



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 2 MAY 2023**

**SUBJECT: ROADS MAINTENANCE REVENUE AND CAPITAL BUDGET
2023/2024**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To ask the Committee to note the interim outturn position for 2022/23 and to approve detailed plans for the expenditure of funds allocated from the Revenue Budget 2023/24 to Roads Maintenance and from the Capital Budget 2023/24 including resurface/reconstruction, surface dressing, footways, drainage, lighting column replacement and lighting improvements.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) and (F) (16) of the Council's Scheme of Administration relating to the consideration of Capital and Revenue Budgets and exercising the functions of the Council as Roads Authority.

2. RECOMMENDATION

2.1 The Committee is asked to:

- (i) approve the detailed allocation of funds, from the Revenue and Capital Budget 2023/24, to Roads Maintenance activities, as outlined in Section 5 of this report;**
- (ii) grant delegated authority to the Roads Maintenance Manager to proceed with necessary roads maintenance works whilst noting that the Roads Maintenance Manager will, as soon as possible, publish a main list of schemes, which can be funded from the budget provision recommended in this report, and a reserve list of desirable schemes, which cannot presently be funded, along with a list of projects to be funded from the Capital allocation; and**
- (iii) note that the list of schemes will be drawn up in accordance with the principles and objectives detailed in this report, in the Roads Asset Management Plan and in the Capital Plan.**

3. **BACKGROUND**

- 3.1 The road network represents by far the largest asset owned by the Council and therefore regular and adequate maintenance is vital to ensure it does not deteriorate, become dangerous and that considerable past investment is not lost.
- 3.2 The allocation of capital funds for 2023/24 was approved by Council on 1 March 2023 (paragraph 5 of the Minute refers). Following this approval, work is progressing on preparing the detailed lists of proposed maintenance works, which is envisaged to be completed by 30 April 2023.
- 3.3 The process will be adopted as previous years that a main list of schemes which can be funded from the budget provisions will be made available as soon as possible. The proposed information will be supported by a reserve list of schemes and will be circulated to Elected Members and published on the Council's website.

4. **STATISTICS**

- 4.1 An idea of the extent of the road network and associated assets can be gauged from Table 1 below:-

Table 1 – Road Asset Inventory (as at 13/03/23)

(a)	LENGTHS	
	A Class roads	157.3 km
	B Class roads	296.3 km
	C Class roads	365.3 km
	Classified roads (A+B+C)	818.9 km
	Unclassified roads	741.4 km
	Total road length	1,560.4 km
	Footways, footpaths & cycle tracks	55.3 km
(b)	INVENTORY	
	Street lights	19036 no
	Illuminated signs & bollards	1104 no
	Vehicle restraint systems	31669 linm
	Road Gullies	18870 no

- 4.2 The roads asset is by far the largest asset owned by the Council at a replacement value of almost £1.7 billion. The roads asset values at the end of 2021/22 are shown in Table 2 below:-

Table 2 – Roads Asset Value (as at 31/03/22)

Asset Group	Gross Replacement Cost £'000	Depreciated Replacement Cost £'000
Carriageway	£ 1,250,958	£ 1,087,268
Footway	£ 93,347	£ 61,035
Structures	£ 128,410	£ 123,726
Street Lighting	£ 51,851	£ 34,318
Street Furniture	£ 18,712	£ 9,254
Traffic Man. Systems	£ 2,242	£ 1,529
Land	£ 132,573	
Total	£ 1,678,092	£ 1,317,130

*These figures are based on the SCOTS Road Asset Valuation template – part of the RAMP tools. The basis of valuation in the annual accounts is different.

