

# The wrong route

*UK road leasing plan looks both irrelevant and costly*

In its desire to spruce up Britain's road network, the government has reached back into the 18th century for solutions. Back then, vexed by the poor condition of the nation's roads and the failure of local communities to keep them in order, the government licenced private "Turnpike Trusts" to maintain existing roads and build new ones.

In a speech yesterday, David Cameron outlined his own "Turnpike plan". This would allow private investors to bid for long leases to run regional road networks. A newly established regulator would monitor these companies' investment plans and use a proportion of the vehicle excise duty to reward them for meeting targets. Investors would be allowed to levy tolls only on newly built roads or lanes.

With the Budget only a day away, it is not hard to spot the political calculation. The plan allows Mr Cameron to sound serious about attracting investment and reviving growth, while also doing something to woo Britain's car-loving electorate. It offers few hostages to political fortune, ruling out, for instance, the idea of levying tolls on existing roads.

Unfortunately, the case for Mr Cameron's proposal is weak. This, in reality, looks suspiciously like a version of the private financing

initiative transposed to the road network. This is an expensive way of financing infrastructure investment. An FT study showed last year that the existing £53bn of PFI projects would cost the state some £25-30bn more over their lives than they would had it just funded them directly. As such, this is a model that should be curbed, not extended. And that is before one includes the cost of establishing "Offroad", the regulator that will be required to referee things.

Rather than seeking artificial ways to evade the tyranny of the public sector borrowing requirement, the government should commit more resources to the road network. This would be a better use of its scarce money than, say, the £16bn HS2 high speed link between London and Birmingham to which it recently committed itself.

Mr Cameron might also reflect on what made the Turnpike Trusts successful at improving the quality of the road network – their ability to levy tolls. A smart road-pricing system could both provide the government with resources to improve the roads and allow it to manage demand and reduce congestion.

Britain needs a debate on road-pricing, not on a largely irrelevant and probably unnecessarily costly road-leasing scheme served up on the eve of the Budget.

