

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

PRE-BUDGET/FINANCIAL SCRUTINY ON ROADS MAINTENANCE IN SCOTLAND

SUBMISSION FROM FEDERATION OF SMALL BUSINESSES (FSB)

The Federation of Small Businesses (FSB) welcomes the opportunity to contribute to the Committee's scrutiny on roads maintenance in Scotland. Our response focuses on maintenance of local roads and argues that the Scottish Government should provide extra funding for local authorities with the highest proportion of roads in poor condition.

FSB is Scotland's leading business organisation and aims to help smaller businesses achieve their ambitions. These micro and small businesses comprise the majority of all enterprises in Scotland (98%), employ around one million people and contribute tens of billions of pounds to the economy.

The importance of the road network

Most smaller businesses operate within local and regional economies, where they are a key source of jobs and growth, with the importance of small businesses as employers particularly critical in remote and rural communities.

At both a local and national level, FSB has consistently highlighted the importance of maintaining the local road network *and* investing in new large-scale road infrastructure projects, because of the continuing importance of the road network for small businesses.

In an FSB survey, almost two-thirds (63%) of small businesses cited the road network as vitally important. And, as the table below illustrates, small firms rely on cars, vans and lorries to conduct their day-to-day operations.¹

Table 1: How important are the following modes of transport to your business?
Source: FSB Transport Survey

	Car	Van	Lorry	Bus	Train	Walking	Cycling	Other (e.g. ferry, plane)
Important	92%	66%	52%	38%	33%	43%	26%	37%
Unimportant	3%	9%	15%	22%	23%	19%	30%	24%

Thus while we understand the challenges of a discussion about investment in roads, given the ongoing debate about the climate crisis and the need to reduce emissions from transport, nevertheless businesses and households in Scotland still predominantly use motor vehicles and need an effective road network. This view is supported by recent Transport Scotland statistics², which highlighted that:

¹ Statistics taken from an unpublished FSB survey, 2015.

² See: <https://www.transport.gov.scot/publication/scottish-transport-statistics-no-37-2018-edition/>

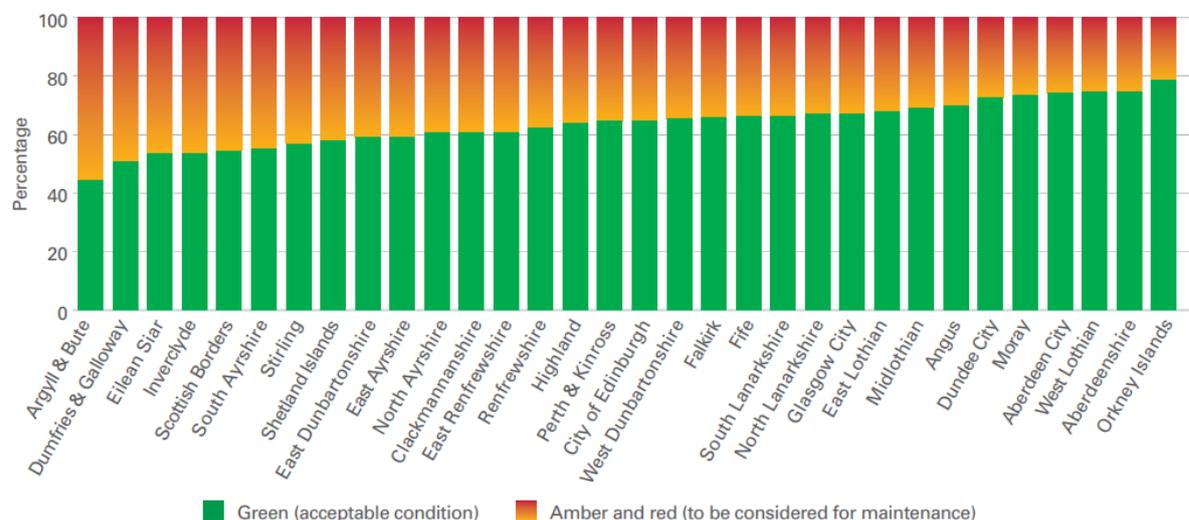
1. There are three million motor vehicles licensed in 2017 – the highest recorded level.
2. The 48 billion vehicle kilometres travelled on Scotland’s roads in 2017 was the highest recorded level.
3. The car is overwhelmingly the main mode of travel to work (62.3%) compared to walking (12%), the bus (9.8%) and rail (5.1%).

The condition of local roads

As the Committee will be aware, local authorities are responsible for the management and maintenance of 93% of public (local) roads in Scotland – with trunk roads and motorways the responsibility of Transport Scotland. According to the most recent report into roads maintenance by Audit Scotland, overall performance is satisfactory, with 63% of local roads in an acceptable condition.³

Nevertheless, there is significant variation in road conditions among local authorities, which has obvious knock-on effects for local businesses. As the figure below illustrates, conditions range from one in four roads requiring maintenance in Aberdeenshire, to almost half of Dumfries and Galloway roads.

