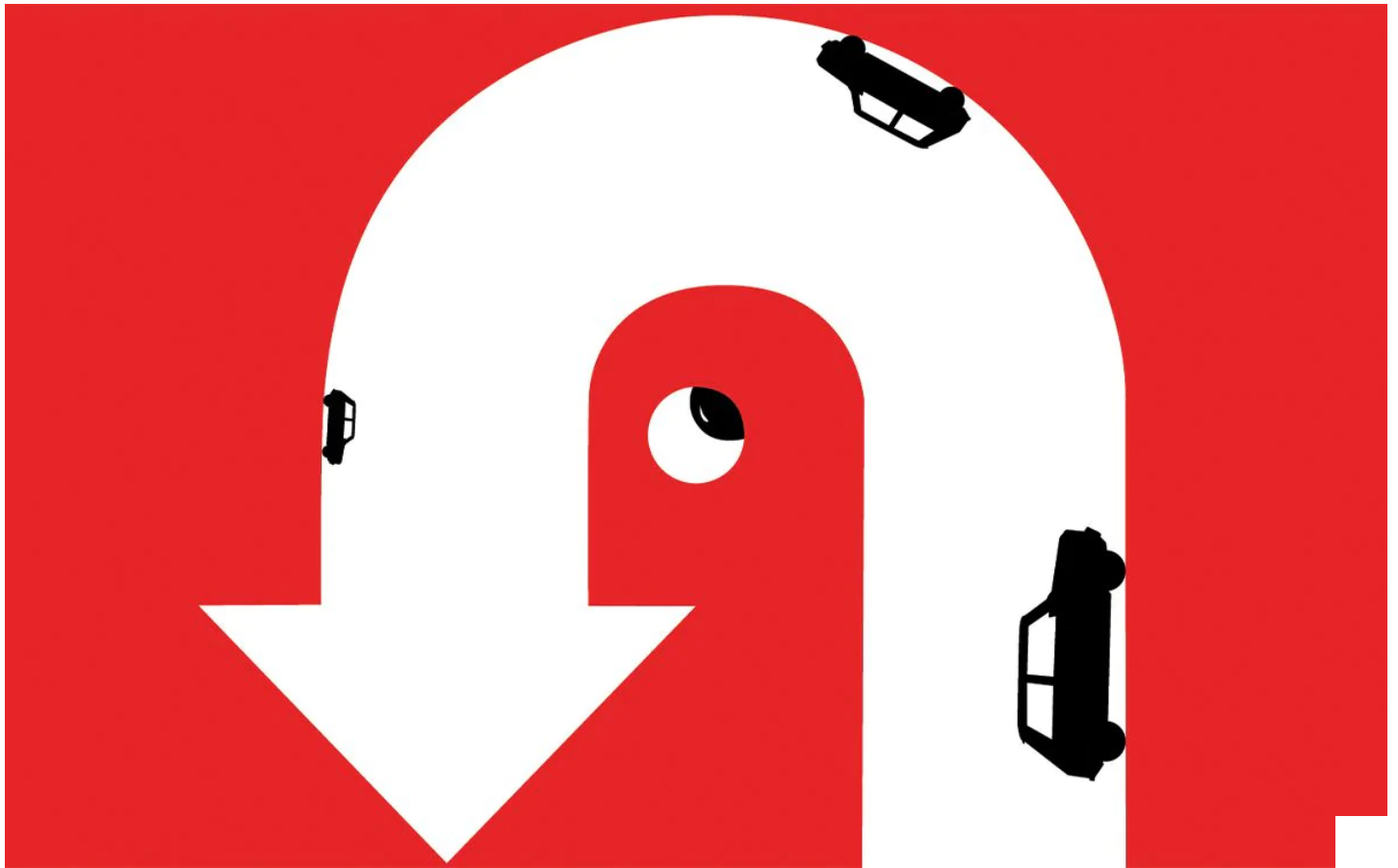




Contractors left smarting as they face a U-turn on smart motorways

Safety fears over digital roads roll-out could prove costly even with HS2 back on track

By Oliver Gill

15 February 2020 • 6:00am

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A section of the M1 labelled Highways England's "cash cow" winds its way between what once were the steel heartlands of Sheffield and Rotherham. More than £6m in fines has been raised over just two years, as cameras on the overhead gantries between junction 30 and 35a catch out speeding drivers.

