



# THE ECONOMIC IMPACT OF LOCAL ROAD CONDITION

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## Background

### Introduction

Research conducted among local authority highway engineers for the Asphalt Industry Alliance, published March 2010, suggests that that £9.5 billion pounds is required to repair the nation's roads. While this research estimates the overall cost of bringing roads up to scratch, it does not report on the costs of poorly maintained roads to the economy and to individual members of the public.

This report, compiled by YouGov, analyses the impact of poorly maintained roads on the public and on small and medium sized businesses (SMEs) in England and Wales. It should be noted that the research is concerned with local roads – which make up 95 per cent of the road network – and excludes motorways and dual carriageways. It also relates only to the condition of roads and not to congestion or other problems caused by the volume of traffic on the roads.

### The importance of SMEs to the economy

Figures from the Department for Business Innovation and Skills for 2009 show that 99 per cent of the UK's 4.8 million businesses are defined as Small and Medium Enterprises. A small business is defined as one with a headcount of less than 50 and a medium business is one with a headcount of less than 250.

In relation to the economy of England and Wales, SMEs account for about half of all turnover (income) generated. In Wales, the South West and North West SMEs account for 60 per cent of all income generated in the region as the table shows.

This demonstrates the importance of SMEs to the economy not just at a national level but at a regional level.

**Table 1: Turnover in £Millions by region and business size**

Region	Size of business			Total	All	SME contribution to economy
	Sole trader £million	1-49 £million	50-249 £million			
North East	5,345	19,815	9,130	34,290	68,427	50%
North West	20,421	82,296	37,437	140,154	233,138	60%
Yorkshire and the Humber	15,010	56,039	32,331	103,380	188,273	55%
East Midlands	12,620	56,627	25,180	94,427	188,832	50%
West Midlands	16,745	63,525	32,583	112,853	216,724	52%
East of England	23,017	75,896	34,679	133,592	317,523	42%
London	55,532	226,917	104,162	386,611	824,310	47%
South East	38,236	119,381	58,783	216,400	491,484	44%
South West	17,277	59,932	21,722	98,931	163,610	60%
Wales	7,163	25,450	12,756	45,369	75,228	60%
Total	211,366	785,878	368,763	1,366,007	2,767,549	49%



## Research method

The research was undertaken online with the sample drawn from YouGov's panel of 300,000 adults who have signed up to undertake research. The research consisted of three elements. These were:

- A survey of a representative sample of 2,028 respondents from England and Wales. The sample was selected and weighted to be representative in relation to region, age and gender of respondent, social grade and newspaper readership.
- A survey of a representative sample of 877 (target was 750) SMEs in England and Wales. The sample was selected and weighted to be representative of SMEs in relation to broad region, sector and contribution of business size to the economy.
- Follow up telephone in-depth interviews with a small number of organisations responding to the survey plus a representative from a local Chamber of Commerce to provide an overview. 11 interviews were undertaken. The interviews provide context and insight into what the condition of local roads mean to businesses.

The report draws together all three elements of the research to highlight the importance of local roads to consumers and businesses, why well maintained roads are important, the impact on the economy of poorly maintained roads and the solutions that businesses and consumers believe could help to address the problem.

## The state of the nation's roads

### Introduction

In this section the perception of the state of roads from the public and business viewpoint is discussed. The section provides insight into what both groups think is the current state of the nation's local roads and the impact it has on them.

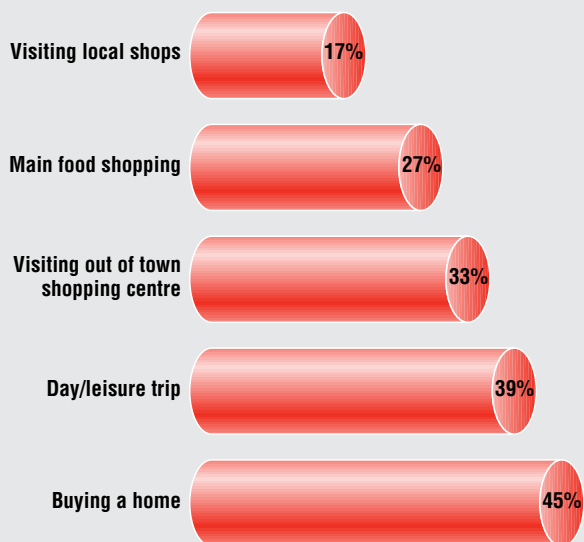
### Is the state of the nation's roads important?

The survey shows that three quarters of the public use road transport (car, bus, bicycle, taxi, motorbike) as their preferred means of transport. Before looking at the impact of the condition of roads it is important to place views into context; to what extent is their maintenance an important political and business issue? Road transport is an important part of

people's daily lives. The public survey shows that the condition of local roads is a top five issue in deciding upon which political party to vote for at local elections with over a quarter (26 per cent) stating that the condition of local roads is a vote deciding issue.

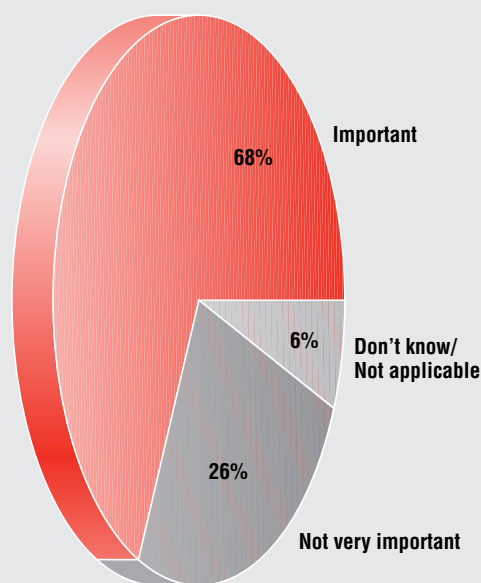
The condition of local roads has an important influence over a number of activities as the chart (Figure 1) shows. These activities are important because of their contribution to the economy. For example, the UK retail sector generates £300 billion pounds in sales every year. Figures from Visit Britain show that £20 billion is spent on leisure day trips annually. In relation to the housing market the Institute of Fiscal Studies estimates that the Treasury receives £1.8 billion per year in Stamp Duty.

**Figure 1 : Proportion of public survey respondents that say the condition of the roads influences their choice of where to go to undertake an activity.**



Base: all respondents (2,028)

**Figure 2: Importance of well maintained local roads to businesses (%)**



Base: All SMEs (877)

Figure 1 shows that four in 10 people are influenced in where they go on a day or leisure trip by the condition of roads on the route. Similarly, one third of people's decision to visit an out of town shopping centre is influenced by the condition of roads. These findings are important because it is clear that some destinations will be missing out on expenditure not because they lack attraction but because the roads leading to them are poorly maintained.

On the business side over two thirds (68 per cent) state that well maintained local roads are important to their business, as shown in Figure 2.

The state of local roads is, therefore, an important issue to both the electorate and businesses. Given the importance of the issue the key question is: what do businesses and the public think of the state of the roads in their local area? This is discussed next.

