



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 28TH JUNE 2016

SUBJECT: APPORTIONMENT OF HIGHWAY MAINTENANCE BUDGET 2016/2017

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To provide members with details of the proposed apportionment of the highway maintenance budget for 2016/2017.

2. SUMMARY

- 2.1 The 2016/2017 Highway Maintenance budget detailed within the report provides information to members on how the £7,630,536 has been allocated, this compares to the 2015-16 budget of £7,910,771.
- 2.2 The street lighting budget allocation (included in the above) is £1,678,375, which is inclusive of £1,208,550 energy costs; this has seen a saving of £350,000 from last year's budget to attain the MTFP (medium term financial plan) target. This reduction in budget consists of £190,000 of energy savings and £160,000 from lighting maintenance, further energy savings can be realised if further investment could be found to replace more of the existing aging lighting stock with LED alternate units.
- 2.3 The 2016/2017 capital budget allocation in relation to highway operations is detailed in Appendix 2; it has seen an increase in allocation of £150,000 for both Vehicle Restraint Systems and Footway Reconstruction. This also includes £750,000 and £150,000, directly related to highway resurfacing and footways respectively; locations of the specific schemes, where appropriate, are provided in Appendices 3, 4 and 6 attached to this report.
- 2.4 The ongoing strategy is to maximise the impact of our existing funding, based on priorities, innovation and standards, whilst ensuring the safety of highway users. Although the projected MTFP savings have been deferred for this year (2016-17), highway management will be directly challenged in the coming years (2017-21), this will inevitably present challenges for officers to consider future priorities and innovative approaches to these issues.
- 2.5 The highway asset is the authority's largest asset valued at almost £2 billion. In order to try and maintain the highway to an acceptable standard, that does not compromise user safety, alternate strategies (such as preventative maintenance techniques) are being more widely utilised; as there will be funding challenges (20% savings 2017 to 2021) going forward, this will present delays or prevent the much needed structural maintenance on all highway assets, as such it is imperative that a prioritised risk based approach to highway maintenance continues.

3. LINKS TO STRATEGY

- 3.1 This report links directly to the regeneration of the county borough making Caerphilly County Borough a better place to live and work.
- 3.2 The report links directly to the Council's priority to improve accessibility throughout the county borough by improving the transport network, enabling individuals to move freely around Caerphilly.
- 3.3 There is also a link to ensuring communities are safer by maintaining a safety standards for the development of integrated, efficient local and regional transport system, on which public transport, private users, cycling and walking networks can operate.
- 3.4 The link to greener and cleaner objectives are centred around reducing our carbon footprint and improving sustainability, this will be progressed by improving our energy efficiency and reducing our emissions of greenhouse gasses within the county borough, whilst taking steps to adapt to the local affects of climate change (warmer and wetter weather patterns).
- 3.5 The report supports the Prosperous, Safer and Greener themes of the 'Caerphilly Delivers' in the single integrated plan.
- 3.6 The Future Generations Act (FGA) came into force this April, it sets out seven Well-Being Goals; the focus of this report supports a Sustainable Wales, A Prosperous Wales, A Wales of Cohesive Communities and a Globally Responsible Wales

4. THE REPORT

- 4.1 Given the challenging times ahead for Highway Operations, with reducing budgets and resources, the main focus of this apportionment exercise is to maximise the impact of our existing funding, based on priorities, innovation and standards with the ultimate aim being to protect and maintain our statutory responsibilities.
- 4.2 With reference to our highways performance over the last recorded year (2013-14), that APSE (Association for Public Service Excellence) produced a report for the 22 Welsh authorities (of which only 15 responded) shows the salient carriageway results as follows:

APSE Performance Indicator	CCBC result	Councils above	Councils below	CCBC Placement
Principal Road Condition	5.42%	4	10	5/15
Non-principal Road Condition	10.30%	9	5	10/15
Cost per km – Planned Maintenance	£3,489	0	14	1/15
Cost per km – Reactive Maintenance	£1,100	4	10	5/15
Cost per km – Routine Maintenance	£436	9	5	10/15

Key:

Principal Roads – Class A or above

Non-principal Roads – below A classification

Road Condition is the percentage of carriageway that was below standard, where more detailed monitoring or investigation is required

Planned Maintenance – works that are carried out as a road treatment (resurfacing, micro-asphalt etc.) designed to extend the life of the asset

Reactive Maintenance – works that are in response to a safety issue, so incorporate a degree of urgency

Routine Maintenance – non-urgent works that are done when planned maintenance has not taken place, but not as effective as road surface treatments and can be executed in an ad-hoc manner

