



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: HIGHWAY INFRASTRUCTURE BUDGET APPORTIONMENT 2021/22
INFORMATION REPORT**

REPORT BY: CORPORATE DIRECTOR (ECONOMY AND ENVIRONMENT)

1. PURPOSE OF REPORT

- 1.1 To provide members with details of the proposed apportionment of the highway maintenance budget for 2021/2022.

2. SUMMARY

- 2.1 The 2021/22 Highway Revenue Maintenance budget is detailed in Appendix 1 and includes revenue budget of £7,385,038 and Capital budget of £2,532,000. The report provides information to members on how the £10,887,421 has been allocated. The Revenue budget includes Revenue Contributions to Capital Outlay (RCCO) for carriageway and footway resurfacing schemes of £110k and £95k respectively.
- 2.2 The street lighting budget allocation (included in the above) is £1,810,082, which is inclusive of £1,314,187 energy costs. Energy prices have continued to rise, with the increase confirmed for 2021/22 at 13.66% or an extra £185,000. Our LED and part night lighting programme has been completed, which aims to minimise the impact of these energy rises whilst significantly contributing to our carbon reduction targets.
- 2.3 The 2021/22 Capital budget allocation in relation to highway operations is detailed in Appendix 2; the budget remains largely unchanged and includes £739,000 and £148,000, directly related to highway resurfacing and footways respectively. Locations of the specific schemes, where appropriate, are provided in Appendix 3.
- 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. There are no MTFP savings applied to the 2021/22 budget due to a better than anticipated budget settlement from Welsh Government. There is also a Welsh Government Grant of £970,383 for carriageway resurfacing for 2021/22, which will assist in the overall maintenance and capital investment programme.
- 2.5 The highway asset is the authority's largest asset valued at over £2 billion. In an attempt to maintain the highway to an acceptable standard, that does not compromise user safety, alternate strategies (such as preventative maintenance techniques) are being widely utilised. The future funding challenges, as a result of any future MTFP's, may result in a reduction of service or the standard of service previously offered. As such it is imperative that a prioritised

risk-based approach to highway maintenance continues. A separate report on the condition of and funding of the Carriageways was presented to Scrutiny Committee on 14th March 2019.

- 2.6 Overall, for a reactive wide-ranging front-line service delivery area, the performance of Highway Maintenance 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. RECOMMENDATIONS

- 3.1 Members are asked to note the content of the report and the proposed interventions detailed in order to maximise service standards from the allocated budget.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure the Highway Maintenance budget expenditure for 2021-22 is utilised effectively and provides value for money.

5. THE REPORT

- 5.1 The main focus of this apportionment exercise is to maximise the impact of the existing funding based on Council and statutory priorities, innovation and standards, with the ultimate aim being to protect and maintain the authority's statutory responsibilities.
- 5.2 Identified below is the Authority's highways performance data for 2019-20, (latest available national data comparison). APSE, (Association for Public Service Excellence) publish the data annually. The standings have been produced using a family group system, comparing "like" authorities operating under similar circumstances to ensure a fair comparison. To improve on the current performance figures additional capital investment would be required and in this regard a separate report on the condition and funding of the Carriageway maintenance was presented to Scrutiny committee on 14th March 2019.

APSE Performance Indicator	CCBC result	Councils above	Councils below	CCBC Placement
PI02b - Principal A Road Condition below standard (Middle Quartile) (Highest percentage is worst case)	4.1%	8	0	9/9
PI02e - Non-principal B Road Condition below standard (Middle Quartile) (Highest percentage is worst case)	3.3%	6	2	7/9
PI16 - Percentage of maintenance expenditure – Planned (Lower Quartile) (Lowest percentage is worst case)	62.7%	6	3	7/10
PI17 - Percentage of maintenance expenditure – Reactive (Lower Quartile) (Highest percentage is worst case)	26.47%	8	3	9/12
PI52 - Percentage of maintenance expenditure – Routine (Middle Quartile) (highest percentage is worst figure)	10.83%	-	-	-
PI31a - Percentage change in number of non-repudiated third party claims in last 3 years compared to previous 3 year period (We already have good repudiation rate to start with, continuing downward trend is a positive output)	1.85%	6	3	7/10

Key:

Principal Roads – Class A or above

Non-principal Roads – B&C 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 – combination of programmed, ancillary maintenance functions, such as gully emptying, which are not structural and other non-urgent works that would not constitute planned maintenance