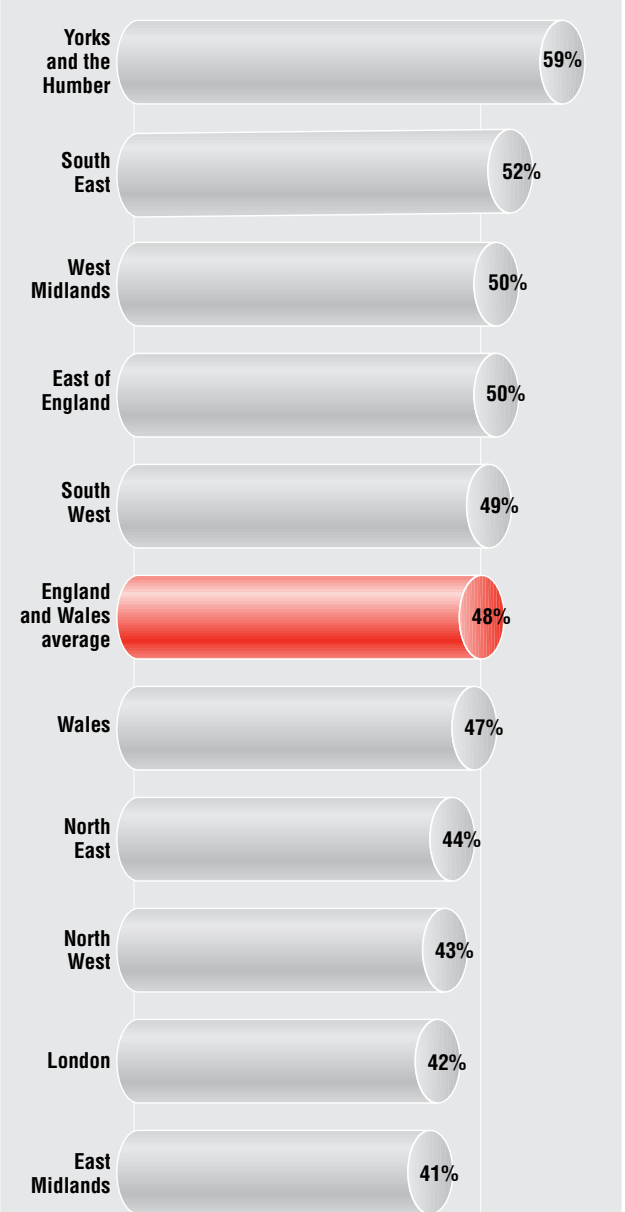
### What does the public think about the state of roads in their area?

A significant proportion of people have concerns about the condition of local roads. While half of the public think roads are well maintained, 47 per cent believe them to be poorly maintained. This overall figure masks some serious regional problems with road maintenance, as Figure 3 shows.

Roads in Yorkshire and the Humber are considered to be poorly maintained by nearly six in 10 people who live in the region. Other regions where half or more of the population think that local roads are poorly maintained are the South East, East of England and the West Midlands.

Overall the picture is one of widespread concern about the state of local roads. Even the region with the lowest proportion (East Midlands) still has four in 10 people who believe roads to be poorly maintained.

**Figure 3 : Proportion of public survey respondents in each region who say that local roads are poorly maintained.**



Base: all respondents (2,028)



### What do businesses think of the state of roads?

As with the public there is widespread concern about the state of roads from businesses. While just over half (53 per cent) of businesses believe that local roads are well maintained, a significant proportion do not share this view. In total, 44 per cent believe that local roads are poorly maintained, as Figure 4 shows.

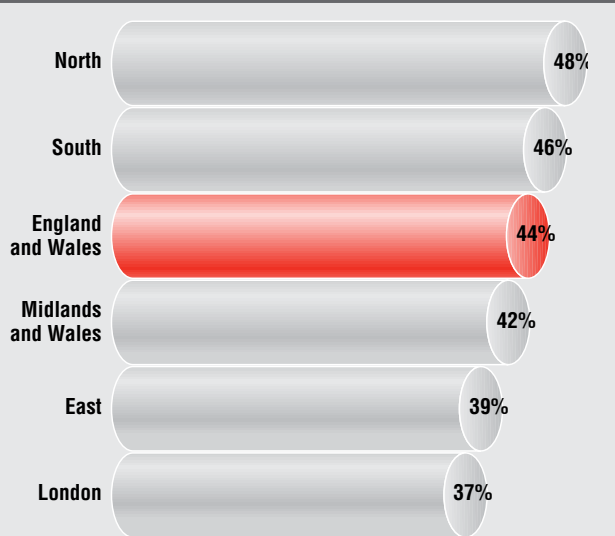
More businesses in the North said that roads are not well maintained (48 per cent) compared with London (37 per cent), while those in the East said that roads in their area are well maintained. As seen in Figure 5, nearly six in 10 (58 per cent) businesses operating within the construction industry, and nearly half (49 per cent) in wholesale and retail, believe the roads to be not very well maintained, although there needs to be caution with these figures because the sample sizes are low.

The in-depth interviews reveal some interesting views from businesses about how local roads are thought to be ignored, with any money available being spent on major roads (funded centrally by the Highways Agency) or not on roads at all:

**‘Smaller roads are being neglected and not repaired as often as some of the majors.’**

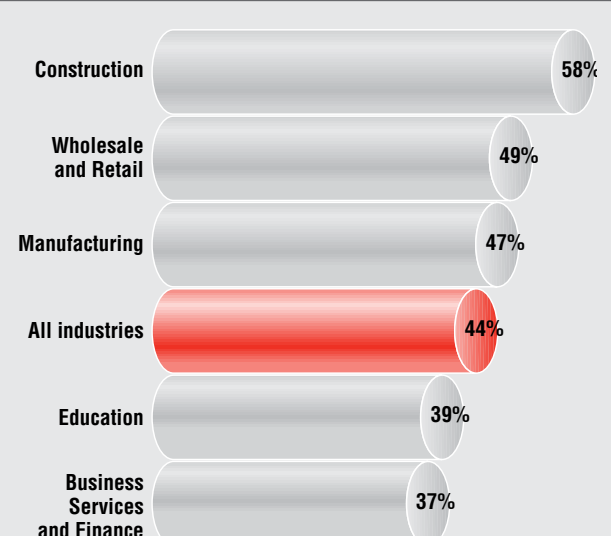
**Small business within the retail sector, South**

**Figure 4 : Proportion of business survey respondents stating local roads are not very well maintained, by region**



Please note: Eastern data is based on a sample size of 63 and therefore should be treated with caution.

**Figure 5: Proportion of business survey respondents stating local roads are not very well maintained, by industry**



Please note: Most of the above data is based on a sample size of less than 100 and therefore should be treated with caution.



**‘I don’t think motorists should be a cash cow for money to be spent on other issues, if they do want to tax other things that need more investment, then why tax motorists, it’s ridiculous.’**

**Medium business within the retail sector, London**

Some business people are scathing about the conditions of the roads in this country and say that they compare unfavourably with roads in other countries. One business person compared the roads in their area to that which exist in a ‘third world country’.

One of the most common problems mentioned in the in-depth interviews was the number of potholes that exist. A business leader said that although many had been repaired after the cold snap at the start of the year there were still many that had not been.