It is also one of those most deadly sections of motorway in the country. Four people had been killed in the space of 10 months last year, hit after [becoming stranded on a "live" section](#) of a smart motorway hard shoulder.

Smart motorways dispense with the traditional rescue lane, implement variable speed limits and use technology to monitor traffic. Through the use of technology, the idea is that more vehicles can be rammed through the same stretch of road, mitigating the need to build new highways.

"They're a quick win," explains one roads policy consultant. "The alternatives have become unaffordable."

Critics see things differently. Britain is putting frugality ahead of safety when building highways.

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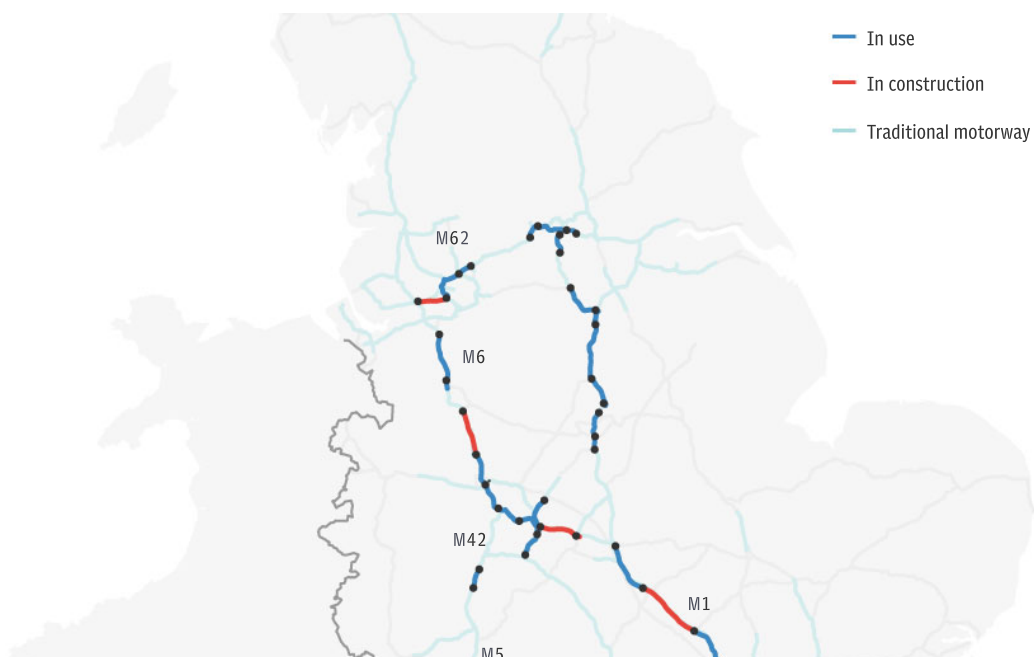


Over the last five years that Highways England has pressed ahead with their roll-out. Hundreds of miles of smart motorway have been built, with an additional 300 miles in the pipeline.

However, as building has accelerated, so has the condemnation.

Stories of petrified drivers being marooned in broken down vehicles have grabbed the headlines. A spate of fatal accidents have prompted the head of the Police Federation to [label smart motorways “death traps”](#).

Smart motorway network in England



Even Jim O'Sullivan, the boss of Highways England has admitted that turning the hard shoulder into a live lane at busy times had proven “too complicated for people to use”.

Facing a major backlash, Grant Shapps, the Transport Secretary, launched a “stock-take of evidence” in October. Officials studiously prepared a report, only for their findings to be pulled at the eleventh hour last month. Their conclusions, they were told, were too “unambitious”.

Shapps was not happy – and Britain's smart motorway revolution was put on hold until a more thorough assessment was concluded.

