



Routine Maintenance Works to the City's Highway Network

SUMMARY

- 1.1 This report recommends a course of action for dealing with the problems that have arisen in undertaking and financing routine repair works on the city's highways, including the reduction of a backlog of repairs.

RECOMMENDATION

- 2.1 To approve the Action Plan, included in the report at Appendix 3, in line with the funding that is already available and which may additionally become available in the coming months.

SUPPORTING INFORMATION

Background

- 3.1 Members will be aware that there is currently a significant pressure on revenue funding for routine and reactive maintenance and this is a contributory factor to a backlog of repair works on the city's road network. The reasons for this have been explained in previous reports and most recently referred to in the Highways and Transport Work Programme report, submitted on 17th March. In summary the main issues are:
- A reduction in revenue budget, in real terms, for several years.
 - An inflexible and loss making Highway Term Contract, during 2003 -2007, leading to poor routine work, productivity and workforce morale. This led to a backlog of repairs when the contract finished (estimated at £800k at current prices)
 - Increased unit prices for the current contract, awarded in 2007, but without an adequate corresponding budget increase or inflation allowance
 - Nationally, for several years, the cost of highway works has increased at a rate in excess of the general inflation rate, thus reducing the amount of work we could carry out within the budget allocation.

- An underestimation of the additional resources required to rectify the productivity issues as well as realise the benefits that should arise from the more flexible contract form now adopted
 - The need to provide safer temporary traffic signing measures, on routine works sites, in line with changing national Health and Safety requirements
- 3.2 The results of these effects are that the current provision for ongoing routine highway maintenance needs to be increased by around £800,000 per year just to stand still and that the current backlog of repairs is estimated to be around £1.34 million.
- 3.3 The current indicative budget includes increases in the base to reach this £800,000 ongoing additional requirement by 2011/12.

Recent actions

- 3.4 To manage this situation and begin to rectify the above situation, the following actions have been taken:
- Inspection of the road network has continued as usual but, from last autumn, a significant proportion of the resulting works have been confined to emergency and urgent repair works only.
 - Many repairs have been carried out by filling potholes to a lesser specification than normal to maximise coverage. This has not affected safety adversely but does mean these works will not last as long.
 - Some low priority works normally undertaken within a period of 10 weeks have been delayed, adding to the backlog.
 - The contract partnership has implemented methods to increase productivity on site. In addition Carillion have made a number of changes to the personnel engaged on the contract to drive further improvements in this situation.
 - Considerable work has been done on establishing a revised financial approach to funding the routine highway maintenance function, including identifying a budget for 2009/10 which will give more opportunity to both reduce the backlog substantially, as well as allow the necessary greater base provision for ongoing routine works. This is explained in more detail later in the report.

Current situation

- 3.5 The change in approach to repairs has kept the network in a safe condition for road users and has allowed spending to be controlled within budget provision. However we are now receiving an increased number of complaints from the public about both, low priority work being left for longer periods, as well as the quality of some repairs.

3.6 A plan, therefore, has now been prepared to reduce the outstanding low priority repairs to a more acceptable level. A copy is attached, in bar chart form, at Appendix 3. Elements of the plan, of most interest to Members, are as follows:

- Finance – as explained below more work will be necessary to establish what further funds may be available to increase the amount available this financial year, to maximise the amount of outstanding work completed
- Inspection and ordering – based on estimates of the amount of outstanding works and the amount of budget that is available, it will not be possible to complete all of the outstanding work this financial year. We will, therefore, deal with the repairs required on the most highly trafficked routes in the early phase of the action plan, leaving lower priority repairs, such as those on minor estate roads and cul-de-sacs, to later stages with an aim of completing all the backlog within approximately 12 months, subject to additional funding being made available.
- The complete re-inspection of the network will enable us to get a much clearer idea of the actual number of defects and the cost to rectify them. However it will take the full six month inspection period to identify this information completely.
- Commercial Model – The Partnership Contract gives flexibility on methods of payment for different work types. We have worked with Carillion to agree, in principle, to trial a revised payment mechanism for the next 6 months of identified works where we will work on a cost model that shares any loss or profit made between the Council and Carillion. If successful it may form a continuing basis for payment for routine maintenance works. Negotiations on this revised mechanism will be complete by the time site works commence.
- Traffic Management Act 2000 - This act has placed a responsibility on local authorities to undertake highway works in compliance with the appropriate codes of practice for temporary road works which includes for appropriate health and safety provision to road users and operatives. Previously, these codes were only required to be followed for non-highway authority organisations eg utility companies. Working to these codes is more onerous than previously was the case for surface road repairs. This increases the work required on site and inevitably reduces the productivity of the actual repair works. Although no accurate figures are available it perhaps has added around 25% to the cost of routine repairs, especially on the more major roads.
- Communication – We are investigating how information can be made available to Members and the public on the website, which will be updated regularly to show which streets are being repaired and in which order. .

Financial Situation

3.7 It has obviously been foreseen for some time that the increasing amount of outstanding work would need to be addressed at the first opportunity, once productivity issues had been resolved. To maximise the finance available to deal with the backlog, as well as increase base levels to a more appropriate level, a number of courses of action have been pursued.

