



Economic Role of National Highways An Overview



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SRN-Reliant Sectors

Resilient, reliable and value for money connectivity for SRN-reliant sectors: By 2050, £578bn of GVA and 8m jobs* will depend on sectors reliant on the SRN. Transport & distribution (freight and logistics), retail and wholesale, tourism, manufacturing and agriculture are all sectors that rely intensely on a highways network with capacity and geographical reach to support time-critical movement of goods and people, with limited alternative transport options.

**Cambridge Econometrics analysis for National Highways, 2022.*

Planning and Placemaking

The right development in the right places: The SRN can influence the ability of places to accommodate future housing and business needs. Route Strategies and positive engagement with local planning teams are the basis for proactive collaboration over the location and design of places through spatial plan-making and decision taking, aligning this with future SRN investment.

Strategic Connectivity

Supporting international trade and inter-regional connections: Three quarters of imports and exports are moved by road*, so the SRN underpins the UK's global trade, linking economic centres with international gateways and multi-modal transport hubs. By linking its major population centres, the SRN provides connectivity across the union.

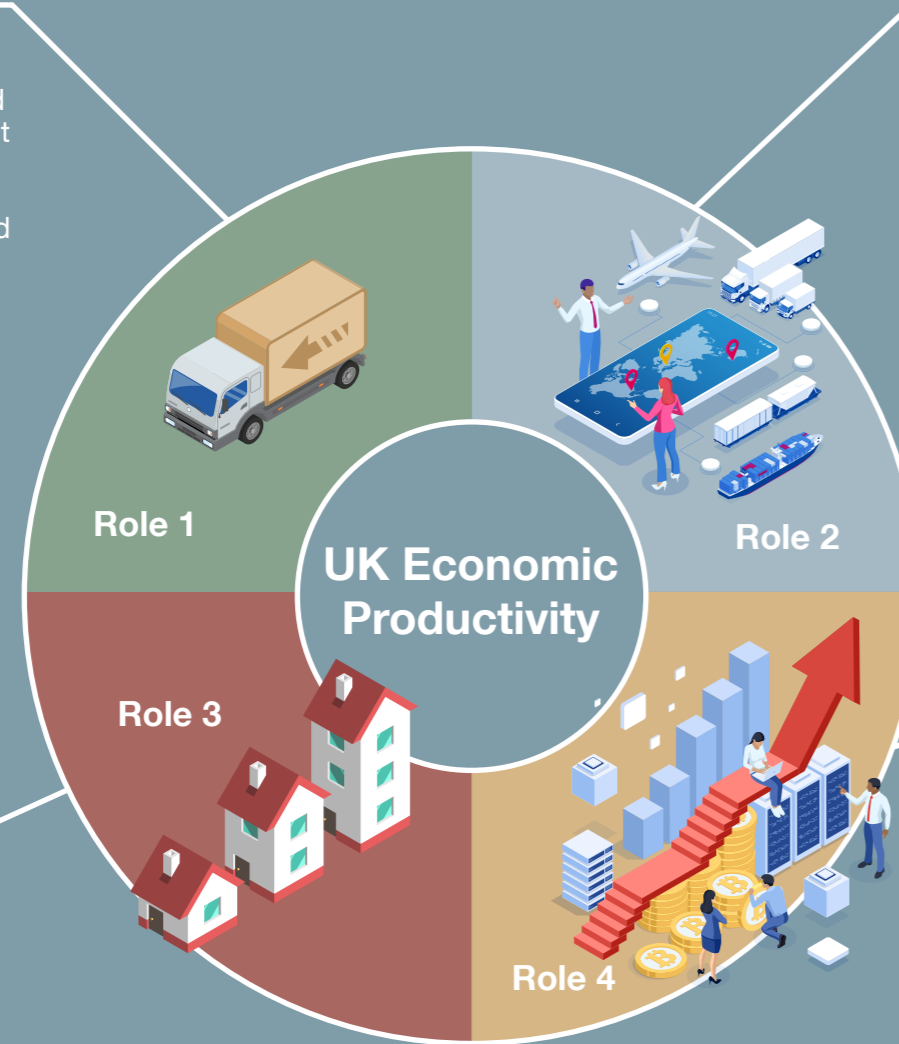
**Atkins, International gateways and the SRN, report to Highways England, 2016*

Social Value and Prosperity

A catalyst for growing social value and boosting prosperity: Our £4.4bn annual spend and 6,650 employees* - supporting up to 64,000 jobs in the construction industry** - give us the power to drive social and economic value through our supply chain, focus on skills, equality, diversity and inclusion and on technological innovation.

