



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 13 APRIL 2021**

**SUBJECT: ROADS MAINTENANCE REVENUE AND CAPITAL BUDGET
2021/2022**

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

1. REASON FOR REPORT

- 1.1 To ask the Committee to approve detailed plans for the expenditure of funds allocated from the Revenue Budget 2021/22 to Roads Maintenance and from the Capital Budget 2021/22 including resurfacing/reconstruction, surface dressing, footways, drainage, lighting column replacement and lighting improvements.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

2. RECOMMENDATION

2.1 The Committee is asked to:

- (i) **approve the detailed allocation of funds, from the Revenue and Capital Budget 2021/22, 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 2021/22 has been taken from the latest budget setting report subject to approval by Council on 3 March 2021 (paragraph 5 of the Minute refers). Following this decision work is progressing on preparing the detailed lists of proposed maintenance works, which is envisaged to be completed by 30 April 2021.
- 3.3 The same process will be adopted as previous years in 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 04/03/21)

(a)	LENGTHS	
	A Class roads	157.228 km
	B Class roads	296.332 km
	C Class roads	365.732 km
	Classified roads (A+B+C)	819.292 km
	Unclassified roads	739.075 km
	Total road length	1,558.367 km
	Footways, footpaths & cycle tracks	54.377 km
(b)	INVENTORY	
	Street lights	18748 no
	Illuminated signs & bollards	1128 no
	Vehicle restraint systems	31638 linm
	Road Gullies	18540 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 2019/20 are shown in Table 2 below:-

Table 2 – Roads Asset Value (as at 04/03/21)

Asset Group	Gross Replacement Cost £'000	Depreciated Replacement Cost £'000
Carriageway	£ 1,251,724	£ 1,064,676
Footway	£ 93,200	£ 60,938
Structures	£ 128,410	£ 123,710
Street Lighting	£ 51,075	£ 34,170
Street Furniture	£ 17,685	£ 8,655
Traffic Man. Systems	£ 2,372	£ 1,565
Land	£ 132,928	
Total	£ 1,677,393	£ 1,293,715

5. FINANCIAL POSITION

- 5.1 There has been a significant impact on our ability to deliver our roads related capital budgets during the course of 2020/21. During this year, a number of our capital budgets have been re-profiled and reduced as it was clear due to the COVID-19 pandemic we would not be able to spend the amount of capital previously allocated and deliver our identified programmes of works.
- 5.2 The nature of our works have fallen within Scottish Government and construction sector guidelines which resulted in full lockdown for a significant period of the year. Approval was given in July to return to construction sites, however with a clear instruction to adopt the principles set out in a construction sector re start plan. This resulted in having only up to 50% of staff on our sites for a large part the year. When our works have recommenced productivity has been reduced as a result of social distancing and control measures introduced.
- 5.3 Within our proposed capital allocations for 2021/22, it can be noted that there is an increase in some of our budget lines. In particular, our carriageway resurfacing were we aim to place more emphasis on full resurfacing works that will provide longer-term benefits whilst still maintaining our annual surface dressing programme. The different treatments offer a different range of benefits for the investment. It is also proposed that an increased investment within our column replacement programme to allow us to accelerate our programme and replace more columns past their design life sooner.
- 5.4 Table 3 below includes a summary of the estimated outturn expenditure for 2020/21 and the proposed allocation for 2021/22.

Table 3 – Outturn 2020/21 & proposed allocation 2021/22

	2020-21 end of year budget	2020-21 estimated expenditure	2021-22 allocation
Capital Budget			
Carriageway Resurfacing/Reconstruction/Surface Dressing	£1,800,000	£1,800,000	£3,000,000
Structural works for timber traffic			£ 500,000
Drainage & Other Works	£ 110,000	£ 110,000	£ 460,000
Footways, footpaths & steps	£ 110,000	£ 110,000	£ 300,000
Kerb Edge Replacement			£ 50,000
A95 Landslip River Isla	£ 40,000	£ 40,000	
Column Replacement	£ 300,000	£ 300,000	£ 800,000
Replace SOX & SON lights with LED lights	£ 200,000	£ 200,000	£ 134,000
Capital Sub-total	£2,560,000	£2,560,000	£5,244,000
Revenue Budget (Roads Maintenance)			
General Maintenance	£1,152,000	£ 965,000	£1,152,000
Traffic Works	£ 80,448	£ 80,448	£ 80,448
Lighting Maintenance	£ 145,000	£ 145,000	£ 145,000
Revenue Budget (Roads Maintenance) Sub-total	£1,377,448	£1,190,448	£1,377,448
Revenue Budget (Winter & Emergency)			
Winter Maintenance & Other Emergencies	£1,540,647	£1,540,647	£1,540,677
Revenue Budget Sub-total	£1,540,647	£1,540,647	£1,540,677
Revenue Budget (Electricity)			
Lighting	£ 373,734	£ 373,734	£ 373,734
Signs	£ 12,000	£ 12,000	£ 12,000
Revenue Budget (Electricity) Sub-total	£ 385,734	£ 385,734	£ 385,734
Summary			
Capital Budget Total	£2,560,000	£2,560,000	£5,244,000
Revenue Budget Total	£3,303,829	£3,116,829	£3,303,859
Capital and Revenue Total	£5,863,829	£5,676,829	£8,547,859

Note:

The allocation of capital funds for 2021/22 has been taken from the latest budget setting report subject to approval by Council on 3 March 2021.

