



## **REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 30TH JUNE 2015**

**SUBJECT: APPORTIONMENT OF HIGHWAY MAINTENANCE BUDGET 2015/2016**

**REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide members with details of the proposed apportionment of the highway maintenance budget for 2015/2016.

### **2. SUMMARY**

- 2.1 The 2015/2016 Highway Maintenance budget detailed within the report provides information to members on how the £7,910,771 has been allocated.
- 2.2 The street lighting budget allocation included above is £2,028,375, which is inclusive of £1,389,550 energy costs. This could be subject to further energy savings if investment could be found to replace existing lamps with LED units.
- 2.3 The 2015/2016 capital budget allocation in relation to highway operations is detailed in appendix 2. This includes £700,000, directly related to highway resurfacing, details of the specific schemes, where appropriate, are provided in appendices to this report. Further references to the other capital budgets summarised in appendix 2 are included in this report.
- 2.4 Local Government Borrowing Initiative (LGBI) – amounting to £2.8M ended in 2014-15.
- 2.5 The ongoing strategy is to actively achieve the most effective highway management arrangements to maximise planned works and reduce reactive maintenance, where appropriate, whilst ensuring the safety of highway users. This is directly challenged by 20% cuts to the revenue budgets for this year (2015 -16) and the following two years (2016-17 & 2017-18), which will inevitably compromise the current level of service provided.
- 2.6 The highway asset is the authorities 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 is insufficient funding (20% savings 2015 to 2018) available to undertake much needed structural maintenance on all assets.

### **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 out sustainability, this will be progressed with improving our energy efficiency and reducing our emissions of greenhouse gasses within the county borough, whilst taking steps at 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.

#### **4. THE REPORT**

- 4.1 The Council meeting of 25th February 2015 considered and approved the Council budget for 2015/2016 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 a range of savings to the Engineering Service Division some specifically relating to highway maintenance operations. These MTFP budgets savings included budget reductions of, £50,000 highway maintenance, £360,000 planned carriageway and footway repairs, £230,000 street lighting energy, £60,000 Salting and salt bins, £50,000 drainage, £50,000 Structural Maintenance, £14,000 SLA (Consultancy) fees and £35,000 signs, road markings and traffic management, these savings are considered within this apportionment report.
- 4.2 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 £700k to undertake carriageway resurfacing works, in an attempt to compensate for the end of three years of LGBI funding (annually £2.8M), this provides a combined sum of £1.8M for Planned Carriageway Maintenance for 2015-16.
- 4.3 Due to the rising budget demands for drainage, the capital allocations for land drainage has been increased to £125k, which helps counter the £50k reduction outlined in 4.1 - making an effective increase of £75k. This will assist with flood prevention schemes and any urgent reactive maintenance works required for 2015-16.
- 4.4 The highway asset is currently valued at almost £2 billion. Using simple comparatives it is evident that a maintenance budget of £6,512k (excludes energy costs of £1,398k) 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 authorities existing assets. The proposed budget apportionment is detailed in Appendix 1.
- 4.5 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.
- 4.6 Additional works which include carriageway reconstruction, highway resurfacing, footway resurfacing and bridge strengthening schemes had been funded by the Local Government Borrowing Initiative (LGBI) from 2012 to 2015; this ended March this year without a ready replacement, so drastically reducing the capacity for pro-active planned works and schemes. This will lead to an increase in the reactive works to repair the roads and pathways on an ad-hoc basis.