**National Highways annual report and accounts 2023*

***National Highways Strategic Business Plan 2020-2025*



Introduction

National Highways plays a vital role supporting the UK economy. By understanding our economic role well, we can make sure our plans and activities – such as through road investment strategies - boost the UK's future productivity.

This narrative explains that role. It guides how the company plans for 2050 through *Connecting the Country*¹; our goal for 2050 is to make the strategic road network (SRN) a key part of a seamlessly integrated transport system. This will meet our customers' needs by connecting the country safely, reliably, delivering economic prosperity, social value and a thriving environment.

Context

The SRN is made up of 4,500 miles of motorways and major A-roads in England. This network links cities and towns, making it a crucial part of how people and business travel, connect, work and trade. It's our job to keep the SRN (which has an asset value of £156.1 billion²) running smoothly to support daily life and economic activity.

But National Highways' economic role goes further. Changes in technology, society and the environment affect the SRN. Our job is to manage this, ensuring a safe, reliable and efficient

network, supporting a productive national economy.

To do this we need to understand:

- 1 how the SRN and National Highways enables the productivity of those sectors in the economy that need it most
- 2 how the SRN underpins the UK's strategic connectivity
- 3 how different parts of the SRN contribute to the economic geography of place, and
- 4 how National Highways itself – through our own people and expenditure - supports social value and economic prosperity.

Understanding these four roles means we recognise our part in supporting a productive economy. Not just by investing in the SRN – to adapt changing demands – but also by working with other significant economic players to help them make effective investment and policy decisions that consider the SRN. In the remainder of this document, we explain each of the four economic roles. Then we highlight some main priorities that will drive our contribution to the UK's future prosperity.

STRATEGIC ROAD NETWORK RELIANT SECTORS



The essence of our economic role

Role 1: SRN-reliant sectors

Resilient, reliable and value for money connectivity for SRN-reliant sectors

The SRN is the largest component of the UK's integrated transport system that business relies on every day. Studies by Cambridge Econometrics show that around 25% of the economy falls within four SRN-reliant sectors – freight and logistics, primary materials, manufacturing, and construction³. These sectors contribute an estimated £410 billion to the economy (2.5 times the value of the SRN itself), creating 7.6 million jobs.

By 2050 this is forecasted to grow by 41% to £578 billion Gross Value Added (GVA) and 8 million jobs. The freight and logistics sector alone contributes an estimated £127 billion of GVA⁴. Some 99% of all freight in Great Britain uses the roads, and the total is increasing by 1.1% each year⁵. 70% of all road freight uses the SRN. DfT survey data shows Heavy Goods Vehicle (HGV) tonnage increased from 6.2 to 8.4 between 1990 and 2019⁶. This trend is linked to the development of a network of national and regional distribution centres adjacent to the SRN and connected to international gateways (rail, ports, airports).

Our survey of 1,000 businesses⁷ reliant on the SRN found that accommodation, food services and agriculture had a high reliance on the network. Our network is crucial to these sectors due to the time criticality of their travel, their intensity of use and the lack of alternative transport options. Businesses with multiple sites, complex supply chains, imports and exports and long-distance travel were particularly reliant.

SRN-reliance is not just about goods: tourism and leisure also rely on the network. For example, theme parks and major events depend on the

