

Notes of the All Party Parliamentary Group meeting held on Tuesday 12th March in Dining Room B of the House of Commons

Present:

Sir Christopher Chope MP	Chairman
Viscount Simon	Vice Chairman
Lord Brabazon of Tara	
Sir Greg Knight MP	
Jack Brereton MP	

Industry

Rick Green	
John Lamb	
Jonathan Pearson	
Steve Webb	
David Giles	
Brian Kent	
Malcolm Simms	
Simon van der Byl	Secretary

Introduction

The Chairman welcomed all those present and particularly the speaker, John Lamb, of the Local Government Technical Advisers Group, inviting John to make his presentation.

Presentation

John Lamb gave his prepared presentation (transcript attached to these notes), emphasising the need for local authorities to focus more on total expenditure (ToTEx), rather than on revenue versus capital, when the issue was road repair/maintenance. He also emphasised the need for transparency of accounting and the requirement to be able to show HMT that money transferred to LAs for this purpose was being, or would be well spent. He suggested that there were different routes to the funding solutions, especially prudential borrowing, as demonstrated by several LAs, and also PFI, which although generally more expensive, had a proven track record of delivery.

Discussion

The excellent presentation gave grounds for a full and thorough discussion, from which many points emerged, most evidently the following:

- Should councils with bad track records on maintenance be “named and shamed”? Equally, why are those authorities that are doing things correctly be applauded?
- The current Roads Minister, Jesse Norman MP, had shown leadership in encouraging innovative solutions and techniques: should there be more attention on this aspect, or benefits for those achieving innovative solutions? Perhaps DfT should open up its data files on trends and innovations for those that are not benefitting! While not road surface orientated, an example could be the use of LED street lighting.
- The issue of self-assessment was raised, especially the possibility of over-assessing performance and whether, in those circumstances, the DfT should

do a separate assessment and downgrade a LA performance when justified. The point here is that the LAs with the lowest assessments stand to lose 70% of what they may have been entitled to from the incentive funding pot.

- It was thought that APPGs like the Highways one could spread best practice to LAs, focusing on the responsible officers for the transport portfolios. This might best be done through regional meetings.
- There was a discussion on new techniques for identifying and locating potholes that could transform the speed and efficiency with which they were repaired. In this regard it was suggested that 100% of local roads should be surveyed/mapped every year.
- The bottom line, it was agreed, was that, if there are side issues like hospital or insurance costs attributed to damage caused by potholes, there should be a more holistic view of the total costs and effects on the political leadership of the relevant authority.

A copy of Transforming the Narrative can be found [here](#) .

Simon van der Byl
Secretary, APPG Highways
14 March 2019

Appendix A – Presentation by John Lamb

A recent piece of analysis showed the cumulative depth of Britain's potholes to be deeper than the Mariana Trench. It is perhaps a sad reflection that we might also fill an ocean with the many pages of learned reports and commentary talking about the pothole problems.

Indeed it was 2013 when this APPG published its own learned position highlighting the challenge. 2013 was perhaps the height of ambition with the 'Pothole Review' and HMEP in full swing and expectations around Whole of Government Accounts. It was a time when Highways England was about to be blessed with a multi-year settlement and a financial largesse the envy of every Engineer and Councillor.

Since then austerity bites harder and severe weather intensifies. We now know the Met Office forecasts a severe weather event every 3 years and these will be 30% more intense. Last year's drought, Saddleworth Moor ablaze in February. Calderdale flooded in 2012 before the more devastating event in 2015. Statistically Cumbria already gets more than most!

However the last decade has brought

- Innovation
- Big Data
- Laser sharp images from data companies such as GAIST
- We now talk 'Asset Management' ... 'Steady State' and Whole of 'Governments Accounts'

We have an incentive fund from DfT that seeks to sort the wheat from the chaff. But we have London excluded from this investment and we automatically exclude scrutiny for those Councils in a City Deal. A City Deal perhaps predicated on social care, or criminal justice But it allows them to dodge the white heat of scrutiny.

We are seeing a major shift happening that is positive. The AIA ALARM survey has shown a marked improvement in the backlog but customer satisfaction reaching new lows. The work I have done as President of the Local Government Advisers Group is showing some stark and concerning issues.

