

## CABINET

19 March 2019

### HIGHWAYS CAPITAL MAINTENANCE FUNDING

#### Report of the Director for Places

Strategic Aim:	Sustainable Growth		
Key Decision: Yes		Forward Plan Reference: FP/231118	
Cabinet Member(s) Responsible:		Mrs L Stephenson, Portfolio Holder for Culture & Leisure, Highways & Transportation	
Contact Officer(s):	Rob Harbour, Deputy Director of Places	rharbour@rutland.gov.uk	
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Ward Councillors	All wards		

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the use of the Highway Maintenance Grant Allocation for a programme of maintenance works to be delivered in 2019/20 (**attached as Appendix A**)

## 1 PURPOSE OF THE REPORT

- 1.1 To consider the allocation of the highway maintenance capital funding for 2019/20.
- 1.2 To consider the allocation of the additional £845k highway maintenance capital funding allocation for 2018/19, as awarded in the Chancellor's November 2018 budget statement.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Highways Capital Programme contains programmes and operations that contribute towards Rutland County Council's (the Council) strategic aims of sustainable growth and safeguarding, fulfil the Council's statutory duties with regard to highway maintenance, and ensure that the Council delivers on the targets within the 2016-2020 Corporate Plan.
- 2.2 The Council's Corporate Plan set an ambitious target of reaching Band 3 status against the Department for Transport's Incentive Fund criteria, by 2020. This target has now been successfully achieved, ahead of schedule, which results in the allocation of additional funding. This is explained in further detail in Section 3

of this report.

- 2.3 The government allocated an additional £845k for highway maintenance in the last budget. This has provided the Council with an opportunity to make a strategic investment in additional highway maintenance works, carried out in a way that will reduce the amount of maintenance required across the highway network in future years. This will mean that the roads and footways in the County remain some of the best in the region.
- 2.4 As a result of this additional £845k, the Council has the opportunity to complete the works set out in the table below:

<b>Maintenance Programme</b>	<b>Work Definition</b>	<b>Approximate quantity of work based on budget, plus Incentive Fund</b>	<b>Approximate quantity of additional work provided through additional £845k</b>	<b>Total quantity of work</b>
Carriageway Maintenance, including Patching, Plane & Inlay and micro-asphalting	Permanent replacement of worn out areas of roads and surface treatments to extend the serviceable life of roads	Up to 29,000m <sup>2</sup>	Up to 16,000m <sup>2</sup>	Up to 45,000m <sup>2</sup>
Surface Dressing	Surface treatment to extend the serviceable life of roads by up to 5 years	Up to 100,000m <sup>2</sup>	Up to 50,000m <sup>2</sup>	Up to 150,000m <sup>2</sup>
Bridge Maintenance	Repairs to bridges following scheduled inspections	Up to 6 no.	Repair of up to 15 more bridges	Up to 21 no.
Footway Re-surfacing	Replacement of worn out footpaths	Up to 2,800m <sup>2</sup>	Up to 800m <sup>2</sup>	Up to 3,600m <sup>2</sup>
Footway Dressing	Surface treatment to extend the life of footpaths by up to 10 years	Up to 6,250m <sup>2</sup>	Up to 6,250m <sup>2</sup>	Up to 12,500m <sup>2</sup>

- 2.5 Unfortunately, it is not possible, at this stage, to identify the exact number of additional schemes this funding will enable to be completed, as the final cost associated with each maintenance scheme will not be known until the full extent of each scheme is marked out on site and the work undertaken. It should be noted that although the results of the surveys carried out identify the areas of the network in need of maintenance, if further deterioration of the highway occurs in the intervening period, this may lead to more extensive work being required in some areas thus affecting the cost and impact upon the budget.