**‘It makes moving across to different offices difficult. It affects the decisions you make about who you can see and when you can get to see them.’**

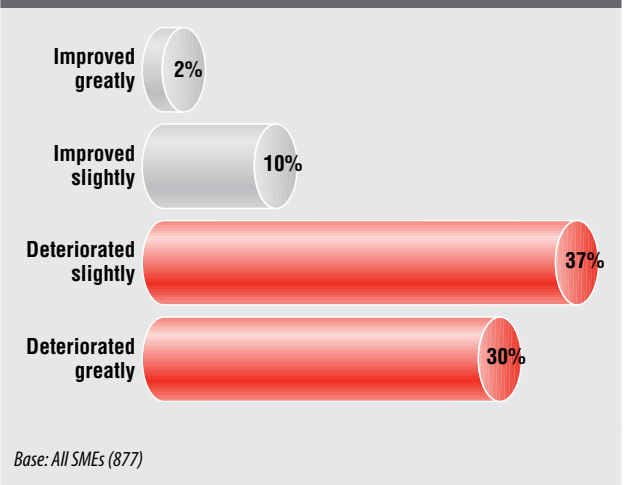
**Business leader, North West**

**Are the roads improving or getting worse?**

With such a large proportion saying that local roads are not well maintained a key issue here is whether things have got any better over the past few years. By looking at this we will be able to tell whether the trend is towards an improving road condition situation or a deteriorating one. The figures are not good and point to an ever deteriorating situation as can be seen in the charts, right.

Two thirds (67 per cent) of the business sample believe there to have been some deterioration either to a slight extent (37 per cent) or to a great extent (30 per cent) as can be seen in Figure 6. The highest proportion of those reporting deterioration in road condition is in the South (70 per cent) and the lowest in London (53 per cent). This is shown in Figure 7.

**Figure 6 : The change in condition of roads over the last five years (businesses)**



**Figure 7: Proportion of businesses surveyed stating road conditions have deteriorated in the last five years**





There was widespread agreement among the business people interviewed that things are 'getting worse, not better'. There is also frustration that despite recognition of the problem by government little seems to be being done about it.

**'It's been a downward curve. They have been deteriorating continuously in the past five years, especially with the winter we've had... the potholes devastated us... we reported it several weeks ago but nothing gets done.'**

*Medium business within agriculture, South*

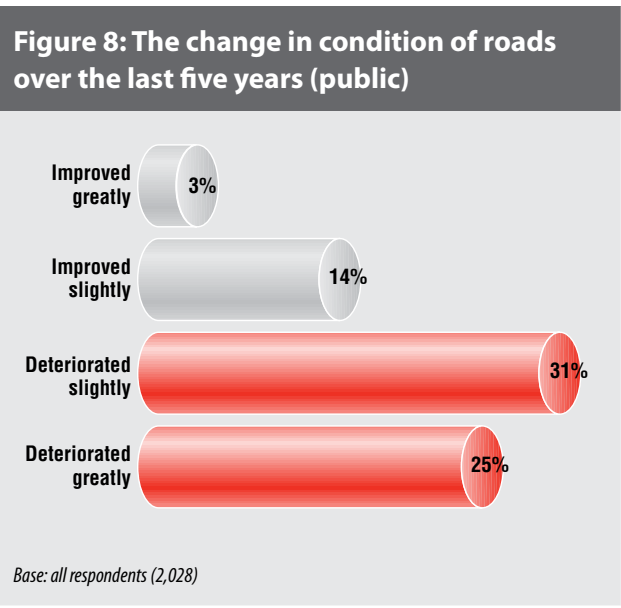
Some businesses have made a decision to avoid local roads and instead only use major roads even though they know that they will be caught up in congestion. However, having weighed up the cost of a longer journey against potential additional costs, for example from damage to vehicles, a decision has been made to accept the delays rather than take a risk.

**'We don't use them any more [local roads]. Some are not viable any more so we use major highways and get stuck in traffic jams.'**

*Medium business, consultancy services, Midlands*

The general public shares the views of the business sector with nearly six in 10 (56 per cent) stating that things have got worse in the last five years and only 17 per cent thinking that they have improved, as shown in Figure 8.

The survey clearly shows that both the general public and businesses believe that the condition of many roads is poor and that things are getting worse. To what extent though, does it matter to businesses and the public what state the roads are in? This is addressed next.



## Why the state of local roads matters

### Introduction

In this section the extent to which the condition of local roads impacts upon businesses and the general public is discussed. This chapter sets the scene for the next section which is about the economic impact of poorly maintained roads

### The public's view on what good roads mean

The general public was asked to state the extent to which they believed that properly maintained roads contributed to a number of positive states. The figures, right, show the combined totals where respondents believe that properly maintained roads have a lot of impact and some impact (however small).

Figure 9 shows that it clearly matters to the public what condition the roads are in. The chart shows that 67 per cent of the public believe that properly maintained roads contribute a lot to road safety. A further 29 per cent believe that road condition contributes to some extent, indicating that 96 per cent understand the positive contribution that well maintained roads make. There is a similarly high score with regard to the extent to which having properly maintained roads makes it easier to get around.

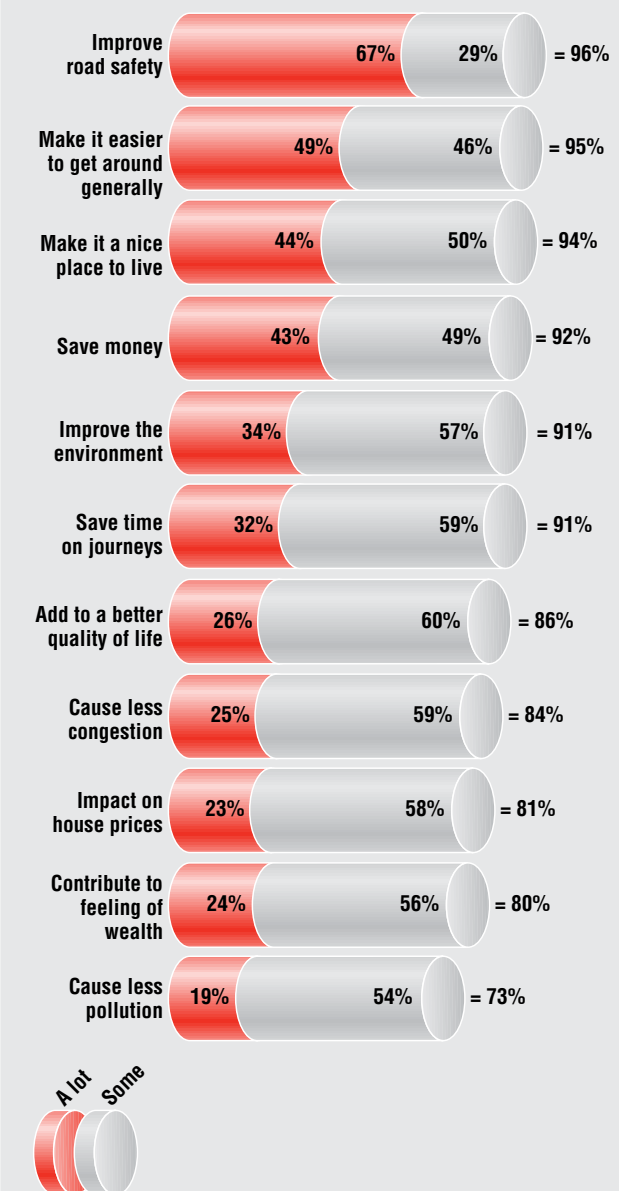
It matters to the public not just in relation to safety and ease of getting around but also in relation to improving quality of life (86 per cent answering to some extent), improving the environment (91 per cent) and to house prices (81 per cent).