While the prospect of a U-turn has been welcomed by campaigners, it has dealt a fresh blow to the beleaguered contracting sector.

Miles of roadworks, a curse to drivers, were a blessing for builders, many of which have struggled to stay in the black in the post-Carillion era.

Smart decision? | The debate over smart motorways

Ever since their introduction in 2006, there has been a growing clamour of opposition to smart motorways.

Some fear they are little more than cash cows for the Government as increasing numbers of speed cameras capture motorists who fail to obey changing speed limits or a red 'X' barring drivers from a specific lane.

But the greatest controversy surrounds Highways England's insistence the smart motorways – even those where the hard shoulder has been turned into a fourth lane – are safer than conventional ones.

Matt Jacobs, whose father, Derek, 83, was killed in March when his van came to a stop on the M1 smart motorway before being hit by a coach, believes removing the hardline defies all logic.

"Hard shoulders have been a safety feature of motorways since the 1960s when there was a fraction of the traffic there is today," he told the Telegraph. "With today's volume of traffic, the decision to remove them is murderous negligence and incompetence."

Then, there are concerns where the hard shoulder has been turned into a 'live' lane can leave police, ambulance crews and firefighters struggling to reach crash scenes when all four lanes are clogged up with traffic.

Edmund King, the AA's president, has repeatedly urged the Government to reconsider its continued commitment to them.

"From the outset of 'All Lane Running' smart motorways, we have consistently argued that the idea was fatally flawed.

"From their inception, we have said avoidable deaths will happen when the hard shoulder is permanently removed.

"Highways England has asked drivers to trust them when it comes to monitoring their safety, but that trust has well and truly worn out.

"Inaccurate monitoring, stretches of motorway not covered by cameras and signs that frequently fail are just part of the fatal flaws caused by expanding motorways on the cheap."

Smart motorways were supposed to be a big money-spinner. There is at least £8bn of revenue currently in the pipeline, according industry analysts Barbour ABI, and billions more to come. Shapps's move could have serious implications.

"What we are likely to see is contractors being hit rather hard," warns Rick Smith of accountancy firm Forbes Burton. Tom Hall, chief economist at Barbour ABI, says: "Some of larger contractors are suffering low or negative [profit] margins and may be struggling financially, so this is likely to exacerbate their issues."

Barbour ABI's breakdown of smart motorway contracts reveals that the likes of Kier, Costain, Balfour Beatty and French conglomerate Vinci are particularly at risk.

But, as Smith points out, this is not simply a problem for a handful of major industry players. "The [potential] collapse of the smart motorways plan is certainly going to cause somewhat of a ripple effect through the supply chain," he says. "Smaller subcontractors are most likely going to be the ones that are most affected by such collapses."

Warning signs | Kier's knock-back

Kier took a £12m hit to profits last September from problems on smart motorways. Its shares have risen by more than 50pc since the start of the year on hopes fears for its future are in the past.

But with its exposure to the roads sector – it was Highways England's biggest supplier last year – and almost £500m of gross borrowings, a smart motorways U-turn threatens to put strain on its finances.

Seamus O'Doherty of Berkeley Research Group explains that major works contracts typical favour the employer – in this case road agencies – allowing them to terminate for any reason. However, as Kevin Cammack, an sector analyst for stock broker Cenkos points out, there is a catch. "The Government can't just stop the contract halfway through and not negotiate some reimbursement to the contractor," he says.

O'Doherty adds: "The amount due is dependent upon how far the works have progressed, because the network will need to be returned to a safe condition."

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Work-in-progress totals more than £2.5bn, according to Highways England, O'Doherty says. "Should these be terminated, I would expect the termination payments to be substantial," he says.

There may be a compromise. "The smart component is only a proportion of the overall cost. There is resurfacing, barrier work that might still go ahead," says Hall.

"There may be a reworking of those contracts to be more general road improvement work rather than smart motorway specific work."

However, Cammack warns that leaving out the "smart" element may still leave contractors at a disadvantage. "The overhead gantry where you are responsible for the signage, the monitoring of the motorway itself through a series of camera systems. That is not big business in revenue terms but it is relatively profitable and repeat business; it's always there.