### 3 INCENTIVE FUNDING

- 3.1 In June 2015, the DfT announced measures to incentivise highway maintenance efficiencies in delivery, asset management, engagement and communication with stakeholders. Highway authorities are rated as Band 1, 2 or 3 (Band 1 being the lowest rating and 3 being the highest). The banding score determines the level of additional funding received on top of existing capital maintenance allocations.
- 3.2 The Council submitted an initial self-assessment of Band 1 for 2016-17, and set a target within our Corporate Plan to achieve Band 3 status by 2020. However, the significant improvements made by the Council to its asset management systems since then, including the adoption of a revised Highways Asset Management Plan (HAMP), new asset management systems and revised processes have enabled the Council to make a Band 3 submission in January 2019. This has resulted in an additional £384k of Incentive Funding being awarded to the Council for highways maintenance over the next two financial years (£160k in 2019/20 and £224k in 2020/21). See **Appendix B** for collated annual Incentive Fund scores.
- 3.3 To maintain Band 3 status and ensure the maximum future receipt of an Incentive Fund allocation of £320k per year, the Council will continue to utilise the strategies, methods and systems implemented to reach Band 2 status. The costs to the Council of maintaining Band 3 status do not differ from those required to achieve Band 2 status. This includes the license costs for asset management, works ordering and customer service systems, as well as the collection and processing of survey data to create forward programmes of work. These costs are set out in the table below and should be considered against the backdrop that in 2020/21 the Incentive Fund for a Band 2 authority will be £96k and there will be no funding allocation made for a Band 1 authority:

Function	Internal/External Resource	Annual Cost associated with Band 2 or 3 status
Asset management, works ordering and customers service system license fees	External	£27k
Customer service reporting system (shared between Highways & Environmental Services)	External	£7.5k
Carriageway condition surveys	External	£40k
System administration, data analysis and works programming	Internal	£4.5k
Customer service surveys	External	£1.8k
<b>Total</b>		<b>£80.8k</b>

### 4 HIGHWAYS CAPITAL MAINTENANCE PROGRAMME

- 4.1 The programme of maintenance schemes, is driven by the asset management and lifecycle planning based approach included within the Highways Asset Management Plan (HAMP). It is acknowledged that the current version of the

HAMP requires review and this will be completed within the 2019 calendar year.

- 4.2 The Council, working in partnership with our Term Service provider, Tarmac, have utilised the available supply chain and developing technology, to survey and assess carriageway and footway condition across the county. This has enabled a detailed forward programme of carriageway and footways works to be developed for the 2019/20 financial year. The works programme has been weighted to address those sections of carriageway in the worst condition (Grade 4 or 5) first, regardless of hierarchy, and has been reviewed by the Council's supply chain to ensure it is deliverable within the financial year.
- 4.3 Grade 4 or 5 damage to roads, relates to sections of the road that are functionally, or structurally damaged. Damage can typically be seen as cracking, rutting, potholes, shiny surfaces or edge deterioration, and require imminent action to rectify the damage.
- 4.4 The programmes have been compiled using our software systems, AssetStream, and Horizons. The outputs from these surveys, are aligned with selected parameters to provide a prioritised programme of works. The parameters used for the development of the programme for the forthcoming year are shown in **Appendix C**. The Council will continue to review and develop these parameters and assess their effectiveness, as the completion of the programme progresses and this information can then be used to inform the parameters that are adopted in future years.
- 4.5 The programme of works for bridges is compiled following analysis of condition surveys undertaken on behalf of the Council, by Leicestershire County Council, and a needs assessment, following significant unidentified vehicular damage to a number of structures.
- 4.6 The carriageway maintenance, footway maintenance, surface dressing and bridge maintenance programmes can be found in **Appendix A**.

## **5 LIFECYCLE PLANS**

- 5.1 Programmed maintenance is undertaken primarily in the interests of providing for a sustainable outcome, seeking to minimise cost over time and to add community value to the network or to the environment. It can also be for safety purposes by, for example, improving skidding resistance or contributing to serviceability by, for example, improving ride quality.
- 5.2 The Highway Maintenance Efficiency Programme (HMEP) has developed a lifecycle planning toolkit for use by Local Highway Authorities to provide planning level decision support, including the following:
- assessing the impact of different levels of funding on asset performance and asset maintenance needs;
  - investigating current and future levels of funding required to sustain or improve the condition or performance of the asset;
  - identifying the level of funding required to minimise whole life costs; and
  - allocating resources to assets and treatments that provide the best whole life costs.
- 5.3 The Council has completed lifecycle planning for carriageways and footways. The output of the modelling has produced various scenarios relating to the current and future condition of the highway and footway network, in relation to the amount of investment that might be made on maintenance. The outputs from

the modelling can be found in **Appendix D**.

