. England's Economic Heartland disagrees with the need to identify eligibility criteria.
- 2.32. We are concerned that the use of criteria may lead to perverse incentives wherein proposals are developed to be the best fit to those criteria as opposed to meeting the needs of users and the wider community.

Q14: Do you agree with the investment assessment criteria outlined?

- 2.33. England's Economic Heartland disagrees with the need to identify assessment criteria.
- 2.34. The need for investment in the MRN will be identified as part of the overarching Transport Strategy. As the Sub-national Transport Body we will look to identify a prioritised pipeline of investment requirements. We will use that prioritised pipeline to inform our advice to Government when it comes to determining future investment programmes managed and delivered by Highways England and Network Rail.
- 2.35. By extension, grounding the investment programme for the MRN in the need to deliver the overarching Transport Strategy will ensure that investment priorities will be aligned to strategic objectives. The introduction of an additional set of MRN assessment criteria will add unnecessary complexity and introduce inertia to the decision making process.
- 2.36. England's Economic Heartland accepts that individual proposals will need to undergo a detailed assessment of their value for money. However that can be undertaken using the existing assessment frameworks and criteria.

Q15: In addition to the eligibility and investment assessment criteria described what, if any, additional criteria should be included in the proposal? Please be as detailed as possible.

- 2.37. As part of the review of the MRN (undertaken every 5 years) the Department for Transport should identify indicative regional funding levels within which advice on investment can be planned over the long term.
- 2.38. These would be indicative but, like rail investment, can incentivise an effective pipeline of improvements to be planned and funded by all parties together. Recognition of agreed growth priorities, including through statutory Transport Strategies and Strategic Economic Plans, would provide a more direct and effective route for new options to be developed with Government – it also entrenches the responsibilities of STBs to drive the prioritisation of proposals.

Other Considerations

Q16: Is there anything further you would like added to the MRN proposals?

- 2.39. England's Economic Heartland proposes that investment in the MRN should be managed as a single programme.
- 2.40. The Department has argued (rightly) in the past of the benefits brought from managing national investments on a programme basis – in terms of enabling design and supply chains to plan more efficiently and effectively. By the same token, adopting a programme approach to funding for the MRN will enable similar benefits to be realised more widely to other aspects of the Department's investment.

- 2.41. A key source of inertia (and by association cost – both in terms of time and resources) with public sector investment in transport infrastructure is the multitude of funding programmes and their associated assessment and monitoring arrangements.
- 2.42. The Department has identified the added value of the overarching Transport Strategies prepared by Sub-national Transport Bodies as being the opportunity to provide a single strategic view on investment priorities in support of wider economic objectives.
- 2.43. In taking the MRN forward, we believe the Department should seize the opportunity to begin rationalising and simplifying the number of funding programmes. At a time of continued pressures on resource funding both nationally and locally, realising this opportunity offers the potential to make better use of the resource funding that is available thereby enhancing the ability to deliver tangible benefits to the road user.

England's Economic Heartland March 2018