- 4.3 The Council meeting of 24th February 2016 considered and approved the Council budget for 2016/2017 including Service Divisional revenue budgets and capital budgets. This report now provides information on the detailed allocation of part of the Engineering Service Division revenue and capital budgets to the highway maintenance operations service area. The Council budget report also considered and approved a range of MTFP budget savings which included savings within Engineering Service Division (which were judged to have a nil impact on the general public); some were specifically relating to highway maintenance operations. These MTFP budgets savings included budget reductions of, £160,000 Street Lighting Maintenance, £190,000 Street Lighting Energy Costs, £30,000 Structural Maintenance and £8,000 SLA (Consultancy) fees; these have been considered and incorporated into this apportionment report.
- 4.4 In addition to the above revenue budget allocation to highway maintenance operations, there has also been a capital budget allocation as detailed in appendix 2. This includes £750,000 to undertake carriageway resurfacing works, in an attempt maintain the budget commitment to pro-active highway preservation measures; this provides a combined sum of £1.7M for Planned Carriageway Maintenance for 2016-17.
- 4.5 The highway asset is currently valued at almost £2 billion. Using simple comparatives it is evident that a maintenance budget of £6,423k (excludes energy costs of £1,208k) will only allow assets to be renewed approximately every 300 years, well in excess of assets intended lifespan. It is therefore essential that the current strategy is developed to try and preserve the life of the Authority' existing assets. The proposed budget apportionment is detailed in Appendix 1.
- 4.6 Due to the rising demands on the existing drainage infrastructure, the capital allocation for land drainage has been maintained at £125k. This will assist with flood prevention schemes and any urgent reactive maintenance works required for 2016-17.
- 4.7 The approach taken has to ensure that any work is selected on a prioritised risk basis. In order to assist this process the authority is reviewing its Highway Asset Management Plan (HAMP), which considers the risk prioritisation. The HAMP has been developed in conjunction with CSS Wales, as an All Wales project, to ensure there is a consistent national approach and to achieve efficiencies in procurement of specialist expertise. This has been programmed for Cabinet endorsement later this year.
- 4.8 The vehicles restraint systems (safety barriers) capital contribution has increased from £38k to £150k, this is for the repair/ removal of sub-standard safety fencing. This is in recognition that these barriers are on or over their design life-spans and a concerted effort is required to replace them all (approximately 66km with an estimated total replacement value of £7,000k).
- 4.9 Due to the decreasing budgets, aging infrastructure, increasing demands, expansion of the network, additional legislation and compliance etc. it is essential that highway maintenance is undertaken in the most cost effective manner. In order to achieve this, alternate preservation techniques, such as CAUTS (cold applied ultra-thin surfacing), micro asphalt and slurry sealing will be increasingly required into 2016/2017 and beyond. These techniques have become more advanced and innovative over recent years and are being widely adopted by authorities for its value for money approach to preserving the life of the highway network.
- 4.10 The revenue programme for surface dressing has been prioritised from specialist technical data surveys and is predominantly focussed on the high usage A and B road network. Additionally, the carriageway resurfacing programme is to be utilised on some high priority minor roads and/or where surface dressing is not considered an appropriate option. The priority programmes are identified in Appendices 3 & 4 respectively.
- 4.11 The proposed apportionments have been undertaken to try and move the budget spend to the most needed areas at this time. The strategy is also targeted at attempting to reprofile the reactive spend into a more planned maintenance approach, we currently have a 70:30 split between planned and reactive maintenance, our goal would be for a ratio of 80:20. It should

be noted that given the current budgets the average renewal time for carriageways in the Borough is 300 years, as stated in 4.5, so quantum as well as apportionment needs to be considered for infrastructure longevity.