- 4.7 The vehicles restraint systems (safety barriers) from capital contribution has reduced from £50k to £38k, this for repair/ removal of sub-standard safety fencing. Only the highest priority risk areas can be serviced with this limited funding.
- 4.8 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 surface dressing, micro asphaltting and slurry sealing will increasingly required into 2015/2016. These techniques have become more advanced and innovative over recent years and are being widely adopted by authorities for the value for money obtained in preserving the life of the highway network, though durability can be compromised.
- 4.9 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.
- 4.10 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. It should be noted that this will be inherently difficult given the average renewal time of 300 years as stated in 4.3.
- 4.11 The drainage replacement/upgrade programme is continually being reviewed and risk prioritised. The current allocation will be insufficient to address the significant backlog of identified schemes. Those with the highest risk prioritisation which will consider risk to life and or property will be undertaken first. There will be insufficient funding to address all the highest risks during 2015/2016. With the conclusion of LGBI funding, no additional long-standing problem sites can be resolved except on a reactive basis. The current prioritised list is included in Appendix 5. This is subject to change dependant on other priorities identified during the year.
- 4.12 The footway resurfacing programme has again been prioritised and pedestrian areas with highest usage and risk have been programmed accordingly. The footway scheme programme for 2015/2016 is included in Appendix 6. Again this will be without the LGBI support, so any works will only be on the highest priority sites and on a reactive basis.
- 4.13 Street lighting is currently facing a steady decline in budget, as it can be off-set with energy savings; the further reduction in energy costs can only be progressed with funding from outside the of Highway Operations' jurisdiction. In 2015/16 the general fund has provided £980k street lighting investment funding (See Appendix 2) to assist in achieving the current MTFP energy savings (as agreed by member on 25<sup>th</sup> February 2015). It needs to be noted that energy costs are currently low due to the global fall in oil prices, this will not last into the medium term; so any energy saving scheme implemented in the immediate future will see long term and lasting savings to the energy bill. The proposed street lighting budget is included in the apportionment in Appendix 1.
- 4.14 The street lighting team are continuing with trials such as Central Management Systems (CMS), dimming and LED technology to obtain relevant data to review future approaches and investment options.
- 4.15 The maintenance programme for highway structures has been derived from a risk prioritisation process for bridges, culverts, retaining walls and landslips and erosion. The proposed list of works for 2015/2016 is included in Appendix 7. It should be noted that there maybe some amendments made to the programme with potential ecological risks that may impact on the proposals. Should this occur, works of similar priority will be substituted. In an attempt to counteract the drop in revenue the budget of £50k and the loss of LGBI there is a capital investment proposed for 2015-16 of £447k for bridge strengthening/refurbishment, £317k for major works to culverts and retaining walls along with £125k for corporate land drainage culverts.

- 4.16 The budget line for Tips Maintenance shows £102k with an additional capital investment of £250k. This will fund a programme of works (for 2015-16) 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. Flooding and snow have caused major problems both locally and nationally over previous years. These incidents are inherently difficult to predict. Some additional provision has been provided within the drainage and winter maintenance allocations which has resulted in a decrease in the proposed planned footway and carriageway allocation when compared to previous years. The drainage and winter maintenance budgets (see 4.18) have been protected from significant cuts to hopefully provide a resilient service in these unpredictable and contingent areas.
- 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 proposed safeguarded fund to be used for extreme weather events that are outside the Winter Maintenance/ Severe Weather budget. It is planned that this separate pot will be funded from any under-spend in that identified from Winter Maintenance of the Highways Operation Group accounts at financial year-end, capped at £500k.
- 4.19 An exercise is currently continuing which is considering more efficiencies that can be made to the service provision, with any possible further investment being made in the most up to date plant and resources to undertake these vital works. This year will see the arrival of a velocity-patcher (funded via an invest to save proposal). This will increase the efficiency of pothole repairs within the borough, with its first set of trials set for this autumn.
- 4.20 A budget of £41k has been allocated to Traffic Management in 2015/2016. 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.
- 4.21 Included in Appendix 9 is a plan detailing the highway inspector area boundaries for members' information.
- 4.22 The budget apportionment continues to meet the requirements and proposals set out within the authorities medium term financial plan and the resources made available to the Highways Operations Group.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 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
- 5.2 Any equalities related issues 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 The report is provided for information. It is recommended that members consider and note the report, providing comments as appropriate on the proposed apportionment and strategy. The Head of Engineering Services will be responsible for any appropriate decision making that will be required during the financial year, in conjunction with his Highway Managers.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 For officers to consider Regeneration and Environment Scrutiny comments and review the budget apportionment for 2015/2016 and the proposed strategy for highway maintenance.

## **11. STATUTORY POWER**

11.1 Highway Act 1980.

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Appendices:

Appendix 1 – Highway Maintenance Budget Apportionment 2015/2016

Appendix 2 – Capital Budgets for 2015-16

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