REPORT NO 1409/04

ANGUS COUNCIL
INFRASTRUCTURE SERVICES COMMITTEE
25 NOVEMBER 2004

MAINTAINING SCOTLAND’S ROADS
REPORT BY THE DIRECTOR OF ROADS

ABSTRACT
This report comments on the recently published report by Audit Scotland into the condition and maintenance of Scotland’s road network.

1 RECOMMENDATIONS
1.1 It is recommended that the Committee agree:-

(i) to note the publication of Audit Scotland’s report entitled “Maintaining Scotland’s Roads”;

(ii) to note that in overall terms the condition of Angus roads is third best in a mainland Scotland comparison;

(iii) to note the recommendations of the Audit Scotland report (listed in Appendix A to this report);

(iv) to note that a number of these recommendations have already been, or are being, implemented in Angus;

(v) to note that further reports will be brought forward to this Committee in due course regarding the remaining recommendations in the Audit Scotland report;

(vi) to note that, although the Audit Scotland report identifies underfunding of structural maintenance as the probable cause of the condition of Scotland’s roads and the reason for the maintenance backlog, it makes no recommendation for increased funding at a national level;

(vii) to note that the Roads Department’s budgets for 2004/05 (including Roads and Transport Renewal and Repairs Funding) is 25% above the GAE allocation from the Scottish Executive (refer Appendix D).

2 DETAILS
2.1 Audit Scotland has produced a report into the performance of the Scottish Executive and Scottish local authorities in monitoring the condition of the road network and in managing structural maintenance on Scotland’s roads. The findings of the report are based primarily on statistics for 2002/03. The report was published on 3 November
2004. The report has accessed information from all Scottish local authorities and for the first time compares local road networks which are maintained by the 32 Scottish Councils with the national trunk road network which is maintained by the Scottish Executive. A copy of the report has been placed in the Members’ lounge.

2.2 The report highlights the need for a more pro-active road management and maintenance regime and the Committee will be aware from numerous reports over the years to this Committee and through correspondence with the Scottish Ministers that the condition of the road network requires major investment.

2.3 The most recent report on this subject (Report No 1007/04) was presented to the Infrastructure Services Committee on 2 September 2004, detailing the results of the Scottish Roads Maintenance Condition Survey (SRMCS) on which Audit Scotland’s report is based. The Committee will recall that the SRMCS categorises roads into those in need of repair (red); those in need of further investigation (amber); and those in an acceptable condition (green).

2.4 Previous Committee reports have noted that there is a significant backlog of road infrastructure maintenance and it is heartening to know that in overall terms the condition of Angus roads is third best in mainland Scotland. This can be attributed to the high priority given to road maintenance as part of the Council’s budget setting process. The results of the SRMCS survey indicate that Angus Council’s roads are in better condition than the Scottish Executive’s single carriageway trunk roads in terms of the portion that require repair (red). However more of the Angus road network requires further investigation (amber) than the single carriageway trunk roads.

2.5 Although principally concerned with structural maintenance of road carriageways the Audit Scotland report makes comparisons primarily on the basis of revenue expenditure, which also includes spending on winter maintenance, traffic management, road safety measures, street lighting and annual routine maintenance such as grass cutting and drain cleaning. The report also makes passing reference to the increasing use of capital funds for structural maintenance of local road networks. However the report does not take into account the substantial additional funding provided by Angus Council through the use of Renewal and Repair Funds in addition to the Roads Department’s annual Revenue Budget. It is unfortunate that the report fails to acknowledge the substantial additional investment in the condition of its roads network by Angus Council in this regard.

2.6 The report provides a national view of the situation and details new information which is of relevance to the service delivery of roads maintenance in Angus. In particular it provides evidence to show that roads maintenance Grant Aided Expenditure (GAE) provided by central government to local Councils had decreased in 2003/04 to some 78% of the provision in 1992/93. Similar figures for overall Council GAE show an increase in 2002/03 to 140% of the 1992/93 figures. The report does not state whether these figures have been adjusted to take account of inflation.