6. SCHEME PROGRESS - ROADS 2020/2021

- 6.1 The COVID-19 pandemic has proved to be a major risk for the Council and roads maintenance service area delivering its annual capital programme. The re-profiling of our capital budgets led to many of our projects being cancelled during the year. Unfortunately, disruptions and delays to on site completion of works have continued as a result of the pandemic and this trend has continued throughout 2020/21.
- 6.2 A summary of progress against our reduced budget is highlighted in Table 4 below.

Table 4 – Summary of schemes

Work Type	Status (at 12/03/21) :-		
	Ongoing	Completed	Grand Total
Resurfacing / Reconstruction	20	17	37
Surface Dressing	0	60	60
Footway Works	13	13	26
Drainage & Other Works	15	11	26
Street Lighting Works	7	5	12
Grand Total	55	106	161

- 6.3 Our initial programme was amended during the year to reflect reduced capital budget allocations. This has result in only 60% of the schemes initially identified to be scheduled, with only 40% being completed as at the time of this report.
- 6.4 It is proposed that the majority of these schemes will be rolled forward into next year 2021/22. However, these will be assessed during the programme building exercise and considered along with any other high priority schemes that have come to our attention over the year.

7. SCHEME PROGRESS – STREET LIGHTING 2020/2021

- 7.1 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 Street Lighting 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 revenue budget savings.
- 7.2 The unit costs are reported significantly higher in 2020/21 than previous years of the project. This is due to many of the remaining lanterns being non-standard and will require special LED lantern replacements 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 5 – 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**	£ 234,000	812	
Totals	£ 4,117,000	17,892	

* Projection to end of year

** Estimated installation costs & budget

7.3 **APPENDIX 1** highlights the current progress of the LED replacement project. It is envisaged that the project will be fully completed during 2021/22.

7.4 In addition, the projects annual saving estimate of £540k per year has been surpassed with this project currently saving the council £619k per year as a result of energy, carbon and maintenance savings. This figure will continue to rise through to the completion of all LED lantern installations.

7.5 There are currently 5,375 lighting columns in Moray which are beyond their design life. **APPENDIX 2** shows the age profile of these design life expired columns.

7.6 The capital allocation for 2020/21 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 and areas with known poor electrical power cabling which are under the control of the Council.

8. **WINTER GRITTING**

8.1 The start of the winter season was relatively mild, the days with sub-zero road surface temperatures was well below average in October and November compared to previous years. This is further supported by data which highlights the days of any gritting treatment undertaken was just 3 and 15 days for October and November respectively.

8.2 However, the number of days with gritting treatment carried out has been 26, 31 and 27 days for the period December, January and February. Members will be well aware of the snow events and week of drifting snow that occurred during a 3 week period from the beginning of February. However, since the

beginning of December the service has carried out some form of gritting treatment almost on a daily basis up to the point of writing report.

- 8.3 It can be reported that the winter maintenance budget will report an overspend this winter season. This is due to the number of treatments carried out to date and amount of salt currently used. Our current expenditure is £2.253m against our budget for 2020/21 of £1.541m.
- 8.4 Our average expenditure on winter maintenance over the last 10 years is £2.052m against an average budget of £1.802m. 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.
- 8.5 Detailed information on the number of winter actions and salt used, including comparisons with previous years, is shown in **APPENDIX 3**. It is worth highlighting that although our expenditure has increased significantly this winter season, the number of days with gritting operations is slightly reduced from previous year. The simple explanation is this year we have undertaken a lot more continuous days of gritting, not just morning or evening precautionary treatment and our salt used has also significantly increased.

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.

Codes of Practice for Highway Maintenance Management, Management of Highway Structures and for Highway Lighting Management identify good practice and consideration has to be given to this advice.

(c) Financial implications

It is proposed to develop appropriate programmes to reflect the budgets approved as part of the Councils budget setting process and what was included in the current indicative 10 year plan as reported to Full Council on 3 March 2021.

(d) Risk Implications

Pressure on general maintenance budgets will increase in terms of reactive maintenance as carriageway conditions deteriorate.

(e) Staffing Implications

There are no staffing implications as a result of this 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) Consultations

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

10. CONCLUSIONS

10.1 **Note the outturn position of the 2020/21 roads capital and revenue programme;**

10.2 **Note condition of the carriageway asset group and to agree the approach taken in managing the different asset groups;**

10.3 **Approve the split of revenue and capital allocation to the various maintenance headings and asset types for 2021/22.**

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Background Papers:

Ref: SPMAN-524642768-359