Autumn Statement – more roads are a key to our prosperity

As part of the Chancellor’s Autumn Statement, which will be formally announced on 3 December 2014, the Government has announced plans to invest £15 billion in England’s road network over the next 5 years. This follows a number of other positive announcements in relation to the highways industry, which looks likely to receive a significant amount of investment over the coming years.

Described as a ‘roads revolution’ by Prime Minister, David Cameron, the plans will see the Government implement over 100 road schemes in the course of this Parliament and next. The spending will be bolstered by maintenance funding of more than £10 billion across the local and national road network. The Transport Secretary said that the road network is ‘key to our nation’s prosperity [and] will unlock Britain’s economic potential’. Chancellor of the Exchequer, George Osborne, believes that the plans will ‘transform some of the country’s most important strategic routes’.

The plans include 84 new schemes and will add 1,300 new miles of extra lanes to the country’s motorways and ‘A’ roads.

Most eye-catching are plans to construct a 1.8 mile dual carriageway tunnel at Stonehenge to tackle bottlenecks; and to add an extra lane onto key motorways, transforming them into ‘smart motorways’ and boosting connectivity between London, Birmingham, Manchester and Yorkshire.

Other projects include:

- improving links to the Port of Liverpool;
- improving the M42 to the east of Birmingham;
- permitting better links to Birmingham Airport and paving the way for the new HS2 interchange station; and
setting aside £290 million to complete the Great North Road dual carriageway from London to Ellingham.

Of the 100 schemes, 18 projects worth £1.5 billion will be introduced in London and the South East. This includes updating major corridors in and around London and the South East such as the M25, A27 and A34. It is hoped that this will create 900 jobs and provide better access to ports at Dover and Southampton.

Much of these announcements were already in the public domain and some sceptics have made comparisons between this announcement and Mrs Thatcher’s ‘roads for prosperity’ programme introduced in 1989, in which 2,700 miles of new or improved roads were promised, only for Mrs Thatcher’s proposals to be shelved during the mid-1990s amid spending cuts.

Nevertheless, this reinforces a number of very positive announcements in relation to the road network, including:

- the government announcement in February 2014, that more than £24 billion would be spent on upgrading and improving the road network by 2021 (New Investment in Highways Network – February 2014);

- the announcement in the Queen’s Speech in July 2014 that the Highways Agency is to become a government owned company, with a commitment to spend £15.1 billion on strategic roads and £12 billion in road maintenance (Highways Agency reform - Queen’s Speech – June 2014); and

- the forecast £5 billion spending under the Highways Agency’s Collaborative Delivery Framework, on which the successful bidders were recently confirmed.

There is a real sense that this time the road network will receive this much needed investment and the highways industry has real reason to be in a positive frame of mind.

At Beale & Company, we have extensive experience of advising those working in the highways sector, both at tender stage, on contractual issues arising during a project, in respect of dispute avoidance and in defending claims made by clients and third parties. In recent months, this has included:
• advising in relation to the M25 DBFO PFI, the Asset Support Contract (ASC) in various different Areas of the Highways Agency’s Network and various local authority contracts in the UK;

• advising on a number of international highways contracts, particularly in the Middle East and Africa;

• defending clients in relation to claims for negligent design on the highway network; and

• drafting and advising on subcontracts and consultancy appointments in relation to highways maintenance and construction works.

If you would like to learn more about how we could assist your business to make the most of these exciting new opportunities, please do not hesitate to contact Will Buckby or Andrew Croft.

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