2.7 The report also highlights that structural maintenance (the renewal and restoration of carriageway surfacing) is generally funded from the monies left within roads budgets after the costs of winter maintenance, street lighting, routine maintenance and other
activities essential for road safety have been allowed for. The Committee will be aware of the year on year cuts with no inflation increases which have been a necessary part of the budget setting process for local Councils over this ten year period. The Committee will also be aware of increased demands for the winter maintenance services due to severe winter weather over this timescale and pressures on routine maintenance budgets to deal with the increased incidence of flooding on local roads. This combined with Audit Scotland’s analysis of the reduction in road maintenance GAE explains the reasons for the reduction in revenue funding for structural maintenance across the Scottish Councils.

2.8 The main findings of the Audit Scotland report are listed in Appendix B. The report also makes numerous other observations and inferences some of which have been summarised in Appendix C for the Committee’s interest and ease of reference.

2.9 Audit Scotland’s report makes a total of twelve recommendations (see Appendix A). Some of these have always been in place within Angus, such as the economies of scale offered by the Council’s Direct Labour Organisation, Tayside Contracts, which operates across three separate Council areas (Angus, Perth and Kinross, and Dundee City). Other recommendations have already been taken forward and the Committee will be aware that the Roads Department’s Maintenance Section was the subject of a Best Value Service Review in 2002. Further reports on Audit Scotland’s remaining recommendations will be presented to Committee for consideration in due course.

2.10 It is unfortunate that whilst the report identifies the extent of under-funding on a national scale it does not propose an increase in, for example, GAE for road maintenance or any other mechanism for increasing the funding available for maintaining the asset value of the road network on a national scale. The report identifies that if spending on structural maintenance continues at its present level, the backlog of road maintenance will increase three-fold within the next five years and five-fold within 10 years based on the Scottish Executive’s figures for its own network of trunk roads. Perhaps of equal concern is that the Audit Scotland report states that the Scottish Executive has already embraced many of the recommendations of their report but still has a substantial backlog of road maintenance which is growing year-on-year. It is unlikely therefore that accepting the recommendations of the report alone, which include investment in the IT systems and undertaking option appraisals, will halt the decline in Scotland’s roads or reduce the backlog, albeit that these recommendations should result in better management and planning of road maintenance and in particular of structural maintenance of road carriageways.

2.11 The report focuses on processes such as asset management and pavement management systems which will make more efficient use of available resources rather than addressing the fundamental underlying problem – lack of adequate funding at a national level. In this respect the report is an opportunity missed. It is unrealistic to expect Councils to find the additional resources required from within their existing budgets if the Grant Aided Expenditure provided by the Scottish Executive for road maintenance is only a fraction of the funding required.

2.12 In its Spending Review published on 29 September 2004 the Scottish Executive announced that it will make an extra £60 million per year available via GAE in 2006/07 and 2007/08 for roads maintenance. However this is to be distributed to
Councils via the GAE mechanism and accordingly will only attract grant (Aggregate External Finance (AEF)) at some 80% which means Councils will require to fund the 20% balance from their own resources. While this additional GAE is to be welcomed and is expected to equate to approximately £1.2 million per annum for Angus Council this level of funding will however make only a limited impact on a £77 million backlog of road maintenance in Angus previously identified and reported. The annual funding requirement for an economic maintenance regime (which would minimise the year-on-year cost of structural maintenance within Angus in the long term) has been estimated at £7.345m per annum. The current level of funding provision is £5.156m. The Audit Scotland report offers no solution to address the level of under-funding which prevails in Angus and across Scotland.