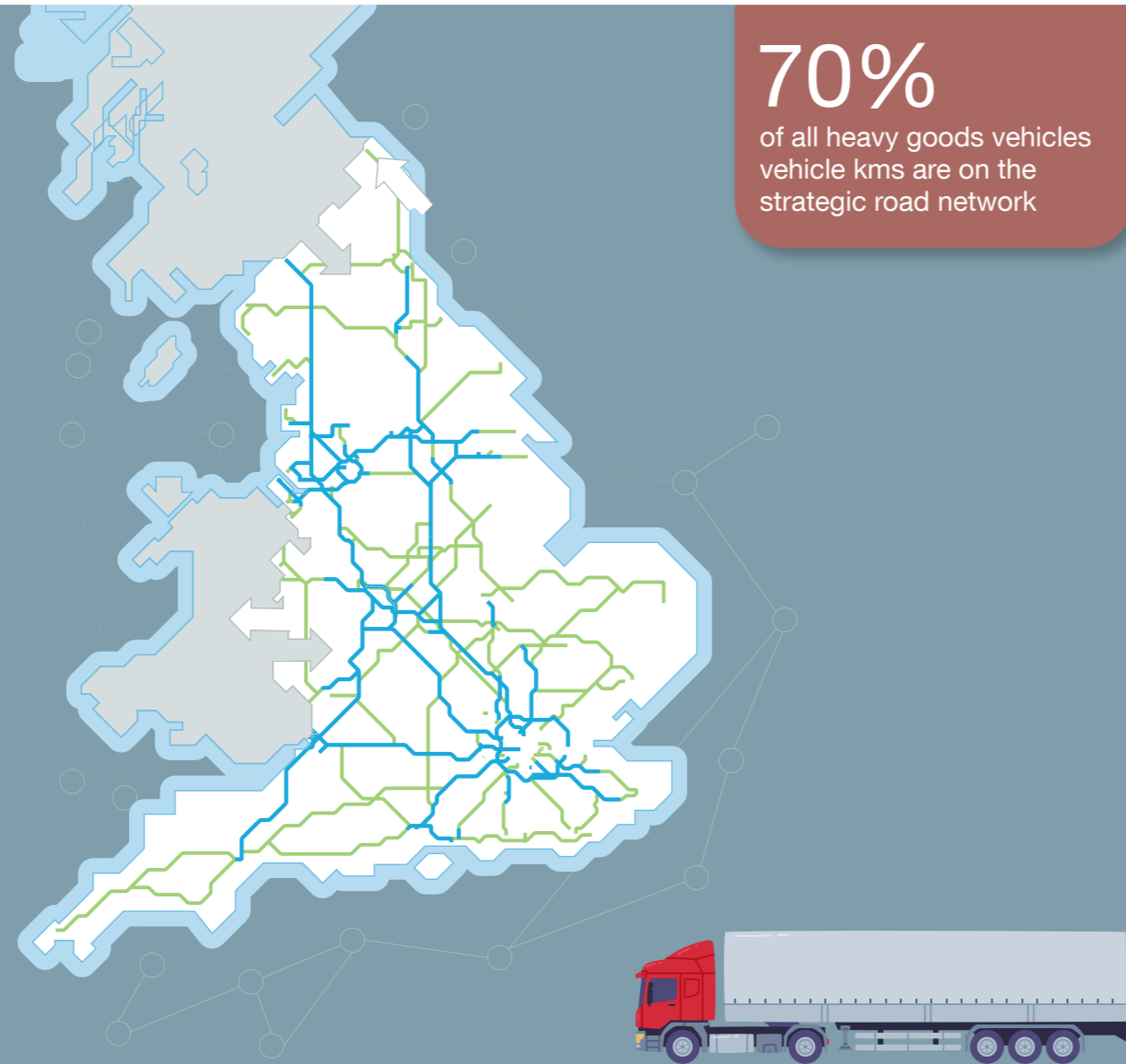
STRATEGIC ROAD NETWORK: Supporting connectivity

The strategic road network is a vital asset for the national economy. By ensuring safe and reliable journeys, it reduces the costs of doing business, makes it easier to access customers and markets, and helps to attract inward investment.



99%

of all GB freight in 2021/2022 used the road at some point



70%

of all heavy goods vehicle kms are on the strategic road network

25% of the economy falls within four SRN-reliant sectors contributing £410 billion to the economy

smooth movement of people. This includes travel by coach and is typically seasonal or focused on specific large-scale events.

Our business survey confirmed that delays and unreliable journeys affect business productivity. Businesses prioritised adding network capacity (29% of respondents), improving safety and incident/delay handling (18%), improving real time information (16%) and generally improving predictability/reducing congestion (14%).

The way the economy relies on roads will continue to evolve. Sectors will shift due to changes in economic behaviours and travel patterns. This affects how we plan (linking to Role 3) as some sectors might change locations and level of activity in response to new investment. We will use our engagement with customers, stakeholders, partners and government bodies to understand the changes in economic needs. This helps us stay informed and adapt our plans accordingly.



Case study: Alton Towers Resort

The largest theme park in the UK, Alton Towers attracts up to 25,000 visitors a day. Some 97% of visitors arrive by car or bus/coach; the nearest train station (Uttoxeter) is ten miles away and is accessible only by taxi. Situated between the M1 and M6 and served by the A50 corridor, the resort attracts coach trips from several UK regions. It relies upon the SRN for freight movements to service the restaurants, shops and hotels on the site, as well as construction and maintenance traffic.

Investment in new rides and attractions, as well as extended opening periods, will increase demands on the SRN.