### What it means to business

Business respondents were asked whether poorly maintained local roads caused their business problems. The extent to which problems exist is shown in Figure 10, overleaf.

The chart shows that just under half of all business respondents (48 per cent) believe that poorly maintained roads harm their business productivity. Of those who claimed their business productivity was affected in some way by badly maintained roads, just over one fifth (21 per cent) answered 'a lot.' Over one third (34 per cent) believe that they are less competitive as a result of poorly maintained roads. The chart clearly shows that there are significant numbers of businesses

**Figure 9 : The contribution that properly maintained roads make to a range of positive outcomes.**



Base: all respondents (2,028)



that experience economic disadvantage because of the state of the roads.

There are consistent patterns across business sizes as shown in the table. The larger the business, the greater the impact of poorly maintained roads. This can be seen with an increase in business costs: 59 per cent of those with 50 to 249 employees are affected compared with 41 per cent of sole traders; harming business productivity (61 per cent of those with 50 to 249 employees affected compared with 28 per cent of sole traders) and becoming less competitive (40 per cent compared with 25 per cent).

Regional differences are also relatively consistent. 57 per cent of businesses in the north find poor road conditions harm their productivity (compared with 44 per cent in the Midlands and Wales and London) and 59 per cent of those in the north found they had an increase in business costs compared with 41 per cent of those in London.

One small business has got round the problem with the condition of local roads by sourcing from local suppliers only. However, it was acknowledged that this is not an option

available to many businesses.

As well as discussing the negative impact of poorly maintained roads, participants in the in-depth interviews also discussed the benefits that well maintained roads can bring.

Benefits include:

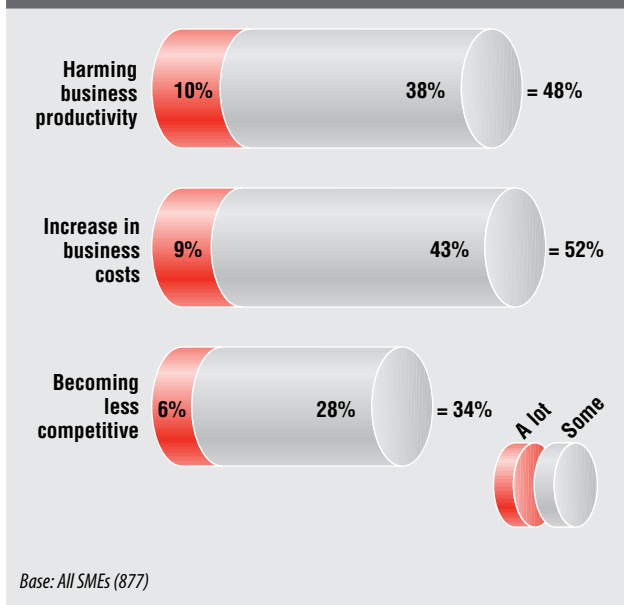
- Avoid wasting time
- Save money both for the business and the local council and, therefore, ultimately the tax payer and the customer
- Reduce pollution
- Make it easier for clients to visit the business
- Faster and more reliable journeys

The following comment summarised the feelings of most businesses:

**‘It can improve productivity and efficiency. We can then be competitive in price... And this is the bottom line for any business.’**

**Medium business, consultancy services, Midlands**

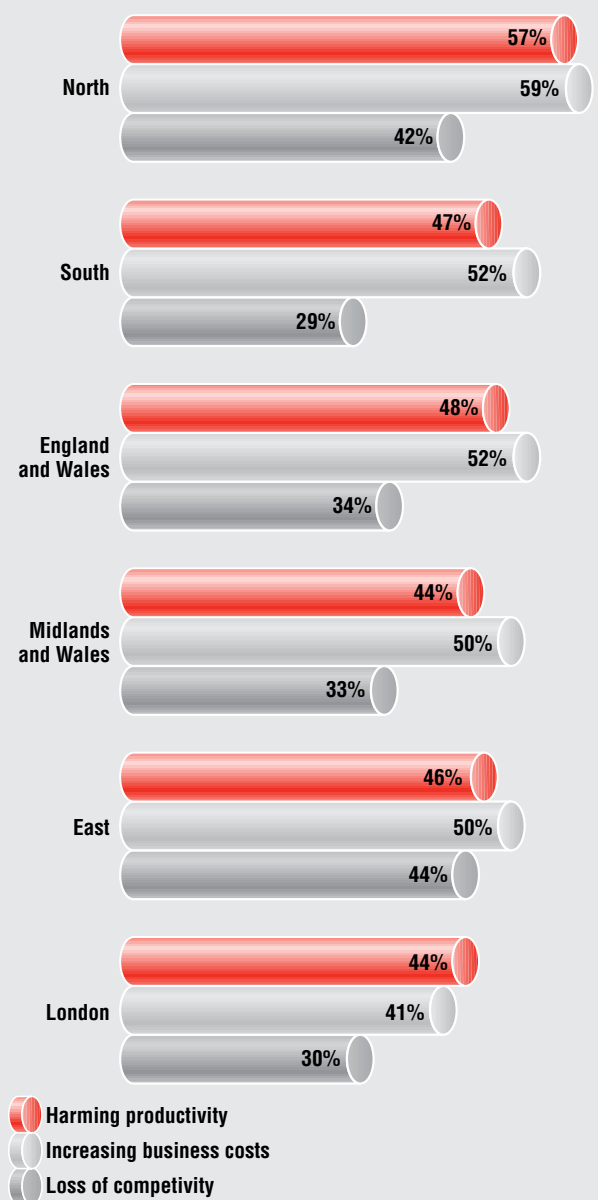
**Figure 10 : The extent to which poorly maintained roads cause business problems**



**Table 2: Proportion of businesses experiencing negative impacts of local road conditions, by size**

	Sole traders (166)	1 to 49 employees (497)	50 to 249 (214)
Harming business productivity	28%	48%	61%
Increase in business costs	41%	52%	59%
Becoming less competitive	25%	33%	40%

**Figure 11: Proportion of businesses experiencing negative impacts due to local road conditions, by region**



Please note: Eastern data is based on a sample size of 63 and therefore should be treated with caution.

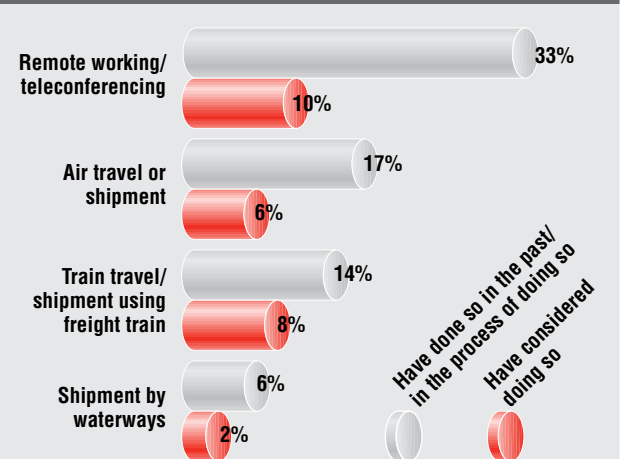
### Alternatives to using roads

In order to ascertain the impact of poorly maintained roads upon businesses, respondents were asked whether they had used, or had considered the use, of various transport options as ways of avoiding badly maintained roads. One third (33 per cent) of businesses have used remote working or teleconferencing in order to avoid having to use badly maintained roads. A further 10 per cent has considered this option.