5. REVIEW OF 22/23

- 5.1 Due to current staffing resources the priority has been to spend the Capital Carriageway Resurfacing/Reconstruction/Surface Dressing budget of £3.617m and it is reported in Table 3 below that we were close to achieving that budget spend in 2022/23. The works undertaken are having a positive impact on our most recent RCI indicators and rankings.
- 5.2 The slight overspend within the structural works for timber traffic was as a result of more works being completed on site and the council receiving an increase in the grant contribution from the STTS fund.to cover increases in spend.
- 5.3 The proposed safety works on the A95 River Isla following a landslip have been redesigned. There has been a delay in the works commencing on site due to a contract issue but that has now been resolved. The budget required to complete works has been carried forward into 23/24 (Special meeting of Moray Council on 8.3.23, Para 12 of the draft minute refers) and works are planned for completion by end of September 2023.
- 5.4 Unfortunately, some of the allocated capital budgets will not achieve full spend, mainly as a result of staff capacity to both design and deliver the programmes. In addition, the recruitment of staff continues to be a problem and at this present time it is reported that the service have 9 staff vacancies from the approved staffing establishment. The service is actively looking to fill the vacancies to allow the delivery of the 23/24 works programme, as set out in paras 6.6/6.7.
- 5.5 In addition, the prolonged snow events experienced during the current season diverted resources from normal planned work activities to winter related duties, to ensure that roads and footways were kept safe.

5.6 The General maintenance revenue budget is increasing by £300k as a one off budget increase approved by Council on the 1 March 2023 (para 5 of the minute refers). This additional budget will be used to develop an additional programme of road patching which will help to address the number of potholes that have formed following the winter season.

5.7 Table 3 below includes a summary of the estimated outturn expenditure for 2022/23 and the proposed budget allocation for 2023/24.

Table 3 – Outturn Expenditure for 2022/23 & budget allocation for 2023/24

	2022/23 budget	2022/23 estimated expenditure	2023/24 budget
Capital Budget			
Carriageway Resurfacing/Reconstruction/Surface Dressing	£ 3,617,000	£ 3,225,000	£ 3,500,000
Structural works for timber traffic	£ 180,000	£ 183,400	£ 840,000
Drainage & Other Works	£ 400,000	£ 260,200	£ 500,000
Footways, footpaths & steps	£ 275,000	£ 175,000	£ 300,000
Kerb Edge Replacement	£ 25,000	£ -	£ 50,000
A95 Landslip River Isla	£ 403,000	£ 403,000	£ 796,000
Column Replacement	£ 800,000	£ 508,000	£ 800,000
Replace SOX & SON lights with LED lights	£ 213,000	£ 127,000	£ -
Capital Sub-total =>	£ 5,913,000	£ 4,881,600	£ 6,786,000
Revenue Budget (Roads Maintenance)			
General Maintenance	£ 1,715,098	£ 1,715,098	£ 2,015,098
Traffic Works	£ 91,905	£ 91,905	£ 91,905
Lighting Maintenance	£ 145,000	£ 145,000	£ 145,000
Revenue Budget (Roads Maintenance) Sub-total =>	£ 1,952,003	£ 1,952,003	£ 2,252,003
Revenue Budget (Winter & Emergency)			
Winter Maintenance & Other Emergencies	£ 1,771,189	£ 2,471,189	£ 1,771,189
Revenue Budget Sub-total =>	£ 1,771,189	£ 2,471,189	£ 1,771,189
Revenue Budget (Electricity)			
Lighting	£ 389,136	£ 389,136	£ 389,136
Signs	£ 12,000	£ 12,000	£ 12,000
Revenue Budget (Electricity) Sub-total =>	£ 401,136	£ 401,136	£ 401,136
Summary			
Capital Budget Total	£ 5,913,000	£ 4,881,600	£ 6,786,000
Revenue Budget Total	£ 4,124,328	£ 4,824,328	£ 4,389,328
Capital and Revenue Total =>	£ 10,037,328	£ 9,705,928	£ 11,175,328

6. **SCHEME PROGRESS - ROADS 2022/2023**

- 6.1 A summary of progress against our roads related budgets are highlighted in Table 4 below.