- 5.4 The model is run with alternative scenarios to review the effect on budgets and carriageway conditions. The alternative scenarios are described below:

<b>Scenario Name</b>	<b>Description</b>
Baseline	Budgets are set at previous historic levels, and are allocated to treatments, such as surface dressing, patching and footway dressing, for the worst areas of roads/footways, according to their hierarchy (i.e. A roads get treated first).
Baseline Plus	Budgets are set at previous historic levels, and are allocated to reduce the most significantly damaged areas of roads/footways, regardless of hierarchy.
Steady State	The current road/footway condition is maintained over all roads over a 10 year period.
Steady State Prevent	The Steady State budget is biased towards preventative treatments, such as surface dressing, micro-asphalt, footway dressing and patching, to reduce the amount of roads/footways requiring replacement over a 10 year period
Steady State Prevent Opt	The Steady State budget, which is biased towards preventative treatments, and reduced such that the overall amount of roads/footways requiring treatment is maintained at current levels over a 10 year period.
Do minimum	No planned investment, only reactive patching and potholing is done. It is assumed that these treatments have no material effect on the overall condition of the roads/footways over a 10 year period.

- 5.5 The baseline carriageway conditions, used for processing the models, was derived from video condition surveys undertaken in the summer of 2018. A summary of the survey results detailing the percentage of mid-life to worst condition roads is shown in the table below:

<b>Road Hierarchy</b>	<b>Grade 3 Mid Life</b>	<b>Grade 4 Functionally Impaired</b>	<b>Grade 5 Structurally Impaired</b>
<b>3a</b>	55.53%	5.24%	1.03%
<b>3b</b>	62.69%	13.52%	1.87%
<b>4a</b>	62.69%	13.41%	3.45%
<b>4b</b>	48.30%	17.59%	5.71%
<b>Total</b>	<b>54.65%</b>	<b>13.08%</b>	<b>3.63%</b>

- 5.6 The carriageway models identified that to maintain them in their current condition, an annual budget of approximately £1.65million is required (see table in 5.7, below). This is available for the 2019/20 financial year, due to additional funding received from the DfT in 2018/19, enabling the Council to carry forward a saving for this year only. Subsequent available budgets for carriageway works are likely to be in the region of £1.3million for maintenance. This may create a challenge to maintaining acceptable carriageway conditions unless additional funding can be sourced.

- 5.7 The budget requirement outputs are detailed in the table below (rounded figures):

<b>Carriageway Lifecycle Planning Outputs</b>	<b>Budget Requirement</b>	<b>Change from current budget</b>	<b>Average additional cost per annum</b>
1. Baseline	£1,391,000	-	-
2. Baseline Plus	£1,391,000	-	-
3. Steady State	£1,656,000	19%	£265,000
4. Steady State Prevent	£1,656,000	19%	£265,000
5. Steady State Prevent & Opt	£1,620,000	16%	£229,000
6. Do Minimum	-	-100%	-

5.8 It is recommended that option 4, 'Steady State Prevent' is utilised in 2019/20 to maximise the benefit of the additional DfT funding. Selecting this option is considered to offer best value for money, as it will ensure that the County's roads remain in the optimum condition for the longest period of time. This would be as a result of investing in preventative maintenance work that ensures the percentage of the network requiring renewal, during and at the end of the 10 year review period is as low as possible, thus minimising future maintenance costs. By adopting option 4, the Council will ensure that the length of roads requiring renewal remains at the relatively low levels as detailed above.

5.9 The footway models identified that to maintain footways in their current condition, an annual budget of approximately £83k is required (see table below – rounded figures). This is available for the 2019/20 financial year, due to additional funding received from the DfT in 2018/19, enabling the Council to carry forward a saving for this year only.

<b>Footway lifecycle planning outputs</b>	<b>Average annual budget</b>	<b>Change from steady-state budget</b>	<b>Average additional cost per annum</b>
1. As Is	£75,000		
2. Steady State	£83,500	11%	£8,500
3. Steady State Prevent	£83,500	11%	£8,500
4. Steady State Prevent & Opt	£67,000	-11%	-£8,000

5.10 It is recommended that option 3, 'Steady State Prevent' is utilised in this financial year to maximise the benefit of the additional DfT funding. This will include the provision of £50k for a footway dressing programme throughout the County to maximise the life of older footways. Undertaking this option will ensure that the County's footways remain in the optimum condition for the longest period of time, and ensuring that the percentage of the network requiring renewal at the end of the 10 year review period is reduced.