Almost one quarter of businesses (22 per cent) uses air travel or has considered using it in order to avoid using local roads.

When asked how important various transport options were to businesses, two-thirds (68 per cent) answered that the development of local roads were important to their business. Almost three-fifths (57 per cent) were concerned with well maintained motorways and dual carriageways and just over a quarter (29 per cent) felt the development of high speed rail services to be important.

**Figure 12: Please indicate whether your business has considered, or used, any of the following in order to avoid having to use poorly maintained roads.**



Base = All SMEs 877



The in-depth interviews indicated a mixture of opinion when it came to the standard of public transport within local areas, and in the viability of using it as an alternative to private road transport.

**‘Railways and public transport are very good around here but you don’t really have a choice – we have to carry things.’**

*Small business within the retail sector, South*

**‘I don’t believe there is any public transport that could replace the car, for our business.’**

*Medium business within the business to business sector, London*

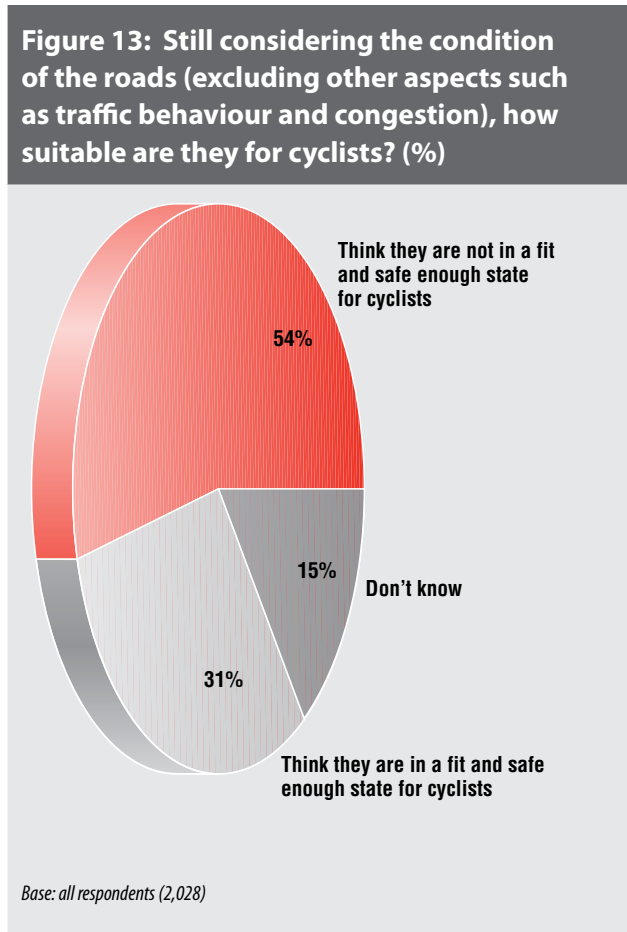
### Cycling on the roads

The Government is increasingly encouraging motorists to use bicycles for shorter journeys. Asked how often they cycle now, only 16 per cent of respondents cycle on their local roads more than once a month. A further 61 per cent did not cycle on local roads at all (either now or in the past).

One quarter (23 per cent) of those who cycle less than once a month stated that they would cycle on these roads more often (or indeed at all) if they were better maintained. This would equate to a further 19 per cent of the population stating they would take up or do more cycling if local roads were better maintained.

The public were also asked whether they thought the roads, in their current condition, were in a fit and safe enough state for cyclists to use. Over half (54 per cent) thought they are not in a fit and safe state with only 31 per cent thinking they were. Fifteen per cent did not know.

In the next section the extent of the economic disadvantage to businesses is quantified.



# The economic impact of poorly maintained roads

## Introduction

In this section the economic impact of poorly maintained roads is assessed for both the public and businesses. The section covers impacts in three areas:

- Increased costs due to poorly maintained roads
- Loss of productivity
- Compromised competitiveness

Finally, the section brings cost information together to give an overall estimate of the economic impact of poorly maintained roads.

## Increased costs due to poorly maintained roads

It was shown in Figure 10 that over half of all SMEs (52 per cent) have incurred a cost to their business due to poorly maintained local roads. As Figure 14 (right) shows, businesses have also incurred costs in more or less equal amounts due to increased journey times (57 per cent), damage to vehicles (57 per cent) and increased fuel costs due to congestion caused by poorly maintained roads (56 per cent).

Costs incurred from increases in journey time were significantly more likely to affect medium sized businesses, with 71 per cent of those reporting increased costs stating this as an area of concern. This compares with 52 per cent of those with 2 to 49 employees and 48 per cent of sole traders.

In addition to this, there were regional differences when looking at the proportion reporting damage to their vehicles as a result of poorly maintained roads. This varied from 69 per cent of those incurring any costs in the South to just 48 per cent in London and 44 per cent in the North.

## Loss of productivity

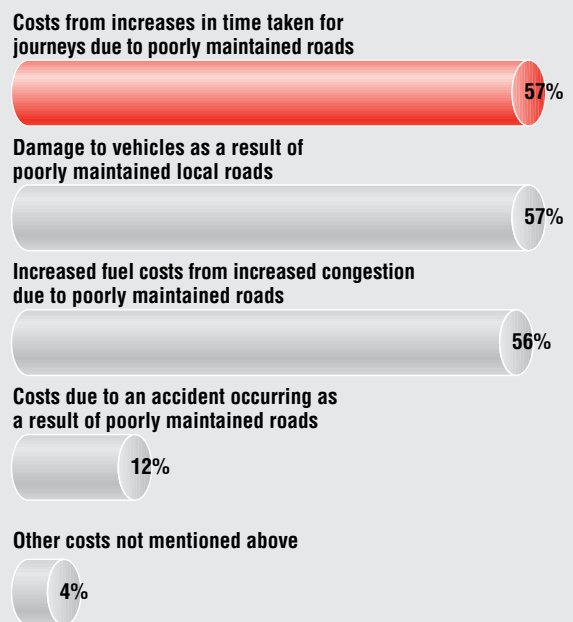
Again referring to Figure 10 it was seen that just under half of SMEs (48 per cent) report that they have lost productivity time caused by poorly maintained roads. Of these, two thirds cited that staff time had been wasted and just under half (46 per cent)

reported delays in getting products or services to customers. This is shown in Figure 15 overleaf.

As well as problems with delays in getting products and services delivered to clients, SMEs also suffer from delays in receiving deliveries from suppliers. Over four in 10 of the SMEs that experience productivity related problems also experience delays from suppliers.

It should be noted that businesses do not experience these problems in isolation: over half of all businesses reporting a productivity related problem (53 per cent) experience two or more problems. This can only result in compounding the loss of productivity they experience.