3  FINANCIAL IMPLICATIONS

3.1 There are no financial implications as a direct result of this report. However the implications of the Audit Scotland report are clear. The GAE for road maintenance, which is used as the basis for calculating the block revenue grant provided to Scottish Councils, has fallen to 78% of the level it was at in 1992/93. The Audit Scotland report shows that overall Scottish Councils’ expenditure on road maintenance is in line with the GAE allocated by the Scottish Executive but that the level of spend relative to GAE varies significantly between Councils. The data used for this analysis is 2001/02 figures and critically from an Angus perspective excludes the significant expenditure which the Council incurs on road maintenance through the Roads & Transport Renewal & Repair Fund. For financial year 2004/05 it is estimated that (including Renewal & Repair Fund resources) Angus Council will spend around 25% above the total GAE allocation for Roads (including winter and lighting maintenance). Appendix D provides some additional detail on Angus Council budgeted expenditure on Roads activities in recent years in comparison to GAE.

3.2 Members will appreciate that the comparison of spend versus GAE also excludes any capital expenditure which the Council has undertaken on road maintenance activity. In Angus Council’s case the capital resources available to fund structural repair works has been affected by the need to undertake significant projects such as the A92 (development costs) and the replacement of Montrose Bridge.

3.3 Despite Angus Council spending in excess of GAE in recent years the level of resource available has proved to be inadequate to bring the local road network to a condition where the maintenance cost could be minimised in the long term. The Audit Scotland report predicts that if spending on structural maintenance continues at its present level the backlog of road maintenance will to increase three-fold in five years’ time and five-fold in ten years’ time. Without a substantial increase in GAE for road maintenance (or other equivalent increase in funding at a national level) over and above that recently announced by the Scottish Executive, the condition of the roads maintained by the Scottish Councils (which already gives cause for concern) is set to decline

4  HUMAN RIGHTS IMPLICATIONS

4.1 There are no human rights implications as a result of this report
5 CONSULTATION

5.1 The Chief Executive, the Director of Finance and the Director of Law and Administration had been consulted in the preparation of this report.

6 CONCLUSION

6.1 This report comments on Audit Scotland’s recently published report entitled “Maintaining Scotland’s Roads”, which acknowledges the backlog of roads maintenance and the current levels of underfunding of structural maintenance on a national scale. The report focuses on the potential for better management of existing resources rather than addressing the requirement for additional resources which would need to be provided at a national level if Scotland’s roads are to be adequately maintained in the long term.

Ronnie McNeil
DIRECTOR OF ROADS

NOTE:

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this Report:


Report No 1007/04 – Scottish Road Maintenance Condition Survey (SRMCS) Year 2 Survey Results – Infrastructure Services Committee – 2 September 2004.

IAC/JSG
5 November 2004
REPORTS/maint.scot.roads
Summary of Recommendations

1. Councils should use the information from the Scottish road maintenance condition survey to calculate the size of the structural maintenance backlog in their area using a common accepted methodology.

2. Councils and the Scottish Executive should monitor and report publicly on the condition of their road network and their road maintenance backlog on an annual basis.

3. Councils should review their budget-setting process for road maintenance to ensure that an appropriate and cost-effective balance of expenditure between routine, winter emergency and structural maintenance is achieved.

4. Councils should review their capital expenditure on structural maintenance to ensure that it achieves value for money and meets the key principles of the Prudential Code. In particular, councils should conduct an option appraisal for procuring and financing road maintenance services.

5. Councils whose unit costs are above average should examine whether cost savings are possible.

6. Councils should consider whether their road maintenance service could be improved by entering into consortia arrangements to achieve economies of scale in road maintenance.

7. All councils should review their performance against the Code of Practice for maintenance management in Delivering Best Value in Highway Maintenance – Code of Practice for Maintenance Management and take action to ensure they are complying fully with the Code.

8. Councils should collect better inventory information about the assets they are managing, including roads, bridges and street lighting.

9. Councils should ensure that they have up-to-date IT systems and asset management systems, and take into account the recommendations and good practice contained in the Framework for Highway Asset Management, in particular:
- Up-to-date information on the condition of the assets they are managing including roads, bridges and street lighting.
- Asset management systems linked to GIS and financial systems.
- Pavement management systems to minimise whole life costs of road maintenance.
- Electronic recording of safety inspections.
10 Councils should develop a framework of performance indicators and outcome targets against which to measure the performance of the road maintenance system.