Role 2: Strategic connectivity

Supporting international trade and inter-regional connections

As an island nation, the UK relies upon its ability to move people and goods nationally and internationally. Roads are critical in connecting major centres of population, international gateways (ports, airports and the Channel Tunnel) and transport hubs. The 24/7 reliable and resilient international connectivity provided by the SRN is a core economic requirement:

- More than three quarters of imports and exports leave and arrive at international gateways by road.
- Our business survey showed that import and export of goods was important for a wide range of service sectors. This included finance and insurance (62% of

respondents), arts, entertainment and recreation (49%) and healthcare and medical (46%). This compares to 70% of manufacturing and 74% of retail/wholesale.

- Daily economic life depends on timely imports. For example, 7-8% of the UK's fruit and vegetables are imported from the Netherlands⁸. It arrives in the UK at Hull and Harwich on overnight ferries and uses the SRN to deliver goods to customers before returning to the Netherlands on the overnight ferry.

The SRN plays a vital role in binding the nations of the Union together. It serves all English regions, Scotland and Wales, and provides the basis for onward connections to Northern Ireland. There are 50,000 crossings per day between Scotland

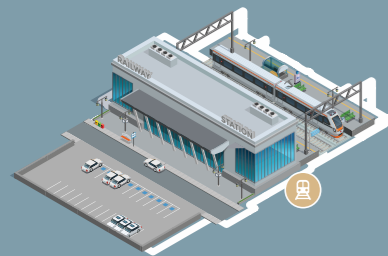
and England, 30% of which are HGVs and 50% are business-related⁹. This demonstrates the importance of our network in enabling economic activity between the two nations and a similar connections with Wales.

The past decade has seen changes in global connectivity, altering demands on the SRN. These will continue to evolve:

- 1 The UK's exit from the European Union means there is less use of the UK as a 'land bridge' for EU trade flows with Ireland.¹⁰
- 2 Deindustrialisation in the UK has seen ongoing reliance on imports arriving at ports on the east coast and in the South East then travelling up to distribution centres in the so-called 'Golden Triangle' in the Midlands¹¹. This

SUPPORTING CONNECTIVITY

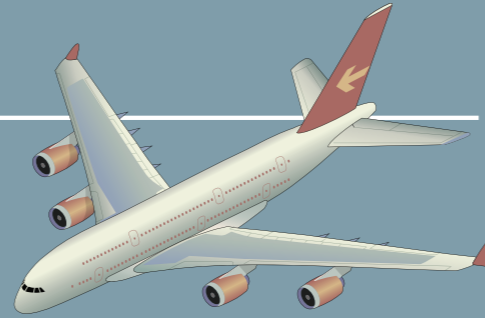
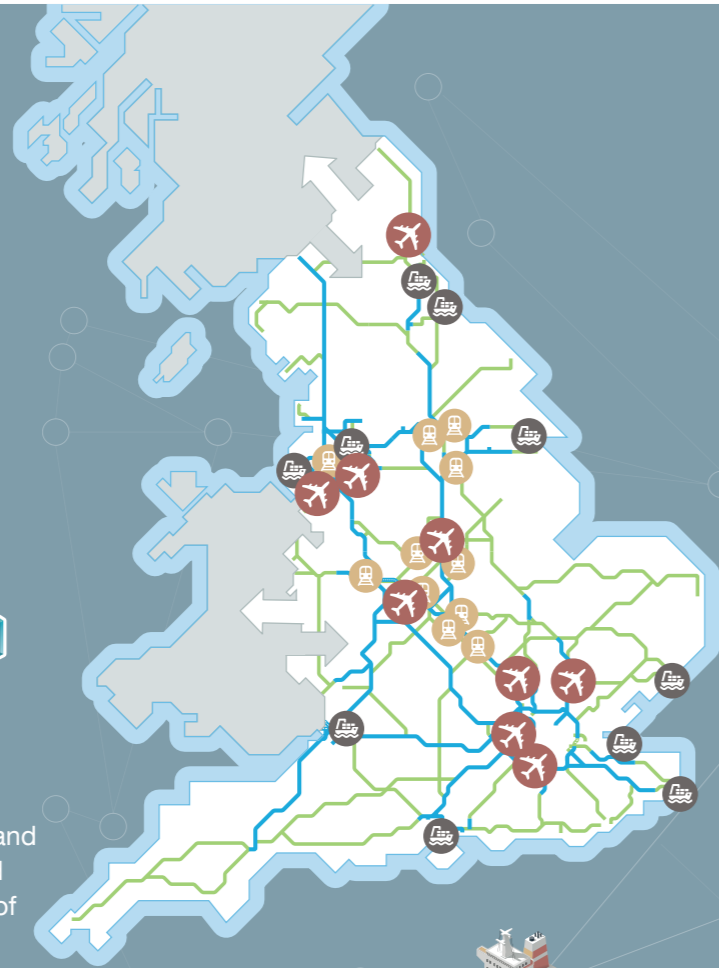
The strategic road network (SRN) in England is vital in connecting the nation, the union and international gateways. Connecting goods, services and people supporting economic growth and prosperity.