**Figure 14 : Which of the following costs has your business sustained due to poorly maintained roads?**



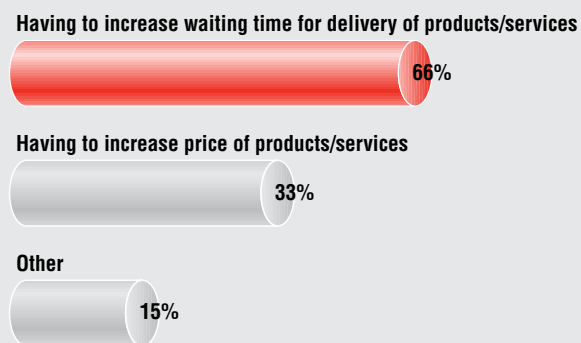
Base: SMEs reporting that they have incurred costs - 422

**Figure 15 : Ways in which productivity has been affected by poorly maintained roads**



Base: SMEs reporting that they have incurred costs - 422.

**Figure 16 : Ways in which competitiveness has been compromised**



Base: SMEs reporting that their competitiveness has been compromised (285)

When looking at the type of productivity problems that affect businesses there are differences by size. For businesses within the 50-249 size band it seems that staff time being wasted was a much larger issue compared with smaller sized companies (71 per cent compared with 65 per cent of businesses with between 2-49 employed). Conversely, delays in shipping goods within the company particularly affected those with between 2 and 49 employees (21 per cent compared with 11 per cent of businesses with 50-249 employees).

In relation to regional variations, those in the Midlands and Wales were twice as likely (60 per cent compared with 30 per cent) than those in London to have suffered from delays in delivering products to clients.

### Compromised competitiveness

It is calculated from the survey that one third (34 per cent) of businesses believe that they have become less competitive than their rivals due to the state of local roads. This competitive disadvantage is manifest in having to increase waiting times for delivery of goods and services (half of all those who say that they have been competitively disadvantaged) and having to increase prices (one third of businesses in this category) as Figure 16 shows.

Nearly one in five businesses (18 per cent) who believe that their competitiveness has been compromised experience two or more factors. The sample size is too small to provide any regional or sector breakdowns.

The in-depth interviews further illuminate the sorts of problems that are due to poorly maintained roads:

**‘People have been working longer hours and vehicles take longer to get to places. The viability of jobs gets less and it does have a cost implication from suppliers and customers.’**

**Medium business, consultancy services, Midlands**





This quote is revealing because it shows that business costs incurred due to poorly maintained roads are, in some cases, being passed on to customers. The effect of this is to create a double negative impact.

A business leader in the North West summarised the issues being faced by a number of businesses:

**‘To avoid damage being done to cars you often need to do a lot of detours to get to places. This means more money spent on fuel. If you know you can’t get to places on time you miss out on a lot of opportunities; it limits how much you can do in one day. Journeys become much slower so productivity is negatively impacted.’**

**Business Leader, North West**

These then are the implications for businesses. The next section quantifies the associated costs to businesses.

### Quantifying the cost of poorly maintained road to businesses

Business respondents who said that the condition of the roads had cost them time or money were asked to estimate the cost to them in pounds and hours.

It is recognised that the figures provided are only estimates and that there may be other intervening factors that might result in costs being incurred that are not related to the condition of the road. However, the estimates give a useful insight into what businesses believe poorly maintained roads cost them. This is shown in Table 3, below.

The Table shows mean values. A danger in using mean values is that it can be skewed by high outlying values. However, the distribution of costs due to poorly maintained roads shows no skewing towards high values. The situation for costs of being less competitive is slightly different because there are two outlying values of £1m. To downweight the effects of this outliers have been excluded from the calculation.

As the Table shows, businesses that incurred costs in the last six months (mid March to mid September 2010) estimate that it cost them £4,300 on average in relation to damage and increased fuel charges and £7,500 in being less competitive. These convert into annual values of £8,600 of costs incurred on damage and fuel and an annual value of loss of competitiveness in the market equivalent to £15,000 per year. In addition, businesses lost 108 hours in staff time over six months due to delays caused by poorly maintained roads which gives an annual equivalent of 216 hours.

**Table 3 : Estimate of costs to businesses in money and hours of poorly maintained roads**

	% of businesses affected	Mean over 6 months	Sample size
Costs due to poorly maintained roads	52%	£4,300	164
Costs of being less competitive	34%	£7,500	77
Estimate of costs from all sources	55%	£6,800	161
Hours lost in productivity	48%	108	172



To work out an average cost to businesses of poorly maintained roads it is necessary to take into account that businesses will incur costs in different ways. Some businesses only incur costs from damage to vehicles and the need for additional fuel. Others incur costs solely from being less competitive while a third set of businesses incur costs from damage and fuel and from being less competitive. Taking into account that some businesses incur costs from one source while others incur costs from both sources it is estimated that the average affected businesses lost £6,800 in the last six months which equates to £13,600 per annum.

### Public impact cost to the economy

To assess the economic impact upon the general public a series of questions were asked about whether they had experienced personal injury or damage to their vehicle as a result of poor road conditions. In total seven per cent of the public say that they have suffered from personal injury and 35 per cent of respondents stated that they have experienced damage to their vehicles in the past as a result of poorly maintained roads.

What is interesting about the figures is that it is not just people whose main form of transport is the car or motorcycle that have experienced problems; it is also people whose main form of transport involves walking or catching the train or bus as Figure 17 shows.

People who ride motorbikes, scooters or use a bicycle are most likely to have suffered a personal injury. Over half of these road users, who are the most exposed on the road, say that they have experienced damage to their vehicles and over one fifth has suffered a personal injury.

There are some variations by region. In London and the West Midlands the proportion who have suffered an injury is 10 per cent. In the South East and South West the figure is four per cent.

In relation to experiencing damage to vehicles, the worst regions are Wales and the West Midlands (40 per cent each). The lowest incidence of damage caused is in the South West (30 per cent of respondents who live in the region).

Even those respondents who walk as their main mode of

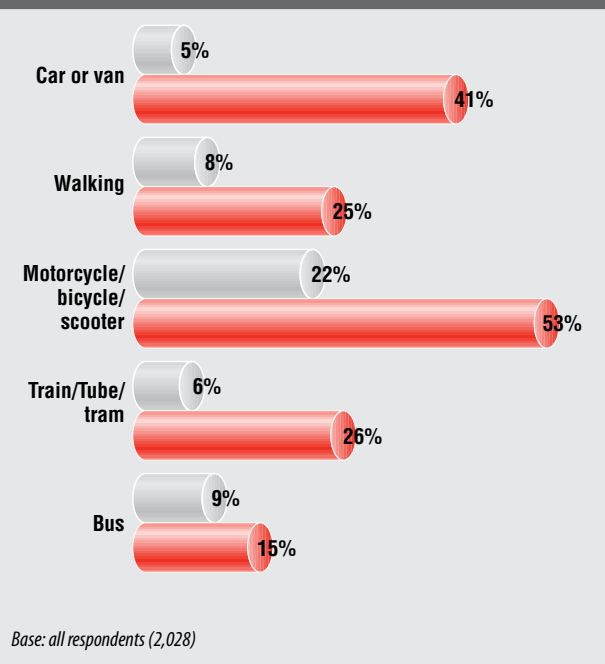
transport have suffered problems - eight per cent have suffered a personal injury. This demonstrates that poorly maintained roads are an issue for all types of road user.