Figure 1: Comparison of the proportion of roads in acceptable condition by council for 2014/15



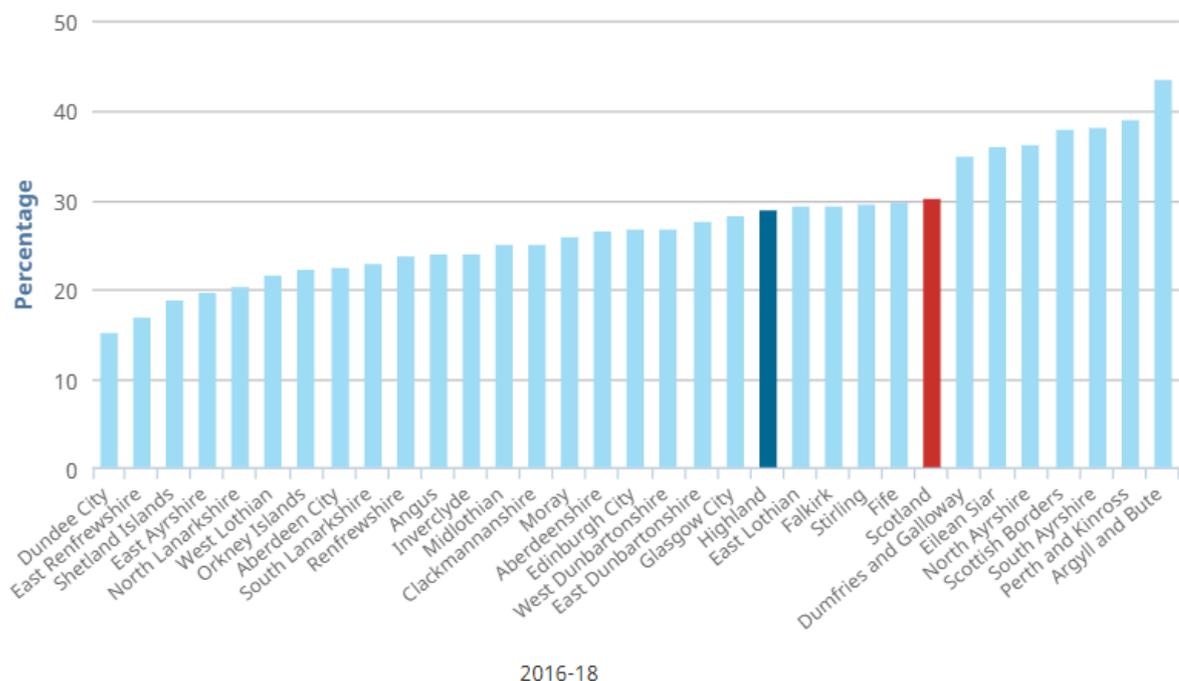
Further, there is substantial variation in the change in road conditions between councils. Although the proportion of local roads in an acceptable condition increased for 18 local authorities between 2011 and 2015, it declined for 14 local authorities. A deterioration in local road conditions was especially notable for businesses located in the Scottish Borders, the Highlands, East Lothian and Clackmannanshire.

³ See: https://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160804_maintaining_roads.pdf

Data published by the Improvement Service – the Local Government Benchmarking Framework⁴ – provides a more up-to-date analysis of the condition of local roads and the performance of local authorities. Overall, it shows that:⁵

- Local authorities are spending significantly less on roads (a 32.8% decline since 2010/11), albeit revenue expenditure increased by 9.8% in the most recent budget year.
- However, the percentage of roads requiring repair has remained constant at around 30% to 35% between 2009 and 2018, suggesting that overall the roads networks has been maintained, despite a reduction in spend.
- Again, as outlined in the figure below, there are substantial variations across Scotland with local businesses facing very different road conditions. The proportion of A class roads in an unacceptable condition range from 15.2% in Dundee City to 43.5% in Argyll and Bute.

Figure 2: Percentage of local A class roads in need of repair



The need for a new approach

There are a number of conclusions FSB would draw from this analysis:

1. A combination of increasing demand for statutory council services, such as social care, and ongoing budgetary pressures, is making it increasingly difficult for local authorities to maintain investment in roads maintenance. For example, in their submission to this inquiry, Dumfries and Galloway Council stated that

⁴ See: <http://www.improvementservice.org.uk/benchmarking/index.html>

⁵ See: <http://www.improvementservice.org.uk/documents/benchmarking/environmental.pdf>

almost half of their local roads “should be urgently considered for maintenance treatment”.⁶

2. As a result, and to quote Audit Scotland, “... the status quo is no longer an option if there is to be *any* (emphasis added) improvement in road condition.” A long-term solution is required.
3. As an interim measure, we would recommend that the Scottish Government, in partnership with Transport Scotland and the Society of Chief Officers of Transportation in Scotland, develop a national plan for local road repairs. By providing additional, targeted, ring-fenced expenditure to local authorities with the highest proportion of roads in an unacceptable condition, local businesses would see a tangible improvement in their local roads network.
4. Nonetheless, if the current approach to local roads maintenance continues, it is highly likely that businesses will be relying upon on a poorer quality roads network. With degrading local infrastructure, it is logical to assume that this will have a negative impact on business growth in that the transport network links people to jobs, delivers products to markets and underpins supply chains and logistics.⁷

⁶ See: https://www.parliament.scot/S5_Local_Gov/Inquiries/LGC_S5_19_PBS_14_Dumfries_and_Galloway.pdf

⁷ See: https://webarchive.nationalarchives.gov.uk/20081230093524/http://www.dft.gov.uk/about/strategy/transport_strategy/eddingtonstudy/