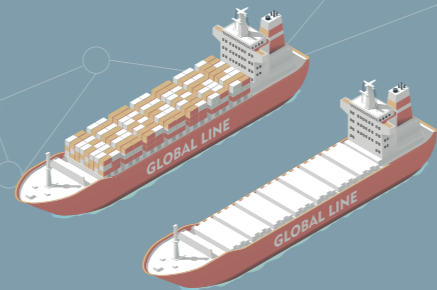
Clusters of distribution centres in the "Golden Triangle" and South Yorkshire rely on the SRN and inter-modality provided by the network to connect with interchanges.



Three quarters of imports and exports are moved by road through the UK's network of international gateways.



Freight operators require reliable connections from international gateways to settlements and distributions centres. The SRN helps provide a fast and cost effective route for UK businesses to access markets and warehouses.



trend has reduced domestic shorter distance industrial traffic in former industrial heartlands like South Wales and the North East.

- Changes in international shipping are seeing more traffic coming into eastern ports than South East ports¹². This is due to EU traffic seeking to avoid EU traffic seeking to avoid the English Channel crossings. English Channel crossings.
- There is a growing demand for investment in the UK's infrastructure, including for zero carbon energy generation. The network provides the means for the necessary components, materials and labour (for its construction and installation) to be transported to where it is needed.

These trends mean we anticipate increased concentrations of logistics facilities in the Golden Triangle, South Yorkshire and along the M62 corridor. Based on the freight passing through east coast ports and the desire to accelerate development of intermodal rail freight¹³. This will place increased demands on the SRN connecting the east coast ports, and the M1, M6 and M62 corridors. We will continue to monitor these changes and ensure we reflect these in our investments and engagement through evolving route strategies.

Case study: Solent to Midlands Multimodal Freight Study

This study, released in June 2021, was the result of collaboration between Network Rail and National Highways. It established strategic multimodal planning for a key freight corridor connecting the global gateway of the Solent ports with the 'Golden Triangle'. The strategy focuses on how both rail and the SRN can operate more efficiently – in terms of capacity and carbon emissions – and identifies opportunities to switch more freight to rail.

This study has enabled continuing collaborative work with Network Rail.





Role 3: Planning and placemaking

The right development in the right places

The SRN connects the country. It connects people to jobs, loved ones, services and leisure. It connects businesses to labour, suppliers and markets. Much of the SRN runs between, into and through the heart of busy urban areas. Its intersections can be hubs from which goods are distributed across the whole country. The SRN is therefore part of how places, old and new, function.

This means land adjacent to the SRN can be highly sought after to meet future development needs, from warehousing and industry to lorry parking facilities, multimodal hubs, business and science parks, and new homes.

Meeting the nation's housing and economic development needs is crucial to the UK's productivity. New housing supports labour mobility. It generates spending in local economies. Space for businesses helps drive innovation, economic activity and employment. Construction itself is a vital part of the economy. Housebuilding alone contributes £104 billion of GVA each year, supporting 1.2 million jobs¹⁴. Capital investment in commercial property amounts to £26 billion of GVA and 0.37 million jobs¹⁵. Having a planning system that meets development needs in a sustainable way is critical to national prosperity and levelling up.

As a statutory consultee in the planning system, National Highways is the decision maker when it comes to the ability of the SRN to operate safely alongside new development. We have a critical input to decisions made by local planning authorities over the scale, location and form of development they seek to accommodate in their areas.

National Highways is consulted on, and responds to, more than 3,500 planning applications every year where there is a potential impact on the SRN. We respond quickly and positively¹⁶.

National Highways' contribution to planning and placemaking generates most value when

A VITAL ROLE IN PLACEMAKING: Unlocking the right development in the right place

National Highways (NH) is a key partner in planning and delivering sustainable development. NH responds to more than 3,500 planning applications annually unlocking and facilitating new housing and employment space.



100,638
homes enabled in 2022/23
through positive
consultation responses

42,440
jobs enabled in 2022/23 through
positive consultation responses

NH provides a 97.4% response within statutory deadlines; average first response rate of 12 days. In 2022/23 only 12 applications (0.3%) were recommended for non-approval.