The type of personal injuries that have been sustained are shown in Figure 18, opposite. They range from sprains and cuts and bruises to broken bones and concussion. There are too few cases to break these figures down by main transport type or region.

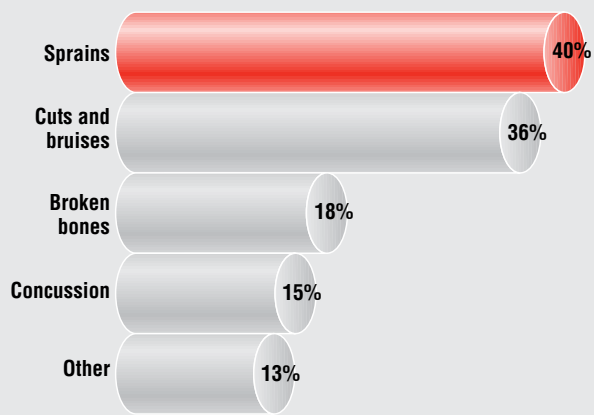
Of all those suffering a personal injury, nearly a quarter (24 per cent) had to take time off work. This is equivalent to two per cent of the population.

The type of vehicle damage that people have experienced is shown in Figure 19. Punctures, many of which will be pothole related, is the most common problem closely followed by (and possibly associated with) problems with the suspension and wheel rim damage.

**Figure 17 : Percentage who have suffered personal injury or damage to property due to poor road conditions**

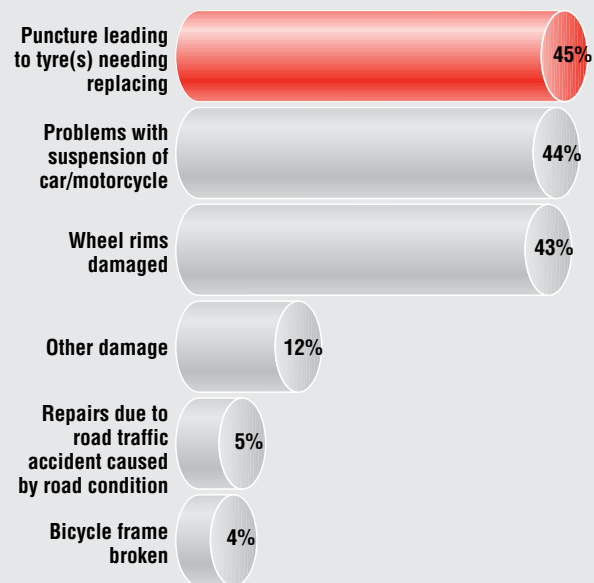


**Figure 18 : Type of personal injury suffered**



Base = All suffering an injury - 134

**Figure 19 : Type of damaged sustained to the vehicle**



Base = all with damage to vehicle 716

**Quantifying the cost of poorly maintained roads to the public**

Respondents who had suffered a personal injury or whose vehicle had been damaged were asked to estimate the cost of the damage and the impact of any personal injury in relation to taking days off. The table below shows mean values.

On average those affected by damage to their vehicles spent £340 on repairing them. In the West Midlands the mean value is £500 while in the South West it is £200. These figures are in keeping with other findings in the report that show the West Midlands to be a problem region for poorly maintained roads.

The number of days lost from work due to personal injury should be treated with some caution as the sample size is small. Even so it suggests that significant working time is being lost as a result of poorly maintained roads.

**Table 4: Estimate of costs to the public in money and days off work of poorly maintained roads**

	% of respondents affected	Mean	Sample size
Costs due to damage to vehicle	35%	£340	460
Time off due to personal injury	2%	20 days	31



## Making the roads better

### Introduction

The main focus of this section is the ways in which members of the public and businesses want road conditions improved, and how they would suggest income should be generated in order to do this. It also looks at the alternatives to roads and the popularity of these options in order to understand how necessary well maintained roads are to businesses.

### Defining an acceptable road surface

Does the public want a perfect road free from potholes and cracks with a good uniform surface or are they prepared to accept some wear and tear? Members of the public were asked what they saw as an acceptable condition for their local roads. The majority of people favour roads in uniformly good condition (well over 80 per cent) as Figure 20 shows. However, there

is evidence that the public is happy to accept less than the optimum condition.

As the figure below shows that two-thirds (67 per cent) of respondents found it acceptable if the road had some patches of road repaired with asphalt and other repairs but was generally intact. This drops to just one in eight (12 per cent) respondents finding it acceptable if there are some cracks in the surface of the road, potholes and unevenness and just three per cent thinking that frequent potholes and defects were acceptable in the condition of a local road.

### Paying the price for local road maintenance

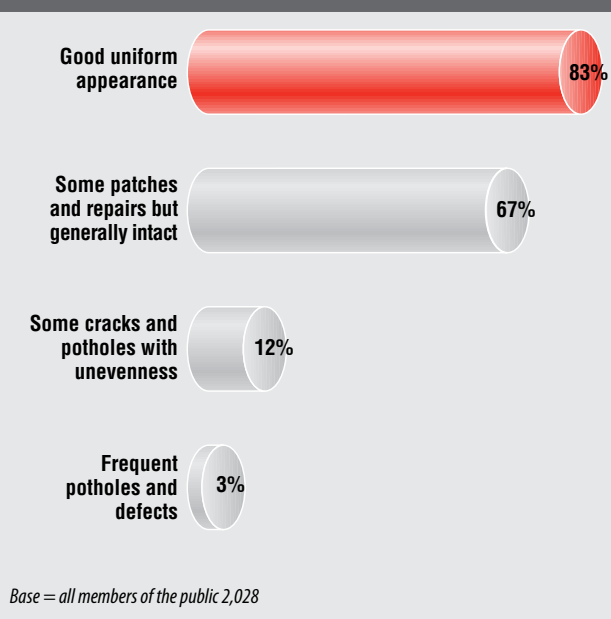
The Annual Local Authority Road Maintenance (ALARM) Survey of local authority highway engineers, undertaken independently on behalf of the Asphalt Industry Alliance, concluded that £9.5 billion is needed in order to restore all roads to a decent level. Both businesses and members of the public were asked how important they thought it was that this amount is spent restoring road conditions.

Of the businesses interviewed, over three-quarters (76 per cent) felt it was important that the money was spent in restoring road conditions. This is slightly (although significant statistically) less important to members of the public, 69 per cent of whom felt it was important that this amount of money is spent improving road conditions.

