

Decision Maker: **Executive**

For Pre-Decision Scrutiny by the Environment PDS Committee on 29th September 2016

Date: **18th October 2016**

Decision Type: Non-Urgent Executive Key

Title: **HIGHWAYS INVESTMENT**

Contact Officer: Garry Warner, Head of Highways
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

This report considers alternative funding arrangements for highways maintenance.

2. **RECOMMENDATION(S)**

2.1 **That the Executive approve capital funding of £11.8m for investment in planned highway maintenance, to be funded from capital receipts and adds the scheme to the Capital Programme, subject to approval of Full Council.**

2.2 **Subject to the approval of the alternative funding above, the revenue budget for highways works will reduce by £2.5m per annum for the period 2017/18 to 2021/22 which will be partly offset by an estimated reduction in treasury management income of £167k over the 5 year period.**

Corporate Policy

1. Policy Status: New Policy: Further Details
 2. BBB Priority: Excellent Council Quality Environment Safer Bromley Supporting Independence Vibrant, Thriving Town Centres:
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Financial

1. Cost of proposal: Capital costs of £11.8m and annual revenue savings of £2.5m
 2. Ongoing costs: Annual saving of £2.5m per annum for 5 years and potential loss of treasury management income of £167k over the 5 year period
 3. Budget head/performance centre: Highways
 4. Total current budget for this head: £8.881m and Capital Programme
 5. Source of funding: Existing revenue budget 2016/17 & Capital Programme
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Staff

1. Number of staff (current and additional): 3 fte
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: None:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): borough-wide
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: n/a

3. COMMENTARY

Background

- 3.1 Bromley's highway network includes 547 miles (880Km) of carriageways and 885 miles (1,425 Km) of footways, with a gross replacement cost of approximately £1.5 bn. The highway network is a highly visible asset used by most residents and businesses on a daily basis. A well-maintained highway facilitates safe and reliable travel for pedestrians, cyclists and motorists, and contributes to the vitality of the borough and the local economy.
- 3.2 There is a very strong case for continued investment in planned maintenance of the highway asset. Planned maintenance reduces the amount of reactive maintenance associated with fixing pot holes, broken paving slabs etc. This improves value for money and customer satisfaction, reduces unplanned network disruption, and contributes to reducing claims for damages.

Road Condition

- 3.3 Borough-wide road condition is measured by analysing the results of the latest condition surveys to identify the percentage of roads (by class) which should be considered for maintenance. These estimates are not precise, as they are derived from identifying a wide range of highway defects. However they provide an appropriate source of trend data over time and in that respect are valuable.

Road condition indicators (2014/15) using latest qualifying road survey condition data are set out in the table below:

Network Classification	A (Principal)	B/C (Non-Principal)	Unclassified
Road Condition Value	1%	3%	17%

- 3.4 The principal (A) road network is 42 miles (67Km) in length. Sustained annual investment of between £0.75m and £1.0m p.a. received as part of the LIP settlement from TfL has helped to keep these roads in good condition. Likewise the non-principal (B/C) road network of 58 miles (93Km) have a condition indicator of 3%, as they have been a priority for revenue funding in recent years. The remaining 447 miles (720 Km) of carriageway form the unclassified road network with a road condition indicator of 17%.
- 3.5 As carriageways deteriorate through weathering and the acts of traffic, the requirement for protective or more structural maintenance can be predicted with some accuracy. Most of the footways in the borough are surfaced with paving slabs, and the main causes of their deterioration is root damage from street trees and over-running vehicles, both of which have been effectively managed through reactive and minor works. This was verified in the results of the new treatment survey undertaken of all footways and carriageways last year to identify the likely timescale of future planned maintenance works, which confirmed that as an asset, Bromley's footways are in a better structural condition than the carriageways.

Funding Proposals

- 3.6 Planned highway maintenance works are funded through annual revenue budgets. The 2016/17 budgets for planned maintenance include £1.25m for carriageways and £1.13m for footways, with an additional £1.42m for reactive maintenance and minor repairs. Although this level of funding has allowed the non-principal and unclassified road networks to be maintained at a stable condition, it has not been sufficient to allow conditions to be improved, which would also allow expenditure in reactive works to be reduced.

- 3.7 Carriageway and footways have been identified for planned work using a prioritisation system based on highway condition, but also taking account of factors such as use, location on the network and frequency of reactive maintenance. Those roads with the highest overall priority have been put forward for planned works programmes in accordance with expected budget provision.
- 3.8 Planned highway maintenance projects are completed by the Council's Major Works Contractor. This Contract was awarded in 2010 for an initial seven year period, and has recently been extended to June 2018. A recent benchmarking exercise with neighbouring boroughs identified that prices within our current Contract are at least 28% lower than similar recently awarded contracts, and it is anticipated that contract prices will increase further when the contract is re-tendered.
- 3.9 It is proposed that £11.8m is drawn down from capital receipts to fund improvement works during the next two years which will allow conditions to be improved significantly in the short term using existing contract prices. This upfront funding will result in a reduction in treasury management revenue of around £167k over the five year period. This alternative funding will then allow revenue expenditure to be reduced by £2.5m per annum for 5 years, a total of £12.5m (£11.9m from planned works and £0.6m from reactive maintenance). At the end of 5 years, a review can be undertaken to assess the benefits of upfront funding and future funding required and a decision made as to whether this would be funded from capital receipts (subject to availability of future capital receipts) or to reinstate the revenue budgets.
- 3.10 Based on results from the latest treatment survey any future investment should be focussed on carriageway maintenance to obtain long-term benefits, with footway maintenance continuing to rely on reactive and minor works to deal with the short term damaging factors.
- 3.11 Should Executive approve an investment programme for highways maintenance, it is proposed that a Member Working Group is established to agree levels of service and treatment options. Details of future works programmes funded by the investment will be considered by the Environment Portfolio Holder following scrutiny by the Environment PDS Committee.

4. POLICY IMPLICATIONS

- 4.1 The Environment Portfolio Plan 2015-2018 includes the key aim "To continue to invest in a timely and effective manner in our roads and pavements to maintain the value of our highway asset". The Plan (item 4.4) identifies the Council will "Improve the condition of the of the highway network by completing an approved major programme of road and pavement resurfacing".

5. FINANCIAL IMPLICATIONS

- 5.1 This report considers alternative upfront funding arrangements for highways maintenance from the Council's capital programme instead of the Council's revenue budget and identifies potential benefits of upfront funding given the future cost pressures on highway maintenance costs (see 3.8).
- 5.2 The Executive is therefore requested to agree funding of £11.8m from capital receipts for investment in planned highway maintenance. This will enable annual revenue savings of £2.5m to be made, a total of £12.5m over a period of 5 years from 2017/18, which will be partly offset by a total estimated reduction in treasury management income of £167k over the five year period.
- 5.3 Approval from Full Council will be required as the total expenditure is over £1m.

- 5.4 The utilisation of capital receipts will reduce monies available for future capital schemes. It remains essential that the Council continues to generate capital receipts to fund the future capital programme.
- 5.5 Any revenue costs in 2016/17 not utilised as a result of undertaking these works during 2016/17 will be set aside towards funding the capital costs identified in this report.

6. LEGAL IMPLICATIONS

- 6.1 Under the Highways Act 1980, the Council, as Highway Authority, has duties to ensure the safe passage of highway users and to maintain the highway.

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	