Table 4 – Summary of Schemes (Roads)

Work Type	Status (at 31/03/23) :-			
	Ongoing	Completed	Cancelled / Not Started	Grand Total
Resurfacing / Reconstruction	10	54	9	73
Surface Dressing	0	94	30	124
Footway Works	10	29	24	63
Drainage & Other Works	12	34	41	87
Street Lighting Works	0	48	59	107
Timber Route Improvements	0	1	0	1
Grand Total	34	260	158	452

- 6.2 Carriageway maintenance treatments can be grouped in to 3 broad categories; resurfacing, reconstruction and surface dressing. Each has a different range of benefits and costs, and some are only appropriate under certain circumstances.
- 6.3 The surface dressing programme continues to have the highest number of schemes delivered. This treatment is based on preventing damage from water getting into the road layers, and restores surface texture to improve skid resistance. Surface dressing does not add any strength to the road, but it does maintain an already strong road in a strong condition for longer. Surface Dressing is a cost effective treatment and costs approximately £3-5 per m2, while the cost of Resurfacing can range from £20-50 per m2.
- 6.4 In 2022/23 54 resurfacing/reconstruction schemes were completed which, although more expensive than Surface Dressing, will have had the added advantage of both restoring the road surface to a new condition and adding structural benefits.
- 6.5 It is proposed that the majority of the cancelled schemes will be rolled forward into 2023/24 however these will be assessed during the programme building exercise and considered along with any other high priority schemes that have come to the attention of the service over the year.
- 6.6 To ensure that the 2023/24 programmes are delivered, it is intended that staffing vacancies are filled as soon as possible, and the service is actively looking at different advertising channels such as Facebook/Twitter and job fairs to increase awareness of the roles available.
- 6.7 The service have not been successful to date in any Strategic Timber Transport Scheme (STTS) related works for 2023/24. The STTS project undertaken during 2022/23 utilised grant funding to improve the road network. Although this had a slight negative, in that this funded works diverted internal resources from planned works programmes.

7. **SCHEME PROGRESS – STREET LIGHTING 2022/2023**

7.1 A summary of progress against budget is highlighted in Table 5 below.

Table 5 – Summary of Schemes (Lighting)

Work Type	Status (at 31/03/23) :-			
	Ongoing	Completed	Cancelled / Not Started	Grand Total
Street Lighting Capital Replacement Works	0	48	59	107
Lighting Improvement Works	0	0	0	0
Grand Total	0	48	59	107

7.2 The Council approved a change to the Capital Plan at a meeting of the Moray Council on 11 November 2015 to allow for a LED Spend to Save project (para 24 of the minute refers). This has involved the fitting of new LED lanterns as a replacement for the existing stock. By changing to LED, the Council has benefitted from lower energy consumption and reduced maintenance visits, resulting in significant revenue budget savings.

7.3 The unit costs for LED replacement are reported to be £665 per unit during 2022/23 which is significantly higher than previous years of the project. This is due to many of the remaining lanterns being non-standard and requiring special LED lanterns which cost more to purchase. On site productivity has declined from previous years due to many of the remaining units being located at one off locations throughout Moray.

Table 6 – LED Cost Installation Summary

Year	Expenditure	Units Installed	Unit Cost
2015/16	£ 218,000	445	£ 490
2016/17	£ 1,110,000	3,304	£ 336
2017/18	£ 867,000	4,363	£ 199
2018/19	£ 922,000	4,877	£ 189
2019/20	£ 666,000	3,613	£ 184
2020/21	£ 100,000	478	£ 209
2021/22	£ 150,000	400	£ 375
2022/23	£ 133,000	200	£ 665
Totals	£ 4,133,000	17,745	

7.4 Over 99% of lanterns have now been replaced with LED. LED lanterns have been purchased for the small number that remain, and they will be installed early in the new financial year. The LED project is substantially complete and has been delivered with a significant underspend from the original business case.