- 3.8 Firstly additional corporate funding was sought. This has resulted in £400,000 being added to the indicative base budget for two years, starting in 2010/11. This will help to balance the need of £800,000 per annum just to stand still but not until 2011/12 (see 3.2 and 3.3 above)
- 3.9 In addition Cabinet agreed in January 2009 that £500,000 of the anticipated corporate under spend, from 2008/09, can be allocated to reducing the backlog. This has been transferred to corporate reserves at 31 March 2009, for this purpose.
- 3.10 Early in 2008/09, it was expected that we would be in a position to begin addressing outstanding works and the amount of revenue funded finance available for routine maintenance and repair was increased by both removing all footway renewal schemes from the programme as well as transferring some other elements of the existing planned maintenance programme to LTP Capital funding.
- 3.11 However, insufficient progress was made in addressing productivity issues to provide confidence that work would be completed to time and budget and therefore later in 2008/09, it was decided to under spend the maintenance revenue budget until the contractor achieved a level of productivity which represents good value for money. The under spend achieved amounted to £369,000.
- 3.12 Appendix 2 sets out the estimate cost of carrying out the outstanding work on the road network and the ongoing routine works together with the available funding that has been identified to address the situation. This shows that the gap between the estimated amount needed to fund completion of outstanding works and finance available is £285,000. If there was a possibility of further corporate funding being available to this amount it should be possible to fund completion of the backlog.
- 3.13 It should be noted that changes have been made to the 2009/10 budget to maximise the amount of funding available for routine maintenance. All revenue funded footway renewal schemes will again be postponed. In addition the surface dressing and pre patching programme will be transferred to LTP capital funding. Together these will release £900,000 towards the costs of undertaking routine maintenance this year, including reducing the backlog.
- 3.14 The main effects of these reallocations are to firstly to reduce substantially the amount of footway relay schemes we are undertaking, thus creating an ever increasing preparation pool, as well as spending considerably more of the LTP capital provision than before on maintenance. The latter could threaten our "Excellent" status on the LTP.

For more information contact:	Name 01332 641845 e-mail john.hansed@erby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Plan Financial Situation Appendix 3 – Routine Maintenance Action Plan

IMPLICATIONS

Financial

- 1.1 These are covered in paragraphs 3.7 to 3.14 of the report and Appendix 2.

Legal

- 2.1 The negotiation of a new Commercial Model (see 5.2) may need amendment of the Contract Conditions. This will be checked before any new agreement is finalised.

Personnel

- 3.1 There are no personnel implications arising out of this report.

Equalities Impact

- 4.1 There are no equalities implications arising out of this report.

Corporate objectives and priorities for change

- 5.1
- Leading Derby towards a better environment
 - Giving Excellent Services and Value for Money

Costs	£'000	Comments
Backlog of works to be addressed	1,340	Current estimate in Jun 09 of total backlog
Emergencies and call outs whole year	530	Will reduce as backlog is dealt with
Repairs undertaken prior to backlog project commences	260	April to July
Emerging new works identified by first 6 months inspections	415	Cost is estimated at less than a full 6 months as most work will be focussed on defects already identified from previous inspections
Steady state - for final 2 months of year	270	
Total costs	2,815	

Funding	£'000	Comments
Corporate underspend (one-off)	500	already approved at Cabinet
Postponing of footway schemes	430	
Existing base budget for routine and reactive works	1,190	
Captialisation of PPSD and surface dressing revenue budget - as a one-off in 2009/10	410	
Total funding	2,530	

Shortfall – Modernisation Fund Bid	285
---	------------

Draft	Routine Maintenance Action Plan	Appendix 3										
		May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Finance	Complete estimate of range of funding available Establish availability of additional funding											
Workload	Resolve content of annual works programme Identify required workforce/subcontractor split for backlog Appoint Sub-contractors if required Predict level of output for affordable GMU scenarios Execute agreed amount of outstanding reactive works											
Inspection & Ordering	Identify 75-80% of network to be inspected first Re-inspect the network Joint working to agree inspection and marking criteria Clear EXOR of existing works orders Enter new data on EXOR, to order the works Establish means to give information on patch dimensions											
Commercial Model	Complete establishment of actual productivity information Establish a new commercial model for routine maintenance work With pain/gain Fix initial target rates											
Project Mgt	Agree project management roles Agree joint team membership for "one team approach" Establish any additional resources required for project Set up team building training for the team Highlight reports to Partnership Board and Directors											
Monitoring	Agree monthly monitoring process to check work progress and Costs, with joint performance measures Monitor spend against budget and adjust associated programmes accordingly and establish pain/gain											
Traffic Management Act (TMA)	Review TMA requirements to identify potential for minor works relaxations											
Communication	Prepare means place information to website on works progression to team and Members and Neighbourhood Boards Report to Cabinet Report to Planning and Transport Commission											
Improvement Plan	Links to Improvement Plan											

x indicates Target Date