- 5.3 The Council meeting of 20th February 2021 considered and approved the Council budget for 2021/22 including Service revenue and capital budgets. This report now provides information on the detailed allocation of the Infrastructure Division revenue and capital budgets to the highway maintenance operations service area.
- 5.4 The highway asset is currently valued at over £2 Billion. Using simple comparatives, it is evident that a revenue maintenance budget of £6,070,851 (excluding energy costs of £1,314,187) will only allow assets to be renewed every 300 years, well beyond the asset lifespan. It is therefore essential that a strategy is developed to try and preserve the life of the Authority's existing assets. With this in mind, £75k will be allocated to asset management, which will ensure that Highway Services are delivered against the Councils key priorities, taking into consideration customer needs, asset condition and the best use of available resources. This work will continue to build on the condition of the County's highway network and the understanding of other key assets. The importance of asset management and its demonstration of continuous efficiency is likely to be linked to future funding streams that may be available from Welsh Government. Those Councils who can demonstrate value for money and efficient management with a demonstrable maintenance strategy for delivery of Highway maintenance are likely to be looked upon favourably.

- 5.5 In addition to the highway revenue budget in Appendix 1 there is also a capital budget detailed in Appendix 2. The capital budget includes £739,000 to undertake carriageway resurfacing works. Welsh Government awarded Caerphilly a Roads Refurbishment Grant totalling £970,383 in March 2021. This takes the annual budget to £1,709,383 for 2021/22. Due to the effects of the Pandemic, it was decided last year to concentrate on A & B Roads, along with rural roads with limited properties to ensure compliance with the Governments guidelines on social distancing for 2020/21. For 2021/22, the roads that were delayed due to the Pandemic will be prioritised, along with the completion of the major roundabouts.
- 5.6 Due to the rising demands on the existing drainage infrastructure, the capital allocation for land drainage has been maintained at £123k Corporate and £123k for non-corporate assets. This will assist with flood prevention schemes and any urgent works required for 2021/22. In line with the increased incidents of surface water flooding, it has been decided to increase the Highway Drainage budget from £110k to £123k and introduce a new budget header to enable cleansing of the Councils existing carriageway ditching. Separate Welsh Government grant funding for flood prevention schemes is also being pursued.
- 5.7 The approach taken to all maintenance has to ensure that any work is selected on a prioritised risk basis. In order to assist this process, the authority endorsed the Highway Asset Management Plan (HAMP) at the Cabinet meeting on 16/11/2016 following Scrutiny review on 01/11/16. 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.
- 5.8 In addition to the revenue safety barrier budget the vehicle restraint systems (safety barriers) capital contribution has remained at £148k. This is for the repair/ removal of safety fencing. This is in recognition that these barriers are at or exceed their design life and a concerted effort is required to replace the safety fencing within the authority (approximately 66km with an estimated total replacement value of £7M).
- 5.9 Due to decreasing budgets over the last 10 year period, ageing 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 2021/22 and beyond. These techniques have become more advanced and innovative over recent years and are being widely adopted by authorities for a value for money approach to preserving the life of the highway network.
- 5.10 The revenue programme for surface dressing has been prioritised from specialist technical data surveys and visual inspection 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 Appendix 3.
- 5.11 The proposed apportionments are targeted to the most needed areas at this time. The ideal strategy is to attempt to re-profile the reactive spend into a more planned maintenance approach. For 2021/22 there is a downturn to a 55:45 split between planned and reactive maintenance compared to 70:30 in 2017/18. This negative trend will be difficult to rectify due to the MTFP savings applied previously. It is recognised that to deliver a 'steady state' highway asset management programme, a ratio of 80:20 would be the ideal split. In the current financial climate this is exceedingly difficult to achieve. It should be noted that given the current budgets the average renewal time for carriageways in the Borough is far beyond the expected life of the roads which will result in increased repair costs which will further deplete the planned maintenance budget and potentially result in an increase in claims. It is therefore fundamental that the budget apportionment is predicated on a risk based approach and is carefully considered to maximise value for money.
- 5.12 The FRMP (Flood Risk Management Plan) 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 4. This is subject to change dependent on emerging priorities identified during the year.

- 5.13 The footway resurfacing programme has been maintained at previous levels, which would normally assist in completing works in the pedestrian areas with highest usage and risk. However, due to the social distancing requirements and the fact that more people are currently working from home a decision has been taken to target footways in locations where there are limited properties but reasonable levels of footfall for 2021/22. This has been scheduled in the footway scheme programme for 2021/22 included in Appendix 5. Although this will help maintain works to reduce some of the higher risk areas, further investment is needed to begin to reduce the back-log, and prevent it increasing. It is estimated that the backlog stands at around £3M 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, fatting up, scaling or minor cracking of bituminous footways • Moderate local settlement/subsidence or trips between 10-13mm*
4	Major Deterioration (Structurally Impaired)	The footway has minor deterioration such as:- <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.