National Highways and the SRN are a part of how places function and will continue to function in the future.

shaping strategic and local plan policies. This enables us to align our investment to spatial strategies and complementary public investment.

The next few years will see renewed efforts on making local plans, focused on boosting housing supply and securing economic growth. Currently around 35% of local planning authorities have an up-to-date local plan¹⁷. This means we receive a higher number of speculative applications. From September 2024, the new system of digital local plan making will begin implementation. As the planning system shifts to become plan-led, we will work with planning authorities to plan for the needs of communities and businesses. This

will optimise the potential of the SRN to meet transport and growth ambitions and facilitate the right development in the right places.

Our route strategies give local planning authorities a clear perspective on the SRN – its capacity, constraints and opportunities. This can inform our funding plans and priorities through future road investment strategies. In doing so we can:

- help neighbouring planning authorities to work together to direct development to areas where the SRN is not a constraint on growth.
- influence the form of development. and improve quality placemaking.
- unlock value from planning obligations to help fund necessary improvements to the SRN.

Case study: Growth and Housing Fund – A46/A5640 Anstey Lane, Leicester junction improvements

The first road investment strategy (RIS1) allocated £93 million from the Growth and Housing Fund (GHF) for schemes to match fund with other sources. The aim was to unlock jobs and homes with the best possible value for money. The project began in September 2019 and was completed in July 2020, enabling 407 homes with a further 1,040 in progress. It created 640 jobs.

The project also helped unlock 10,000m² of commercial floorspace with another 10,000m² in progress.

“(without the GHF) the development would have stalled ... the City Council would have been unlikely to have secured funding.”

GHF Anstey Lane Project Team





Role 4: Social value and prosperity

A catalyst for growing social value and boosting prosperity

Our three preceding economic roles all contribute to social value and prosperity through how the SRN itself supports the UK economy.

But National Highways is a catalyst through the benefits that it – and its supply chain – deliver for people, the environment and the economy. This gives us the power to drive social and economic value through our supply chain, our focus on skills, equality, diversity and inclusion, and on technological innovation. As a leading participant in the infrastructure sector, we can lead by example.

Our efforts are centred on four core areas:

- 1 **Users of the SRN.** We can direct our investment in the SRN to support disadvantaged groups. This can be by investing to help unlock area-based regeneration and employment-generating development. We can also use spending to target specific groups. Our Users and Communities Fund, for example, has allocated £20 million for security and improved amenities for HGV drivers with the aim of encouraging more female drivers to enter the profession. We are also supporting local communities by addressing severance to improve access to amenities and jobs by other modes.

- 2 **Our employees.** Our 6,650-strong workforce is large and diverse and spread through every English region. We invest £4.6 million in learning and development annually, boosting the skills of our colleagues, benefitting the wider sector when our people take their skills into other parts of the economy. We drive equality, diversity, and inclusion within our social value plan, seeking to create employment and opportunities for a wide range of social groups. We have an annual cohort of 60 apprenticeships and 5% of our people are in graduate and apprenticeship schemes.



23% of our £3.6 billion Scheme Delivery Framework for renewals has been awarded to small and medium enterprises.

3 **Our supply chain.** We have a total spend of around £4.5 billion annually¹⁸ and this is across all regions of England, supporting 64,000 jobs in the construction industry¹⁹. We support and encourage small business to be part of our supply chain and do the right thing by them. Some 98% of our supplier invoices are paid on time²⁰. Some 23% of our £3.6 billion Scheme Delivery Framework for renewals has been awarded to small and medium enterprises (SMEs), supporting diversification. We use our purchasing power to drive supply chain investment in skills and jobs. In the first road investment strategy, we provided 765 apprenticeships across 40 business areas²¹.

4 **Leading by example.** We work with our supply chain to drive value in our industry, build expertise, engage with the community, and collaborate across the transport sector. We ensure trust by being authentic and consistent in how we operate. An example of this is the Roads Academy, a collaborative learning initiative we lead alongside 57 supply chain partners to develop leadership. Some 44% of learners in 2022 were women. Currently, our designated technology fund is investing £100 million in innovation initiatives to improve safety, journeys, and the economy.

We will be fully incorporating social value into all our major procurements and decision making, including within the third road investment strategy (RIS3) (and future rounds). We are also driving social value within our own culture and that of our supply chain. In this way we aim to continually improve performance and lead social value in the public sector transport industry.

