



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 19TH SEPTEMBER 2017

SUBJECT: APPORTIONMENT OF HIGHWAY MAINTENANCE BUDGET 2017/2018

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 2017/2018 and for Members to consider if the proposed allocations promote value for money and maximum impact.

2. SUMMARY

- 2.1 The 2017/2018 Highway Revenue Maintenance budget is detailed in Appendix 1. The report provides information to members on how the £7,741,926 has been allocated. The Revenue budget includes revenue contributions to Capital outlay (RCCO) for Carriageway and Footway resurfacing schemes of £170k and £230k respectively.
- 2.2 The street lighting budget allocation (included in the above) is £1,704,000, which is inclusive of £1,228,000 energy costs. This has seen a saving of £350,000 from 2016/17 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. Recent notification from energy companies are that there will be sizeable energy price increase for 2017/18 amounting to 14.15%. A report on potential options to mitigate any future budget increases is scheduled to be presented to the Scrutiny Committee in the autumn.
- 2.3 The 2017/2018 capital budget allocation in relation to highway operations is detailed in Appendix 2; The Budget remains unchanged and 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 (2017-18), highway management is likely to be directly challenged in the coming years (2018-22) and 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. There will be funding challenges as a result of the MTFP going forward; it is likely that the standard of service currently offered will have to reduce. As such it is imperative that a prioritised risk based approach to highway maintenance continues.

2.6 Overall, for a wide ranging front line service delivery area, the performance of Highway Operations is judged to be good, producing variable results in view of key objectives set out. Services are benchmarked against other authorities in Wales and reported annually.

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 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 effects 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) 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 The main focus of this apportionment exercise is to maximise the impact of our existing funding based on Council and statutory priorities, innovation and standards with the ultimate aim being to protect and maintain our statutory responsibilities.
- 4.2 Identified below is our highways performance over the last recorded year, 2014-15, (latest available national data comparison), that APSE (Association for Public Service Excellence) produced a report for the 22 Welsh authorities (only 15 authorities responded). (note: standing 1 to 15 represents best to worse performance):

APSE Performance Indicator	CCBC result	Councils above	Councils below	CCBC Placement
Principal Road Condition below standard (Middle Quartile)	4.2%	5	9	6/15
Non-principal Road Condition below standard (Top Quartile)	8.2%	3	11	4/15
Percentage of maintenance expenditure – Planned (Middle Quartile)	71%	7	7	8/15
Percentage of maintenance expenditure – Reactive (Middle Quartile)	19.75%	7	7	8/15
Percentage of maintenance expenditure – Routine (Top Quartile)	9.25%	3	11	4/15
Percentage change in number of non-repudiated third party claims in last 3 years compared to previous 3 year period (Top Quartile)	-20.75%	3	11	4/15

KeyKEY:

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

In addition to the above data, highways performance over the last recorded year, 2015-16, undertaken by the Local Government Data Unit – Wales, identifies the following carriageway results for the 22 Welsh authorities (note: standing 1 to 22 represents best to worse performance):

Public Accountability Measures	CCBC result	Councils above	Councils below	CCBC Placement
THS/012: The percentage of principal (A) roads, non-principal (B) roads and non-principal (C) roads that are in overall poor condition	6.6%	9	12	10/22
THS/012a: The percentage of principal (A) roads that are in overall poor condition	4.5%	16	5	17/22
THS/012b: The percentage of non-principal (B) roads that are in overall poor condition	4.1%	9	12	10/22
THS/012c: Percentage of non-principal (C) roads that are in overall poor condition	9.2%	9	12	10/22

- 4.3 The Council meeting of 24th February 2016 considered and approved the Council budget for 2017/2018 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.
- 4.4 In addition to the revenue budget allocation to highway maintenance operations (Appendix 1), 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 an additional allocation from the revenue budget has been apportioned. This provides a combined sum of £2M for Planned Carriageway Maintenance for 2017-18.
- 4.5 The highway asset is currently valued at almost £2 billion. Using simple comparatives it is evident that a maintenance budget of £6,513k (excludes energy costs of £1,228k) 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 works required for 2017-18.