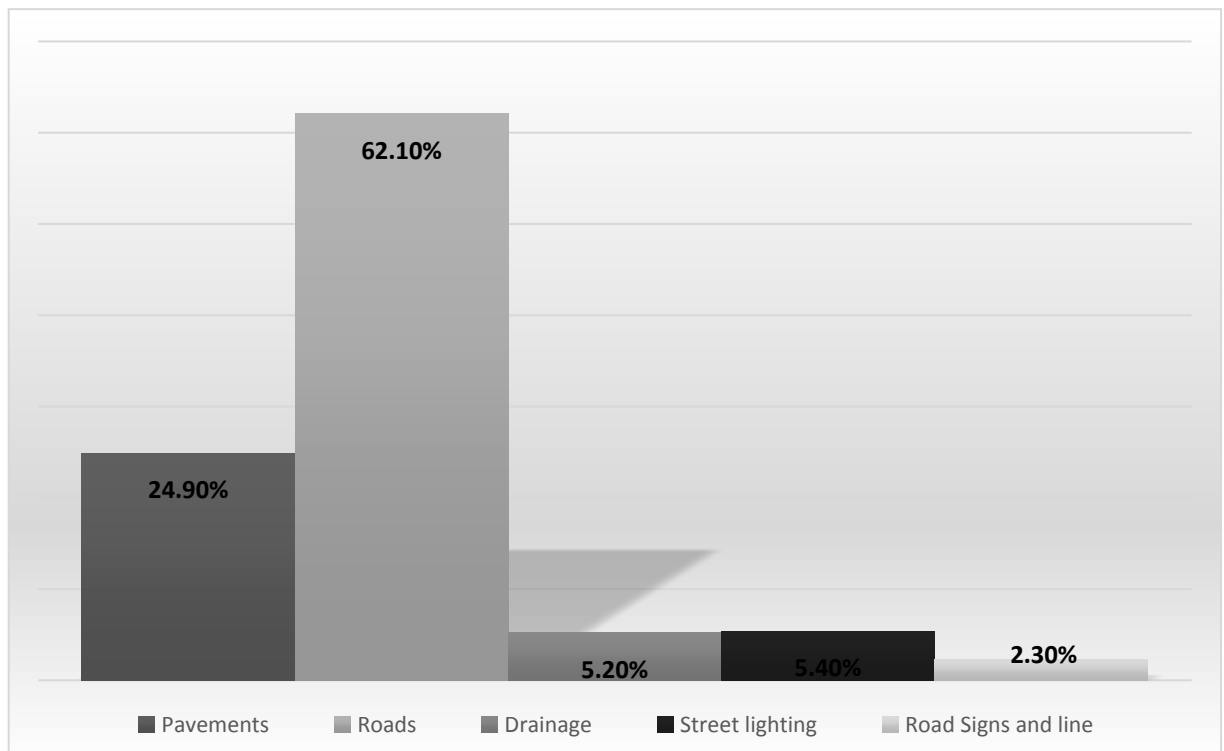
## **6 CONSULTATION**

6.1 Consultation is undertaken on a biennial basis with residents, through a questionnaire which is circulated to all residents, and also available online. The

number of responses for the last two surveys are detailed in the table below:

Year	Number of responses
2016	3,350
2018	2,350

The result of the latest customer service survey, in March 2018, asked residents how important they felt the condition of specific assets were, and this acts as a driver for the allocation of available funding and resources. The results are shown in the table below (The graph shows the frequency of the option ranked No 1 important):



- 6.2 Through a review of consultation responses, and a drive to improve customer service, in the last twelve months, the Council have invested in new technology, such as Salesforce, FixMyStreet and Confirm, allowing greater visibility of service requests, and a more streamlined process for logging, updating and reacting to streetscene issues around the County. The Council will seek to undertake the survey annually from 2020 onwards.
- 6.3 Although the highway network throughout the County compares favourably to those of neighbouring authorities, there was a perception among respondents that the network was in poor condition, and had deteriorated significantly over the last two years. In order to address this, work will be undertaken with the Council's Communications Team to raise public awareness of the current good condition of the highway network, the scale and type of works that we undertake, and the benefits that the additional DfT funding will bring.
- 6.4 Specific consultation with Members and the public has not been undertaken for individual schemes.
- 6.5 Consultation was undertaken during the approval of the Highways Asset Management Plan (HAMP) on the methodology and process for the identification

of highway maintenance programmes.