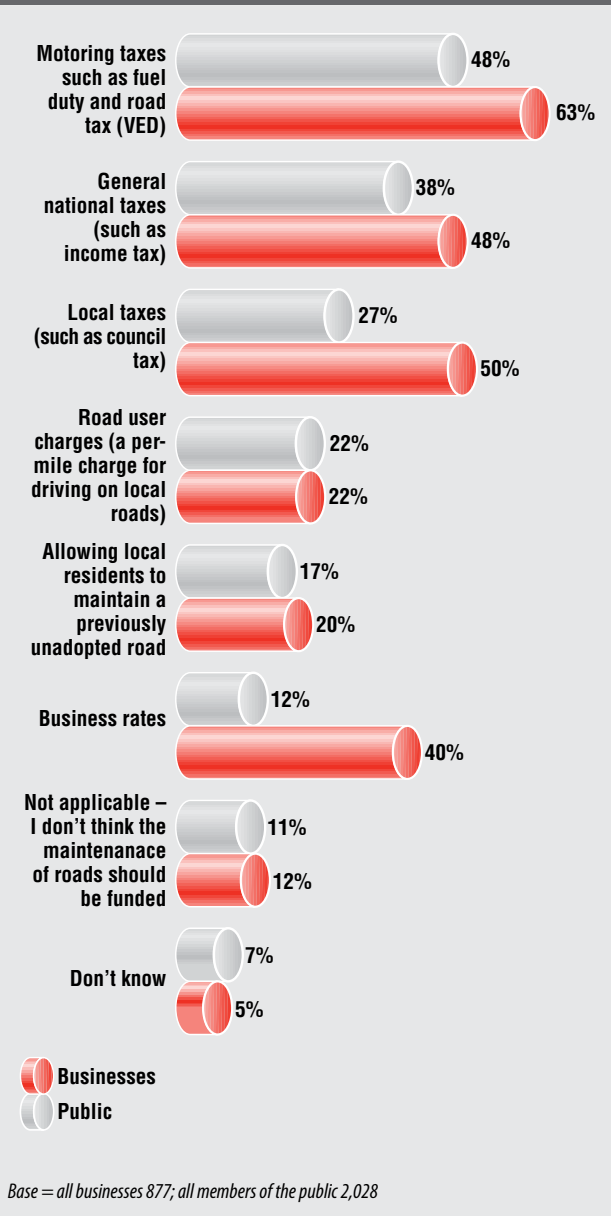
Asked how the maintenance of roads should be funded, the most popular option with both businesses (48 per cent) and members of the public (63 per cent) was via existing motoring taxes such as fuel duty and road tax (Vehicle Excise Duty). Other popular answers among members of the public included local taxes (50 per cent) and general national taxes (48 per cent). These were less popular but still ranked highly among businesses (27 and 38 per cent respectively).

Perhaps unsurprisingly, the biggest difference between the two samples came with regards to the idea of paying for the maintenance of roads through businesses taxes, where two in five (40 per cent) members of the public stated this idea, only one in eight (12 per cent of businesses) agreed. Businesses and

**Figure 20: How acceptable would you find it if local roads were in the following conditions? (All answering acceptable)**



**Figure 21: Listed below are various options that have been suggested could fund the maintenance of roads. Please tick up to three of the options that you think would be the most appropriate**



members of the public were unified, however, in their level of support for road user charges, with 22 per cent of each group ranking these in their top three ways of paying for the roads.

One business person recognised the role of the recession and its impact on road spending but felt that things would only deteriorate if the problem was ignored:

**‘The economic downturn is causing them to think road maintenance is not that important – but the bill is going to get higher and higher because roads are getting worse and worse.’**

**Small business within agriculture, South**

Road maintenance budgets passed to local authorities by central government are not ring fenced. Asked whether they thought this money should be ring fenced, nearly three-quarters (72 per cent) of businesses think it should. A further 18 per cent do not think road maintenance budgets should be ring fenced and ten per cent do not know. Members of the public were slightly less sure, with 63 per cent agreeing, 17 per cent disagreeing and 20 per cent not knowing.

## Conclusions

Well maintained local roads are important for business and the public. A significant proportion (around half) of the public and businesses believe that roads are poorly maintained. Many people think that conditions have deteriorated over the last five years. The research has shown that poorly maintained roads have a negative impact upon productivity and competitiveness and on personal injury and the costs of running a vehicle.

The state of roads can influence where people shop, where they go for their leisure, where they go for day trips and even the home they choose to buy. If faced with the choice of two locations, the research indicates that, everything else being equal, the public would travel to the one where the roads are better. This has profound implications for the venues at which the public will spend their money.

For many businesses well maintained roads are vital for their productivity and competitiveness. The research has revealed many cases where businesses believe that the condition of the local roads has cost them time and money. It is estimated that, on average, affected businesses lose over £8,000 per year on things like repairing damage to the vehicle and on increased fuel charges. A third of businesses lose about £15,000 a year because the condition of local roads reduces their competitiveness. These are estimated figures and it is acknowledged that some overclaiming might be involved. Even so the losses are significant and if left unchecked will mount up over a period of time.

What can be done about this? Based upon data collected through the ALARM Survey 2010 of local authority highway engineers it has been estimated that £9.5 billion needs to be spent on repairing roads. Over three quarters of SMEs believe that it is important that this money is spent. The public also believe it is important but to a lesser extent. The public is actually quite accepting of road services that are less than optimal and will accept general wear and tear. It is acknowledged that this acceptance could be because poor roads have become the norm rather than exception, although the same level of acceptance does not extend to cracks and holes in the road. The key thing, however, is that the public expects its roads to be better maintained than they are today.

Who should fund improvement? There is widespread agreement that the money given to local authorities to spend on roads should be ring fenced. Both the public and businesses give good support to the view that the cost of road maintenance should be met from existing motoring taxes. Other options discussed, with varying degrees of support, include using money from general taxation, council tax, road pricing and business rates.

What does the future hold? This is to a large extent unknown but the research has shown that the state of local roads impacts not just upon the transportation that people use to get around but also upon the local economy.

# About the AIA



## Asphalt Industry Alliance

The Asphalt Industry Alliance (AIA) is an alliance of the two principal bodies which represent the suppliers of raw materials used to produce asphalt, as well as asphalt producers, and laying contractors. The Mineral Products Association (MPA), formerly the QPA, and the Refined Bitumen Association (RBA) draw on the knowledge and resources of each association and its members.

The AIA was established in 2000 to increase awareness of the asphalt industry and the uses and benefits of asphalt\*. It promotes the benefits of modern asphalt to the industry, specifiers, policymakers and the general public.

(\*Asphalt is the generic term used to refer to the range of asphalts and coated macadams available in the UK)



## Mineral Products Association

MPA Asphalt is part of the Mineral Products Association (MPA), the trade association for the aggregates, asphalt, cement, concrete, lime, mortar and silica sand industries.

MPA Asphalt funds research into asphalt and its uses and operates the Asphalt Information Service which provides general guidance and information on the use of asphalts in the wide range of their applications. It also represents the interests of its asphalt producer and contractor members through liaison with national and European clients, specifiers, regulators, researchers and standards bodies as well as with trade associations from other countries and related industry sectors.

MPA represents and promotes the mineral products industry in order to:

- Secure and maintain the licence to operate for the sustainable supply of essential mineral products;
- Continue to innovate and deliver sustainable solutions;
- Maintain existing and develop new markets.



## Refined Bitumen Association

Founded in 1968, the RBA is the trade association of the five largest UK bitumen suppliers who between them produce nearly all the UK's bitumen. Over 95 per cent of this is used in the construction and maintenance of bituminous, or asphalt roads – these account for 95 per cent of all UK roads.

The RBA is a consultative body formed to promote the technical benefits of bitumen to the construction industry, to provide the industry with information and advice, and to fund research into bituminous products. It also works with contractors and authorities on issues relating to the use and recycling of bituminous materials.

The Association is involved in the development of industry policy on quality assurance and standards relating to issues such as safety, storage and the handling of bitumen and is involved in the development of specifications and test methods for bitumen.



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