Traditional technical method of measuring our main roads ignores

- how we deal with potholes
- the quality and longevity of repairs
- the speed of repairs
- of course the local roads and footways at the heart of where we live not subject to SCANNER.

All these elements are Revenue Funded – DfT grant rarely touches the areas that make the public happy.

We can spend £100k to resurface a road (using capital) but a thousand random potholes over a 100 miles remain unfilled.

This document flags a dozen priorities – some needing new money such as that called for by the National Infrastructure Commission (£500m a year extra from 2025).

There is however one urgent priority that does not require any new money. Instead it requires some immediate leadership, a can do attitude and a willingness to perhaps ruffle a few feathers.

Not Capital Expenditure nor Revenue Expenditure but Total Expenditure – or ToTEx. When something fails on the railway it is fixed but for local roads there is a perverse regime DfT's £1Bn Capital and £½ Bn Local Council Revenue

One Council has a historic limit of £1k anything less must be revenue. With over ten thousand defects that meant only a fraction each year could be fixed. Naturally a lot of these defects were on roads that were otherwise fine. When the revenue is gone by spring the defects are left.

Programmes of work – often using innovative techniques – must be freed from this kind of thinking. Blitzing an entire network over the spring and charging that to DfT/Capital would place the onus on the local council to expedite all the defects as they emerge. 80% of all defects occur Feb / March / April but sadly they can still be there six months later.

Not Cap Ex not Rev Ex but a holistic thinking that will tackle public perception.

- ToTeX is the single most important missing link in the equation. A defect is identified is given the right long term fix. A right first time approach is not possible until we crack ToTeX.
- ToTeX will allow councils to confidently plan and programme works with a new freedom to ensure longer term thinking and programmes of work.

Short termism can be replaced with robust and long term interventions at the heart of the work what AIA and ALARM call for.

Of course some councils already do have a form of ToTeX. They have used prudential borrowing – you have seen this in Blackpool and you have seen this in Leeds- medium sized Highways Authorities connected to their community and having constructive and successful solutions to local problems. Injecting capital funds stops potholes, revenue becomes interest payments not chasing random potholes. Recently as part of my ToTeX review Leeds were so far ahead that their priority was less about potholes and more about advanced forms of devolution and loosening controls to better reflect their consistent high performance. Contrast that with a major city on the other side of the Pennines struggling with the £1k limit and a growing backlog that is no longer 10k or 12k but approaching 16k defects – that approach and thinking is flawed. In that Tale of Two Cities, over the last decade both cities have *probably* spent the same – one using best practice the other not

Throwing more money into failing systems is a waste. It prevents the long term outcomes we all need. The extra £420m from the Government will not be seen for dust in some councils whilst for others it is pure gold.

- So the sector does need freedoms and flexibilities – ToTeX is the start
- We need newer and smarter approaches to ensure long term solutions
- Dft incentive funding, outside London, needs to be enhanced - greater probity and transparency.
- We must give the Treasury confidence we deserve a multi-year settlement and the additional £½ Bn.

That Transparency will be vital – we need to keep the pace of innovation and improved value for money. ToTeX cannot simply be about charging staff time to capital to free up Council revenue pressures elsewhere.

There is a risk that DfT monies (currently termed ‘capital’) might now be used to cover staff costs in hard pressed councils – this demands transparency. Equally we need to understand for each council what greater insight such as the balance between full reconstruction, emergency defects and Jetpatchers that sit in the middle. Crucially how much of DfT money actually hits the ground.

Asset management planning and Whole of Government Accounts are over a decade old. Many Councils prove that you can prudentially borrow and forego revenue to fund it – without the risk of still having ‘*typical*’ defects and gangs or contractors there ‘*just in case*’.

With a new freedom of ToTeX must come insightful audit and evaluation – tasking councils with outcomes at year 3 and year 5 and beyond.

Confident of a five or ideally ten year settlement, councils can then consider even more radical approaches spending that money in the first few years ... confident the money to pay it back from DfT and each council will still come through in future years. The same amount of money ... but invested up front and in a smart and transparent fashion that Blackpool and Leeds have become exemplars for.