- 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 endorsed our Highway Asset Management Plan (HAMP) at Cabinet meeting on 16/11/2016 following Scrutiny review on 1/11/16. The HAMP was developed in conjunction with CSS (County Surveyors Society) Wales, as an 'All Wales' project, to ensure there is a consistent national approach.
- 4.8 In addition to the Revenue safety barrier budget the vehicle restraint systems (safety barriers) capital contribution has remained at £150k. This is for the repair/ removal of 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 £7M).
- 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 asphaltting and slurry sealing will be increasingly required into 2017/2018 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. Currently there is a 70:30 split between planned and reactive maintenance, and in recognition of delivering a 'steady state' highway asset management programme, a ratio of 80:20 would be the ideal split. In the current financial climate this will be exceedingly difficult to achieve. It should be noted that given the current budgets the average renewal time for carriageways in the Borough is estimated at 300 years, as stated in 4.5. It is therefore fundamental that the budget apportionment be carefully considered to maximise value for money.
- 4.12 In line with our FRMP (Flood Risk Management Plan), the initial identification ranking of vulnerable locations has been completed. This is continually reviewed and its risk rating updated. 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 been maintained at previous levels, which will assist in completing works in the pedestrian areas with highest usage and risk. This has been scheduled in the footway scheme programme for 2017/2018 included in Appendix 6. Although this will help maintain works to reduce the high risk areas, further investment is needed to begin to reduce the back-log. It is estimated that the backlog stands at £3.2M for Category 4 sites and £18M for Category 3 sites. Condition categories are defined as follows;

Category	Condition Level	Definition
3	Minor Deterioration (Functionally Impaired)	The footway has minor deterioration such as; <ul style="list-style-type: none"> • Cracked flags/blocks showing some signs of movements; • Missing joint filler; • Minor fretting, fattening up, scaling or minor cracking of bituminous footways; • Moderate local settlement/subsidence or trips between 10-13mm*

4	Major Deterioration (Structurally Impaired)	<p>The footway has minor deterioration such as;</p> <ul style="list-style-type: none"> • Cracked and depressed or missing flags/blocks; • Flags/blocks with exaggerated movements; • Major cracking, fretting or scaling; • Trip hazards exceeding 13mm* • Poor shape, severe local settlement/subsidence creating a difference in level greater than 30mm*
---	--	--

* The dimensions within this table are given for guidance only.

It should be noted that the highest insurance liabilities are generally for personal injuries as a result of trips and falls on the footway network.

- 4.14 The Street lighting budget was previously reduced by £350k in 2016/17. The energy component of this being £190k with a reduction in maintenance budget of £160k. Further investment initiatives to reduce street lighting energy levels are being reviewed. These are currently being progressed with consideration of funding options via loans, capital investment, etc. It must be noted that energy costs have recently been notified as rising by 14.15% for 2017/18. Any energy saving scheme implemented in the immediate future will see long term cost avoidance and lasting savings to the energy bill. A further report will be presented to the Scrutiny Committee on this matter. 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 2017/2018 is included in Appendix 7. It should be noted that there may be 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. The budget has been maintained at the previous level for 2017/18.
- 4.16 The budget line for Tips Maintenance shows an unaltered capital investment of £250k which supports the revenue budget. This will fund a programme of works that will assist in resolving some long-term issues for this sector. Whilst the budget for this area is under pressure, the prioritised approach used, ensures a risk based approach to the maintenance of our tips.
- 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, and 4.18) have been both enhanced from within existing Highway revenue budgets and protected from significant cuts to provide a resilient service in these unpredictable areas, especially in the winter months. However, schemes to reduce flooding can be expensive and in such severe events, Welsh Government and corporate funding maybe available.
- 4.18 The Winter Maintenance/ Severe Weather budget has been held at the 2016-17 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 has been 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. The current level of the capped ring fenced fund is £500k.
- 4.19 An exercise is currently being undertaken to consider 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 Pothole patcher have been completed last year with their purchase/ long-term lease being predicated following the successful award of the Fleet Service Provider contract.

