



that for roads, to the tune of £120 million pounds. £10 million would be drawn down on a regular basis, in advance annually, for road maintenance, aided by increased revenue from council tax as a result of the new homes (she added that 25,000 had been built already). One great difference with this plan was the desire to bring the main contractor (Skanska, in this case) in on the plan, so that they could use the greater certainty of their contract to invest in new plant, etc. The County had had advice from the Transport Research Laboratory (TRL) on future traffic predictions and other key data.

A detailed brief on Yvonne's presentation is attached below as Appendix A.

## **Discussion**

A wide ranging discussion followed, covering such points as:

- How priorities within the Council are determined, when such things as adult and children's care carry such weight these days. Oxon is not different in this regard, but it also has a lot of high tech industry and "just-in-time" delivery requirements (from the automotive industry, for example), which tends to add to the need for decent infrastructure, which helps.
- Local roads are essential: we all use them, even if for short distances, whereas most people may be occasional users of trunk roads and motorways. It is important to keep them in good order therefore.
- The need to repair potholes and similar damage early and quickly: the quicker the repair, the more potholes can be filled in a set time.
- The problem of utilities and the reinstatement of the damage caused by their work: all part of the asset management conundrum.
- Had the introduction of the Major Road Network (MRN) been helpful to designating who did what and where the funding might be allocated?
- Had pressure from the local population (claims, etc.) and the adjacency of local elections played a part in the need for such an innovative solution?
- Was the use of a single main contractor (for most, if not all of the work) a help or a negative in terms of pricing?

Simon van der Byl  
Secretary, APPG Highways  
28 November 2018

## Appendix A

### NOTES on OXFORDSHIRE COUNTY COUNCIL approach to borrowing £120 million for infrastructure

OCC manages 3,000 miles of highway; 400 miles of footway; about 4000 highway and PROW bridges; thousands of street lights, and all need attention.

350 miles of highway in need of urgent repair; 45% have between 5 and 15 years life remaining; 30% increase in potholes expected in next 5 years; and 47% traffic signals will exceed life expectation in 10 years.

The case for proper spend was clear. OCC has cut its highways budget by 50% since 2011 and pothole reports to FMS went from average 4,000 per month to 16,000 per month after the winter, so OCC faced 35,157 defects to repair at start of Q1 2018.

Residents' Survey results came in spring showing a 25% drop in satisfaction - mainly due to potholes and state of our roads. Insurance claims grew too! We knew we had to do something better.

GROWTH: OCC is committed to significant growth. Growth Deal with Gov. requires delivery of 100,000 houses by 2031 with 85,000 new jobs. OCC recognises we won't attract business esp. SME without properly maintained roads, and neighbouring counties have spent more on their roads.

Need to satisfy our residents was urgent, and with growth depending on state of our roads I was pushing at an open door when I raised the prospects for road investment at Cabinet. The officer team had a full case worked up; politically we had to persuade colleagues who have not borrowed on any scale before, but the Cabinet member for Finance was on side and presented the case most convincingly.

We agreed to borrow up to £120million to invest in our infrastructure over next 4 years: £80 million for highways and £40 million for property (incl. schools). The borrowing is based on the 'growth dividend' from the increasing numbers of new homes now paying Council Tax, estimated to bring in £5.2million per annum. The plan is to draw down £10 million each year, but the case will be made each year and be dependent on the increase in Council Tax to service the borrowing.

This will be an 'internal borrowing' making use of the £400 million cash flow held by OCC. It means forgoing the interest from short term lending (mainly to other Councils) but avoids the interest charge of 2.3% from PWLB.

Approval depended I think on presenting this as a stable programme of investment, based on verifiable increases in Council Tax, and flexible to meet ability to pay each year.

This borrowing is not for commercial return; it is driven by the need to improve the service to our residents, which differs from other borrowings in the news, where Councils are borrowing to invest in retail and housing as an investment for return.

OCC is different: it has a top rate officer team; very innovative; ready to try new approaches to all services; co-operating across all 5 District/City councils to deliver broad programmes to benefit the whole county.

Cllr Yvonne Constance, OCC Cabinet Member for Transport