Case study: Supporting local job creation and entrepreneurship on the A14

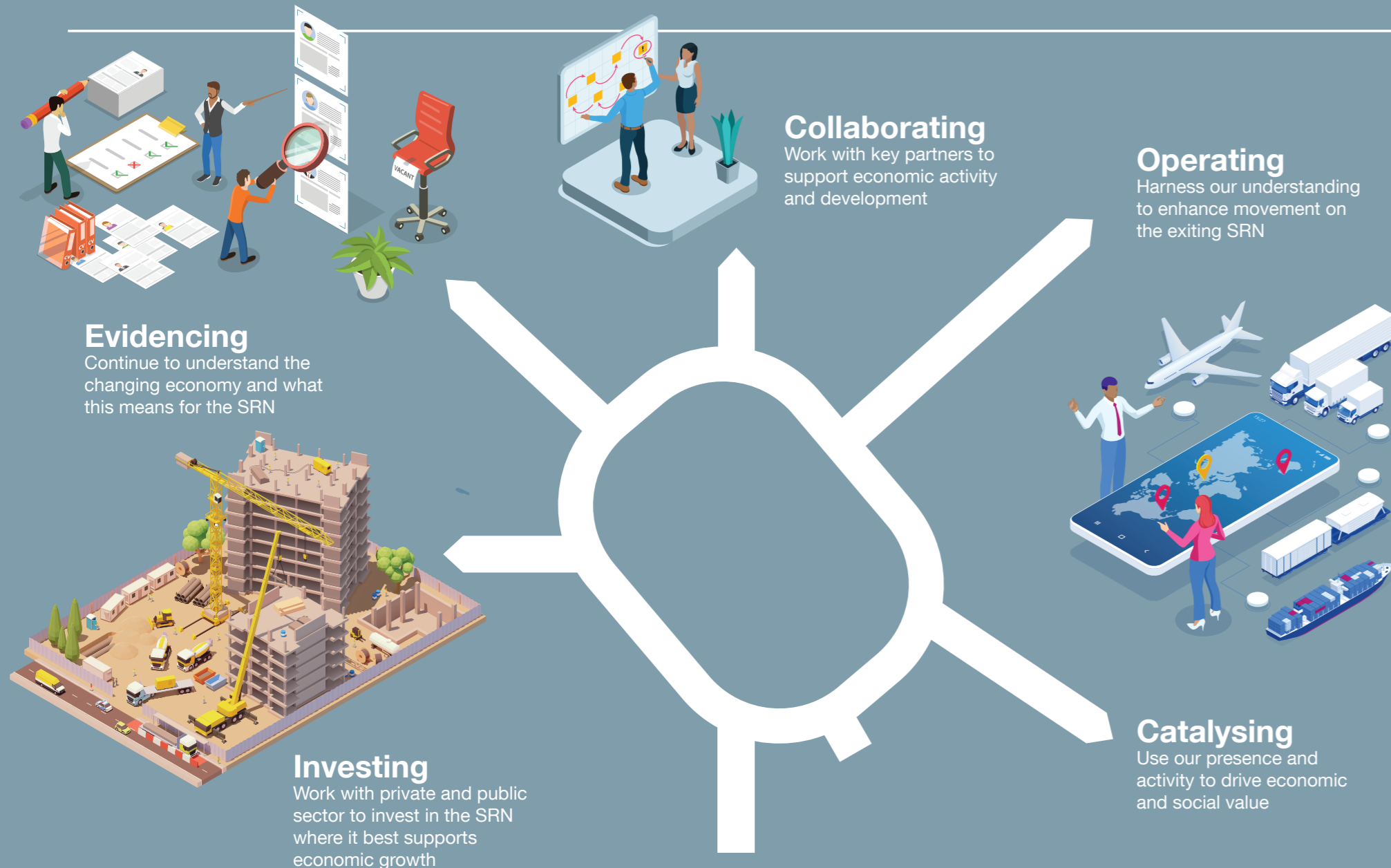
The new A14 Cambridge to Huntingdon scheme was designed to support the growth of the economy. However, we also asked our lead contractor to source local companies to work on the scheme. K2 Recovery, based in Kettering, was appointed to provide free recovery for breakdowns and incidents along the route.

Thanks to this contract, the company was able to increase its fleet from 10 to 60 vehicles, creating more jobs for local people.

“When this opportunity arose, we didn’t think we’d be successful because of the size of the contract and the size we were at the time. But we went for it, gave it our best shot and here we are! National Highways and the A14 team helped us get our brand out there and that’s probably the main thing for us.”