- 6.6 Scheme specific consultation and communication will take place with affected stakeholders in advance of implementation.
- 6.7 Communication regarding scheme and work delivery will be in accordance with the Stakeholder Communications Plan, approved within the HAMP.

## **7 FINANCIAL IMPLICATIONS**

- 7.1 The total capital budget for 18/19 was £2.409million.
- 7.2 It is estimated that this will be spent in full. Any unspent will be carried forward and thus may be used in future years.
- 7.3 During the year some expenditure previously funded from revenue has been identified as eligible to be capitalised as it is now deemed to meet the requirements of capital expenditure in that will prolong the life of the road network.
- 7.4 This means that the Council will use £260k of capital allocations held to fund the additional capital expenditure in 18/19. This action will also contribute to a saving on the Revenue budget of £260k.
- 7.5 The total funding available in 19/20 including the additional £845k received from Government is £2.4m. This funding was included in the budget (44/2019).
- 7.6 The total cost of the proposed capital programme (**Appendix A**) is £2.4m.
- 7.7 On November 13th 2018, Rutland County Council received £845k of additional funding from the Department for Transport (DfT) for capital maintenance. This was allocated to a proportion of sites for carriageway patching and surface dressing. The residual funding will be carried forward to 2019/20 for permanent, planned maintenance works, as detailed in the attached programmes.
- 7.8 The funding is not ring-fenced and could be used for other purposes, however, the DfT expect the authority to use this funding for its intended purpose. The DfT also expect the authority to publish a brief note on its website by end of March 2019, copied to the Department for Transport, setting out how the funding allocated to authorities earlier this financial year and this new extra funding has been utilised.
- 7.9 It's recommended that due to the conditions to the grant, the funding should be treated as ring fenced.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

The Council has a duty under Section 41 of the Highways Act 1980, to maintain the Highway in such a state as to be safe and fit for the ordinary traffic that may reasonably be expected to use it. The capital programme for maintenance must make sufficient provision for the Council to comply with this duty.

## **9 DATA PROTECTION IMPLICATIONS**

- 9.1 A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons, because no personal data is being processed.

## **10 EQUALITY IMPACT ASSESSMENT**

- 10.1 An Equality Impact Assessment screening has been undertaken and there are no



adverse effects due to this policy.

## **11 COMMUNITY SAFETY IMPLICATIONS**

- 11.1 Well maintained highways contribute towards road safety.

## **12 HEALTH AND WELLBEING IMPLICATIONS**

- 12.1 Failure to deliver a sustainable maintenance programme will lead to a decline in the quality of the highway networks throughout Rutland, leading to reductions in the quality of:
- Transport links
  - Access to safe and useable highways, footway and cycleways, thus promoting activities such as walking and cycling.

## **13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 13.1 It is recommended that the capital highway maintenance programmes in **Appendix A** be approved to help deliver the Council's strategic aims of "sustainable growth" and to fulfil the Council's statutory duties with regard to highway maintenance and road safety as efficiently as possible.

## **14 BACKGROUND PAPERS**

- 14.1 Incentive Fund scheme details and request to review HAMP, and the use of incentive funds for gap analysis and updating, approved by Cabinet on 15<sup>th</sup> March, 2016 (report no. 01/2016)
- 14.2 Highways Asset Management Plan (HAMP), approved by Cabinet on 15<sup>th</sup> November 2016 (report no.160/2016)
- 14.3 Highway Inspection Policy approved by Cabinet on 21<sup>st</sup> March, 2017 (report no 59/2017)
- 14.4 Highways Capital Programme and Funding was approved by Cabinet on 18<sup>th</sup> April, 2017 (report no. 6/2017)
- 14.5 Highways Capital Programme and Funding, including asset management software, surveying and programing was approved by Cabinet on 20<sup>th</sup> February, 2018 (report no. 16/2018)

## **15 APPENDICES**

- 15.1 Appendix A – Capital Maintenance Programmes
- 15.2 Appendix B – Incentive Fund Progress
- 15.3 Appendix C – Scheme Parameters
- 15.4 Appendix D – Lifecycle Plans

**A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.**