- 4.12 With the completion of the FRMP (Flood Risk Management Plan), the initial identification ranking of vulnerable locations has been completed, so shaping the drainage replacement/upgrade programme; which is being continually reviewed with its risk rating. The current budget allocation is insufficient to address the significant backlog of identified schemes, so locations with the highest risk to life and/ or property will be prioritised. The current prioritised list is included in Appendix 5; this is subject to change dependant on emerging priorities identified during the year.
- 4.13 The footway resurfacing programme has received an increase of £50k, which will assist in completing works in the pedestrian areas with highest usage and risk. This has been scheduled accordingly into the footway scheme programme for 2016/2017, included in Appendix 6. Although this will help accelerate works to reduce the high risk areas, more investment is needed to start reducing the back-log itself.
- 4.14 Street lighting has had its budget reduced by £350k, the energy component of this being £190k with a reduction in maintenance budget of £160k. Further investment initiatives to reduce street lighting energy levels have been agreed by the Scrutiny Committee (8th December 2015), these are currently being progressed with funding options (outside Highway Operations' jurisdiction) loans, capital investment etc. It needs to be noted that energy costs are set to rise in the medium to long term; so any energy saving scheme implemented in the immediate future will see long term cost avoidance and lasting savings to the energy bill. The proposed street lighting maintenance budget is included in the apportionment in Appendix 1.
- 4.15 The maintenance programme for highway structures has been derived from a risk prioritisation process for bridges, culverts, retaining walls, landslips and erosion. The proposed list of works for 2016/2017 is included in Appendix 7. It should be noted that there maybe some amendments made to the programme with potential ecological/ seasonal risks that may impact on the proposals; should this occur, works of similar priority will be substituted. This budget has seen a decrease in budget of £38k from both its maintenance works and Consultancy function, which will mean a reduced level of service for highways structures going forward.
- 4.16 The budget line for Tips Maintenance shows an unaltered capital investment of £250k. This will fund a programme of works (for 2016-17) that will assist in resolving some long-term issues for this sector. Nevertheless further significant funding will need to be sourced in the immediate and medium term to have any meaningful affect on the current remediation activities required on the tip sites within the borough.
- 4.17 It is evident that there is a trend in more severe weather events, in recent years flooding rather than snow has caused major problems both locally and nationally; these incidents are inherently difficult to predict. The drainage and winter maintenance budgets (see 4.6, 4.12, 4.18) have been both enhanced from within existing reduced Highway revenue budgets and protected from significant cuts to hopefully provide a resilient service in these unpredictable and contingent areas, especially in the winter months (October to April). However, schemes to reduce flooding are expensive and this will be raised as a risk at a higher level to seek funding to take such projects forward.
- 4.18 The Winter Maintenance/ Severe Weather budget has been held at the 2014-15 level of £1.14M, as part of measures to protect this fundamental service area from savings. This is due to its requirement to Service Highway user needs (i.e. spend in this area is as unpredictable as the weather). In parallel with this an additional amount that will be accrued in a separate safeguarded fund to be used for extreme weather events that are outside the Winter Maintenance/ Severe Weather budget, capped at £500k.

- 4.19 An exercise is currently continuing which is considering further efficiencies to service provision, with possible investment being made in the most up to date plant and resources to undertake these vital works. Trials of both the Multi-hog and Pot-hole patcher have been completed this year with their purchase/ long-term lease being predicated on the successful award of the Fleet Service Provider contract (due in July).
- 4.20 Innovative plant and equipment work alongside other initiatives being considered in order to manage the budget profile over the coming years, together with some of the potential changes being discussed at a regional level which may change the shape of Highway Operations delivery in the future. These include reprioritisation of assets such as drainage (ref. 4.6, 4.12), changing intervention criteria for road defects such as potholes, new surfacing treatments and materials (ref. 4.9, 4.10), restructuring of the organisation for future requirements and opportunities. As with further street lighting energy savings (ref. 4.14), these initiatives will be put forward, in due course, for member's consideration.
- 4.21 A budget of £40k has been allocated to Traffic Management in 2016/2017. Appendix 8 identifies the programme for traffic regulation orders and minor works following consultation with Members. Every effort will be made to deliver the programme but resources will be prioritised to meet commitments for ongoing schemes and some proposals are subject to consultation, deliverability and securing additional funding.
- 4.22 Included in Appendix 9 is a plan detailing the highway inspector area boundaries for members' information.
- 4.23 The budget apportionment continues to meet the requirements and proposals set out within the authority's medium term financial plan (MTFP) and the resources made available to the Highways Operations Group.

5. EQUALITIES IMPLICATIONS

- 5.1 An EqIA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no full EqIA has been carried out, however the projects support a number of the Council's Strategic Equality Objectives (SEO). For example repairs to footpaths help make areas accessible to people with mobility issues (SEO 3 - Physical Access) and improvements to street lighting supports both this SEO and SEO 1 - Tackling Identity Based Hate-Crime by helping with community safety
- 5.2 Any equalities related issues (such as around disability access) identified as part of any design concerns may also impact on the maintenance programme proposals.

6. FINANCIAL IMPLICATIONS

- 6.1 Financial implications are detailed within the report.

7. PERSONNEL IMPLICATIONS

- 7.1 None.

8. CONSULTATIONS

- 8.1 Refer to attached list.

9. RECOMMENDATIONS

- 9.1 Though the report is provided for information, the committee are asked to consider the content of the report and the proposed interventions detailed in order to maximise service standards from the allocated budget.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 For members to be informed of the proposed Highway Operations budget expenditure for 2016-17, with the supporting rationale.
- 10.2 The exposition of proposed interventions (ref. 4.20) is to enhance member's awareness of these initiatives and for their further consideration.

11. STATUTORY POWER

- 11.1 Highway Act 1980.

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Appendices:

- Appendix 1 – Highway Maintenance Budget Apportionment 2016/2017
- Appendix 2 – Highway Operations Capital Budgets for 2016-17
- Appendix 3 – Carriageway Surface Dressing Sites 2016-2017
- Appendix 4 – Carriageway Resurfacing Sites 2016-2017
- Appendix 5 – Drainage Priorities
- Appendix 6 – Footway Schemes
- Appendix 7 – Structures Priorities - Bridge/ Retaining Wall Maintenance
- Appendix 8 – Traffic Management Priorities – Ongoing TRO
- Appendix 9 – Highway Inspectors Areas