**David Brown,
Company Director, K2 Recovery**

5 KEY THEMES TO 2050



Conclusion

Our road network is a large, fixed asset that will continue to support the UK's economy. We maintain that asset but also invest in it so it adapts to support our changing world and dynamic economy. Our four economic roles are all linked, but ultimately focus on:

1. Ensuring the SRN operates as well as it can in supporting the economic productivity and evolution of SRN-reliant sectors.
2. Enhancing the UK as a global trading nation and, with its own single market, helping to bind together the four nations of the Union.
3. Using our own strategic perspective – via route strategies and our statutory planning responsibilities – to help central and local government make the right planning and investment decisions to promote sustainable development in the right places and support growth and levelling up.

4. Doing the right things to achieve social value and prosperity from our own activities and spend, recognising our impact and influence across our supply chain and beyond.

We will apply our economic role through a series of actions and behaviours focused around five themes.

1. **Evidencing** We will continue to work with our customers and partners to maintain a good understanding of how the economy is changing and what this means for demands on the SRN.
2. **Collaborating** We will work with key partners to support joint working, planning and funding to enhance the quality of experience of business users and help support economic activity and development. This includes identifying where the SRN needs to adapt and developing cross-transport/multimodal opportunities.
3. **Operating** We will harness our understanding of SRN-reliant sectors, distribution centres and international gateways to pursue effective movement on the existing SRN, taking account of new technologies.
4. **Investing** We will work with the private and public sectors to develop plans for investing in the SRN where it supports economic growth, linked to the process of planning for and delivering new development. As part of this we will provide enhanced financial pathways for our partners to secure improvements to the SRN.
5. **Catalysing** We will use our own presence and activity to drive social and economic value through our supply chain, our focus on skills, equality, diversity, and inclusion and pioneering technological innovation.



Footnotes

- ¹ National Highways, Connecting the country: Our long-term strategic plan to 2050, May 2023
- ² National Highways, Annual Report and Accounts 2023. Total National Highways assets at 31st March 2023 were £157.4bn of which £156.1bn is network-related.
- ³ Cambridge Econometrics, for National Highways, January 2023. These four 'super sectors' contain 22 specific economic activities. (Unpublished)
- ⁴ DfT & DLUHC, Freight, logistics and the planning system – Call for evidence, 2023. (Unpublished)
- ⁵ Lichfields, MDS Transmodal, Cushman & Wakefield, Freight and Logistics Study, 2023 (Unpublished)
- ⁶ Lichfields, MDS Transmodal, Cushman & Wakefield, Freight and Logistics Study, 2023 (Unpublished)
- ⁷ Jacobs, BMG Research for National Highways, 2023 (Unpublished)
- ⁸ ONS, Horticulture Statistics 2022, updated 2023
- ⁹ National Highways, Route Strategy Initial Overview Report London to Scotland West (North), May 2023
- ¹⁰ Aecom, Strategic Connectivity Research, 2023
- ¹¹ The Golden Triangle is home to some of the largest logistics developments, including Daventry International Rail Freight Terminal (DIRFT), Magna Park at Lutterworth and various clusters of distribution centres in Rugby, Bardon Hill, Castle Donington/East Midlands Airport and Dordon in North Warwickshire. An estimated 90% of the UK

- population is accessible within four hours. Source: Lichfields, MDS Transmodal, Cushman & Wakefield, Freight and Logistics Study, 2023 (Unpublished)
- ¹² Aecom, Strategic Connectivity Research, 2023 (Unpublished)
 - ¹³ Lichfields, MDS Transmodal, Cushman & Wakefield, Freight and Logistics Study, 2023 (Unpublished)
 - ¹⁴ Figures drawn from analysis in February 2023 produced by Lichfields, drawing on HBF, The Economic Footprint of Housebuilding (2018) and its 'Evaluate' economic impact framework, utilising data from Experian, CEBR and ONS. Applied to 2021 new build housing supply (excl. conversions/permitted development rights).
 - ¹⁵ BPF, UK Commercial Real Estate Economic Footprint, April 2022
 - ¹⁶ NH provides a 97.4% response within statutory deadlines; average first response rate of 12 days. In 2022/23 only 12 applications (0.3%) were recommended for non-approval, with 14% approved with conditions.
 - ¹⁷ DLUHC, Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms, July 2023
 - ¹⁸ £4.4bn in 2021-22 and £4.5bn in 2020-21
 - ¹⁹ National Highways Strategic Business Plan 2020-2025
 - ²⁰ National Highways annual report and accounts 2023
 - ²¹ Written evidence submitted by Highways England to the 2021 House of Commons Transport Committee (Unpublished)



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