- 4.20 Innovative plant and equipment work alongside other initiatives being considered at a regional level may change the shape of Highway Operations delivery in the future. These include reprioritisation of assets such as drainage, changing intervention criteria for road defects such as potholes, new surfacing treatments and materials, 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 consideration.
- 4.21 A budget of £41k has been allocated to Traffic Management in 2017/2018. Appendix 8 identifies the programme for traffic regulation orders and minor works following consultation with Members. This covers a wide range of requests and proposals, which includes, parking provisions (i.e. prohibition of waiting/driving, off-street provision and allocation for disabled persons), speed limits, one-way traffic proposals and both road traffic signing and markings. 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. Appendix 10 details the frequency of inspections carried out based upon the highway hierarchy.
- 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. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This report contributes to the Well-being Goals as set out in Links to Strategy above (3.6). It is consistent three of the five ways of working as defined within the sustainable development principle in the Act in that it supports:
- Long term resourcing and asset management solutions of this specialised service provision allows for more effective and predictable resource/ financial commitments going forward.
 - This routine maintenance of the Highway assets is a central part of the CCBC prevention strategy, so reducing the need for larger scale repair operations (with the associated safety risks) required for poorly maintained/ inspected assets.
 - This all forms part of an overall strategy integrating local roads to regional transport systems on which public transport, private users, cyclists and walking networks can operate.

6. EQUALITIES IMPLICATIONS

- 6.1 An EqlA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no full EqlA 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.
- 6.2 Any equalities related issues (such as around disability access) identified as part of any design concerns may also impact on the maintenance programme proposals.

7. FINANCIAL IMPLICATIONS

- 7.1 Financial implications are detailed within the report.

7.2 The Highway Maintenance elements of the Engineering Service Division budgets in the last five years are as follows:

	Revenue	Capital
2017-18	£7,741,926	£1,475,000
2016-17	£7,630,536	£1,475,000
2015-16	£7,911,671	£1,267,000
2014-15	£8,590,203	£425,000
2013-14	£8,752,625	£500,000

7.3 In order to help achieve revenue budgets savings in support of the Councils medium term financial plan (MTFP) the Highway Maintenance revenue budget has reduced by over £1million in the past 5 years. However there has been an increase in capital budget and overall financial funding is being utilised for more planned maintenance programmes which provides better value for money.

8. PERSONNEL IMPLICATIONS

8.1 None.

9. CONSULTATIONS

9.1 The comments of the consultees have been incorporated into the report.

10. RECOMMENDATIONS

10.1 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.

11. REASONS FOR THE RECOMMENDATIONS

11.1 For members to consider the proposed Highway Operations budget expenditure for 2017-18, with the supporting rationale.

12. STATUTORY POWER

12.1 Highway Act 1980.

Author: Chris Adams, Acting Highway Operations Group Manager
Consultees: Councillor Sean Morgan, Deputy Leader and Cabinet Member for Economy, Infrastructure, Sustainability and Wellbeing and Future Generations Champion
Councillor D T Davies, Chair Regeneration and Environment Scrutiny Committee
Councillor C Forehead, Vice Chair Regeneration and Environment Scrutiny Committee
Chris Burns, Acting Chief Executive
David Street, Corporate Director – Social Services
Christina Harry, Corporate Director - Communities
Nicole Scammell, Acting Director of Corporate Services & S.151
Stephen Harris, Interim Head of Corporate Finance
Marcus Lloyd, Acting Head of Engineering Services

Mike Eedy, Finance Manager
Anwen Cullinane, Senior Policy Officer (Equalities & Welsh Language)
Shaun Watkins, Principal Personnel Officer
Clive Campbell, Transportation Engineering Manager
Kevin Kinsey, Acting Engineering Project Group

Appendices:

- Appendix 1 – Highway Maintenance Budget Apportionment 2017/2018
- Appendix 2 – Capital Budgets for 2017-18
- Appendix 3 – Surface Dressing/Thin Surfacing Schemes
- Appendix 4 – Carriageway Resurfacing Schemes
- Appendix 5 – Drainage Priorities
- Appendix 6 – Footway Schemes
- Appendix 7 – Structures Priorities
- Appendix 8 – Traffic Management Priorities
- Appendix 9 – Highway Inspectors Areas
- Appendix 10 – Highway Safety Inspection Criteria