7.5 In addition, the project's annual saving estimate of £540k per year has been surpassed with this project currently saving the council £626k per year as a result of energy, carbon and maintenance savings.

- 7.6 There are currently 5,753 lighting columns in Moray which are beyond their design life. **APPENDIX 1** shows the age profile of these design life expired columns.
- 7.7 The capital allocation for 2023/24 has been set to continue the replacement of columns which are beyond design life. A replacement programme is currently being delivered with an emphasis placed on replacing design life expired columns with the most older columns being replaced first.

8. WINTER GRITTING

- 8.1 The actual spend that will be reported at end of season will be an overspend due to the impact of a few weather events of prolonged periods of snow and also the increase of salt prices which is affecting budgets. The current expenditure is £2.680m against budget of £1.762m for 2022/23.
- 8.2 Average expenditure on winter maintenance over the last 10 years is £1.929m against an average budget of £1.722m. It is worth noting that the winter maintenance budget has been historically set based on a mild winter. An average or severe winter will result in additional budget pressure to the Council. This will be reviewed in early 23/24 to determine whether a budget pressure should be recognised on the basis of overall spend within the service and the long term trend in cost of winter treatment.
- 8.3 Detailed information on the number of winter actions and salt used, including comparisons with previous years, is shown in **APPENDIX 2**. It is worth highlighting that to date, the total number of winter treatments on routes has increased on last year, and it is reported that the amount of salt used has also increased. This is as a result of seeing a number of prolonged snow events that have resulted in much more salt being used when treating carriageway and footway routes.

9. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Several objectives of these plans are influenced by the condition of the public roads network. Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

A Growing, Diverse and Sustainable Economy – the public road network is used by all sections of society, to access shops and services and to transport goods within and to and from Moray.

Building a better future for children and young people in Moray encouraging active travel options of walking and cycling require well maintained, and adequately treated during the winter months, facilities.

Empowering and connecting communities – road and footway hazards have the potential to cause injury. Winter gritting provision contributes to making communities safer.

(b) Policy and Legal

The Council is responsible for the maintenance of 1555km of road network which have been adopted by the Local Authority in terms of the Roads (Scotland) Act 1984. The Act places a duty on the Local Authority to maintain the roads, lighting units and structures so adopted, but does not prescribe the level of maintenance to be delivered.

The Well Maintained Highway Infrastructure Code of Practice which identifies good practice and consideration has been taken into consideration.

(c) Financial implications

It is proposed to develop appropriate programmes to reflect the budgets approved as part of the Council's budget setting process and what was included in the current indicative 10 year plan as reported to Full Council on 1 March 2023.

(d) Risk Implications

Pressure on general maintenance budgets will increase in terms of reactive maintenance as carriageway conditions deteriorate. There is the risk of a budget pressure in relation to winter maintenance.

(e) Staffing Implications

The staffing implications relating to recruitment are covered in the body of the report.

(f) Property

There are no property implications as a result of this report.

(g) Equalities/Socio Economic Impact

There are no equalities implications as a result of this report.

(h) Climate Change and Biodiversity Impacts

There are no climate change implications as a result of this report. Whilst efforts are made to be mindful of the carbon implications of roads maintenance there are not yet active measures in place to reduce the carbon impact, outside sustainable and active travel which is reported via Transportation. Any trials of alternative products are being led by research bodies rather than directly by the council.

(i) Consultations

Depute Chief Executive (Economy, Environment and Finance), Chief Financial Officer, the Legal Services Manager, the Equal Opportunities Officer and Committee Services Officer (L Rowan) have been consulted and any comments taken into consideration.

10. CONCLUSIONS

10.1 Note the outturn position of the 2022/23 roads capital and revenue programme;

10.2 **Approve the expenditure for 2023/24.**

Author of Report: Mark Atherton, Roads Maintenance Manager

Background Papers:

Ref: SPMAN-524642768-887