11 Councils should develop road maintenance strategies in the context of their transportation and roads asset management strategies. Councils should take into account the views of road users and the wider community in the development of road maintenance strategies.

12 Councils and the Scottish Executive should ensure that their road maintenance activities contribute to the environment and to sustainability.
Main Findings

1 The first repeatable survey of Scottish road conditions suggests that 13% of Scotland’s roads should be considered for repair now and 31% require further investigation.

2 Councils may have a maintenance backlog of £1.7 billion, including £900 million for road repairs, but the method of calculating this figure needs to be refined. The Executive has a trunk road maintenance backlog of £232 million.

3 Spending on council-maintained roads fell sharply during the mid-1990s and revenue expenditure is still below the 1994/95 level; spending on trunk roads also fell but has recovered.

4 The trunk road operating companies have completed three years of contracts with good performance. Councils should establish a long-term strategy for road maintenance in the overall context of their transportation and asset management strategies. They need to work together to achieve economies of scale and improve their information through better use of IT.
### Various Other Findings and Inferences

<table>
<thead>
<tr>
<th>Paragraph No</th>
<th>Exhibit No</th>
<th>Finding/Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1</td>
<td>The Scottish Executive spends £37k/km on trunk roads and motorways. The Scottish Councils spend £6.3k/km on local roads.</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>The condition of single carriageway trunk roads is worse than local authority A Class roads.</td>
</tr>
<tr>
<td>29</td>
<td></td>
<td>In 2001/02 trunk road maintenance expenditure per kilometre in England was more than double that in Scotland. Expenditure per kilometre in Wales was 50% higher than in Scotland.</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>Expenditure on trunk road maintenance rose by 75% in two years following the transfer of trunk road management and maintenance from local authorities to private contractors in April 2001.</td>
</tr>
<tr>
<td>35</td>
<td>6</td>
<td>The allocation of GAE for road maintenance has fallen in both relative and real terms over the past ten years.</td>
</tr>
<tr>
<td>36</td>
<td></td>
<td>Constraints on road budgets have resulted in reduced spending on structural maintenance.</td>
</tr>
<tr>
<td>45</td>
<td>11</td>
<td>Across Scotland almost half (47%) of roads capital expenditure in 2002/03 was on structural maintenance projects.</td>
</tr>
<tr>
<td>66</td>
<td></td>
<td>The majority of structural damage to roads is caused by HGV’s. The damage caused by one 11.5 tonne HGV axle is equivalent to that caused by between 100,000 and 500,000 cars.</td>
</tr>
</tbody>
</table>
### Audit Scotland Report – Maintaining Scotland’s Roads

**Comparison of Angus Council Roads Expenditure With GAE 2001/02 to 2004/05**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Revenue Budget on a GAE basis £'000</th>
<th>GAE Allocation 2004/05 £'000</th>
<th>Excess / (Shortfall) of Budget over GAE £'000</th>
<th>Add R &amp; R Fund Resources £'000</th>
<th>Adjusted Excess / (Shortfall) of Budget over GAE £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001/02</td>
<td>6,239</td>
<td>6,911</td>
<td>(672)</td>
<td>1,400</td>
<td>728</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10.5</td>
</tr>
<tr>
<td>2002/03</td>
<td>6,471</td>
<td>7,366</td>
<td>(895)</td>
<td>1,560</td>
<td>665</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.0</td>
</tr>
<tr>
<td>2003/04</td>
<td>6,875</td>
<td>7,742</td>
<td>(867)</td>
<td>3,500</td>
<td>2,633</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34.0</td>
</tr>
<tr>
<td>2004/05</td>
<td>7,184</td>
<td>8,020</td>
<td>(836)</td>
<td>2,825</td>
<td>1,989</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.8</td>
</tr>
</tbody>
</table>

**Notes:**

The above figures for both budget and GAE are based on all Roads department expenditure including road maintenance, winter maintenance, street lighting and administration costs. Audit Scotland’s analysis focuses on road maintenance only.

The budget figures have been adjusted to show them on an equivalent basis to GAE.