He continues: "Where the likes of Kier and Costain have been successful is that they have managed to build the technology around their overall offering. And if smart motorways come to an end, you might find the technology might be dominated by specific technology firms that have no interest in laying tarmac."



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Meanwhile, there is an elephant in the room for the industry – or more accurately, on the railways.

Boris Johnson’s decision to give HS2 the green light last week means any the loss of smart motorway revenue would be cushioned considerably by lucrative rail awards, experts say.

“There aren’t that many big contractors that are able to manage these big multi billion-pound contracts,” explains Hall. In other words, those firms at risk of losing revenue from the cancellation of smart motorways, could end up benefiting from the roll-out of HS2.

Liberum analyst Joe Brent is sceptical that a full roads policy U-turn will take place. He expects that the building of “all-lane running” motorways will continue in one form or other. “The Government’s challenge is to accommodate more cars on broadly the same number of roads, and there will have to be an intelligent solution to resolve that, even if it is not called ‘Smart.’” A cancellation of smart motorways would be a significant “drag” on contractors, Brent says.

However, compared with projects like HS2, “the impact is small”, he says. “But it is now.”

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So it's okay that people die, as long as contractors keep making a profit...

And this in a supposedly first-world country.

You couldn't make it up... 😞

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the m27 which has seemed to be having this done for years now, hardly a day without some accident and a workforce mostly doing nothing!

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Why don't you pull off the motorway onto the grass verge

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@t o'brien
Because often there isn't one - a crash barrier instead.

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@t o'brien in a lot of cases there isn't a grass verge, H.e don't bother to check local geography they just blanket role these things out, hence my husbands death and 8 year Dev Naran and 22 year old Alexandru Murganeu. they are just 3 of the 38 deaths that I personally know had no where to stand

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What's the comparison with accident rates on dual carriageways, which are 70mph, have no hard shoulder, and are not "smart"?

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@Ian Crompton
We have a dual carriageway near us that used to be 70 mph but is now 50 and reduced to single lanes because of accidents caused at junctions.

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@Ian Crompton a motorway and a dual carriageway are different things, a dual carriageway doesn't have upto 4 lanes of traffic in BOTH directions. On the stretch where my husband was killed there were no deaths in the 4 years before it became a s.m, in the 18 months that is has been - there has been 7 [Edit](#)

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If the new smart lanes can't be used as posh hard-shoulders, how about employing the contractors to provide refuges, say, every 200 yards so that we could see where they were?

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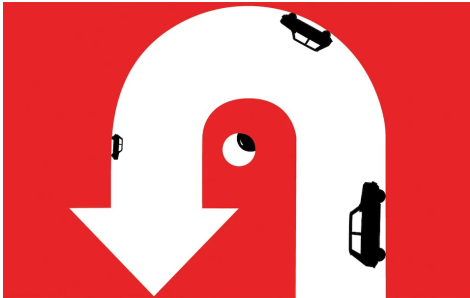


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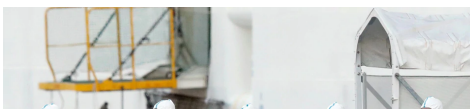
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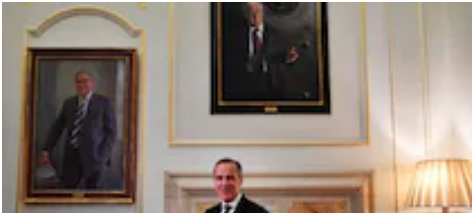


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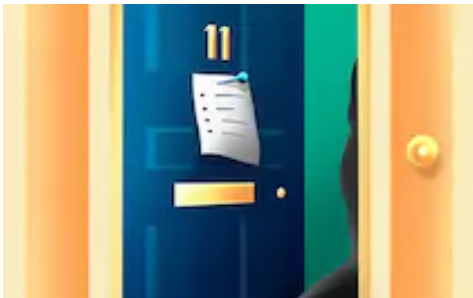
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