- 5.14 Investment initiatives to reduce street lighting energy usage have been completed via a Welsh Government, interest free funding option (SALIX). The energy savings being implemented in the last year will see long term carbon reductions and also cost avoidance savings as a result of rising energy bills. This interest free government funded loan payments will commence April 2021, with the last payment scheduled for April 2029. The Street Lighting Strategy report covering initiative work was presented to the Regeneration and Scrutiny Committee on 15th May 2018 and Cabinet on 11th July 2018.
- 5.15 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 2021/22 is included in Appendix 6. 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 in its place.
- 5.16 The budget line for Tips Maintenance shows a capital investment of £246k 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 the authority tips.

- 5.17 It is evident that there is a trend in more severe weather events. In recent years, flooding and snow have caused major problems both locally and nationally. These incidents are inherently difficult to predict. The drainage and winter maintenance budgets have been previously 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 following storm Dennis, Welsh Government made some funding available for the emergency response to the storm. This in no way covers the cost to the authority for such events as there are thresholds applied before access to additional funding can be granted. A continuance to monitor the impacts of the severe weather is in place to allow the authority to apply for any further funding that may become available from Welsh Government.
- 5.18 The purchase of a “Jet Patcher” has proven to be successful in providing an efficient method of repairing potholes. This innovative machinery allows potholes in the more rural locations to be repaired at a much-reduced cost to traditional methods.
- 5.19 The Sustainable Approval Body (SAB) is now well established and is currently being reviewed as part of the restructuring of the organisation to meet the future requirements and opportunities ahead. Costs and income generation continue to be monitored as the legislation process has only been in place for just over 2 years, with a review currently being undertaken.
- 5.20 A budget of £32,378 has been allocated to Traffic Management in 2021/22. Appendix 7 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.
- 5.21 Included in Appendix 8 is a plan detailing the highway inspector area boundaries for Members’ information. Appendix 9 details the frequency of inspections carried out based upon the highway hierarchy.
- 5.22 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 Maintenance Group.
- 5.23 **Conclusion**
- 5.23.1 Any future reductions to the Highway Maintenance revenue budget will continue to impact Network integrity and the asset as a whole. This is evidenced by the steady state figures, highlighting the negative trend and increased maintenance burden which was presented to Scrutiny on the 14th May 2019. The report outlines a balanced approach through effective financial and asset management to produce a realistic budget.

6. ASSUMPTIONS

- 6.1 No assumptions have been made.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report is an **Information Only** item, so a completed IIA is not necessary at this stage

8. FINANCIAL IMPLICATIONS

8.1 Financial implications are detailed within the report.

8.2 The Highway Maintenance elements of the Infrastructure Division budgets in the last seven years are as follows:

	Revenue	Capital
2021-22	£7,385,038	£2,532,000
2020-21	£7,350,154	£2,540,000
2019- 20	£5,701,050	£2,254,000
2018-19	£7,532,365	£1,475,000
2017-18	£7,741,926	£1,475,000
2016-17	£7,630,536	£1,475,000
2015-16	£7,911,671	£1,267,000

8.3 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 £1.26 million in the past 7 years plus a one/off temporary saving in 2019/20 of £1.65 million.

9. PERSONNEL IMPLICATIONS

9.1 None.

10. CONSULTATIONS

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

11. STATUTORY POWER

11.1 Highways Act 1980

11.2 Flooding & Water Management Act 2010.

11.3 Well-being of Future Generations (Wales) Act 2015.

Author: Gareth Richards, Highway Services Group Manager

Consultees: Councillor Sean Morgan, Deputy Leader and Cabinet Member for Economy, Enterprise and Infrastructure
Councillor D T Davies, Chair Environment & Sustainability Scrutiny Committee
Councillor A Hussey, Vice Chair Environment & Sustainability Scrutiny Committee
Mark S Williams, Corporate Director – Economy and Environment
Stephen Harris – Head of Corporate Finance and S151 Officer
Rob Tranter – Head of Legal Services and Monitoring Officer.
Marcus Lloyd, Head of Infrastructure
Paul Adams, Senior Assistant Accountant
Anwen Cullinane, Senior Policy Officer (Equalities, Welsh Language and Consultation)
Shaun Watkins, HR Service Manager
Clive Campbell, Transportation Engineering Manager

Background Papers:

Background papers are exempt.

Appendices:

Appendix 1	Highway Maintenance Budget Apportionment 2021/22
Appendix 2	Capital Budgets for 2021/22
Appendix 3	Carriageway Resurfacing /Surface Dressing/Thin Surfacing Schemes 2021/22
Appendix 4	Land Drainage Priorities and Highway Drainage Priorities 2021/22
Appendix 5	Footway Schemes 2021/22 and Footway Resurfacing Priority Sites 2021/22
Appendix 6	Structures Priorities 2021/22
Appendix 7	Traffic Management Priorities 2021/22
Appendix 8	Highway Inspectors Areas
Appendix 9	Highway Safety Inspection Criteria