ABSTRACT
This report details the publication of Audit Scotland’s “Maintaining Scotland’s roads – a follow up report” in February 2011.

1  RECOMMENDATIONS
1.1 The committee is asked to note the contents of this report and the Audit Scotland report.

2  DETAILS
2.1 In late 2004 Audit Scotland published a report “Maintaining Scotland’s Roads” and this was subsequently reported to the Infrastructure Services Committee in Report No. 1409/04 on 25 November 2004. The Audit Scotland report included a number of recommendations and progress against these recommendations was the subject of a subsequent committee Report No. 810/08 presented to this committee on 26 August 2008.

2.2 In 2010 Audit Scotland revisited their original report and asked for a variety of information from Scottish Roads’ Authorities which included input from Angus Council officers.

2.3 In February 2011 Audit Scotland published their findings, following up on the 2004 study. Copies of this document “Maintaining Scotland’s roads - A follow-up report” has been placed in the Members’ Lounge and the summary is reproduced in Appendix 1 to this report.

2.4 The report details amongst other matters:
- The backlog of roads maintenance across Scotland amounts to some £2.25 billion which is for all roads including local roads authorities and Transport Scotland’s trunk road network;
- With almost 56,000 kilometres of road network across Scotland, an average 63% are in an acceptable condition with the unclassified road network being in the worst condition;
- That there has been a decline in the amount of roads in an acceptable condition (approximately 4%) since 2004 on council maintained roads. The report noted that when construction inflation is taken into account (at around 8%) nationally road maintenance expenditure has fallen by 13% (in real terms) over this period.

2.5 The report made a number of recommendations and these are noted in Appendix 2. Appendix 3 replicates the recommendations from the original 2004, report, and these latest recommendations along with updated progress from Report No. 810/08.

2.6 It is notable in Angus that:
- 70.6% of our road network is in a satisfactory condition as set out in Report No. 178/11 presented to this committee on 1 March 2011. As noted in Report No. 178/11 Angus Council has the fifth best road network condition in Scotland compared to other local authorities.
- Funding for the road network maintenance in Angus has increased year on year as shown in Appendix 4 to this report. Inflationary impact on these finances was reported to committee on 8 June 2006 (Report No. 733/06 refers).
- Tayside Contracts was highlighted as an example of councils’ successfully working collaboratively.
Progress on asset management in Angus continues and the council is one of the 1/3 of Scottish councils reported as progressing Asset Management Planning.

Audit Scotland’s report provides a review of the situation across Scotland and notes the importance of the road network on the general economy of Scotland.

Whilst the findings of the report are welcomed, there are no real new revelations as a result of the report. As with the 2004 report there are ongoing recommendations for efficiency and demonstration of best use of resources. However the report fails to adequately link those roads authorities which have such measures in place with the performance of their road network. In particular the trunk road network has deteriorated at a faster rate in the last four years (2006 to 2010) (Exhibit 5 of Audit Scotland’s Report replicated in Appendix 5) despite Transport Scotland having a fully embedded Asset Management system for many years, and tendering its maintenance contracts with three private operating companies responsible for the whole of the trunk road network in Scotland.

With decreasing funding for roads maintenance nationally in real terms, there continues to be real deterioration in the condition of the road network, and until this position is reversed there is likely to be a continuing increase in the backlog of road maintenance.

The financial value of the road maintenance backlog in Scotland rose from £1.24 billion in 2005 to £2.25 billion in 2010 and councils spent on average 13% less in real terms on roads maintenance in 2009/10 than they did in 2004/05. However the Audit Scotland Report reports that councils spent a total of £654 million p.a. hence a 13% reduction equates therefore to £85 million per year. Audit Scotland’s report perhaps properly as an audit report, does not make any suggestion as to how this £85 million short fall in year on year funding or the £1.01 billion increased backlog (equivalent to £202 million per year across Scotland) could be addressed.

The backlog of roads maintenance in Angus has previously been reported to members (Report Nos 810/06 and originally 683/01). The spending on road network maintenance in Angus has risen in real terms since 2004/05 as illustrated in Appendix 4 and the monies for structural maintenance have increased ahead of an inflationary figure of 8% (as used in the Audit Scotland report).

The most recent backlog figure calculated for Angus was £82.3 million in August 2008 for all roads assets (carriageways, footways, bridges, street lighting). The Society of Chief Officers of Transportation has employed consultants to calculate the value of the backlog for carriageway only across Scotland. For Angus the figure was £37.9m. The difference in this figure is in part the inclusion of other assets and in part the assumptions made in the calculation. However in order to give a national comparison the SCOTS figure is useful and is to be recalculated periodically. When these calculations are publicised the figure will be reported to Committee in line with Audit Scotland’s recommendation.

There are no financial implications arising directly as a result of this report.

There are no human rights implications arising from the proposals in this report.

The issues contained in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.
6 SINGLE OUTCOME AGREEMENT

6.1 This report contributes to the following local outcome contained within the Single Outcome Agreement for Angus.
   - Communities in Angus are safe, secure and vibrant.

7 CONSULTATION

7.1 The Chief Executive, Director of Corporate Services, Head of Finance, and Head of Law and Administration were consulted in the preparation of this report.

8 CONCLUSION

8.1 This report details the publication of Audit Scotland’s “Maintaining Scotland’s roads – a follow up report” in February 2011 for member’s information and makes recommendations in consequence of the content of that report.

ERIC S LOWSON
DIRECTOR OF INFRASTRUCTURE SERVICES

NOTE:

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

Report No 683/01 - Roads Infrastructure Condition – Roads Committee 14/06/01
Report No 1409/04 - Maintaining Scotland – Roads Committee 25/11/04
Report No 733/04 - Inflationary increases in roads related works- Roads Committee 8/06/06
Report No 810/08 - Roads Infrastructure Condition- Infrastructure Services Committee 26/08/08
Report No 178/11 - Scottish Road Maintenance Condition Survey Results – Infrastructure Services Committee 1/03/11

Roads/JG/IAC
Extract from Maintaining Scotland’s roads – a follow up report

Summary

Scotland’s roads are important for economic prosperity and for the quality of life of its people.

Background

1. This follow-up audit examined progress on implementing the recommendations contained in Maintaining Scotland’s roads published by the Accounts Commission and the Auditor General for Scotland in November 2004. In particular, it examined changes in the condition of the road network since the original report was published; what is currently being spent on road maintenance; and how road maintenance is being managed. The severe winter weather of 2009/10 and, in particular, its impact on road surfaces and road budgets makes the timing of this follow-up performance audit especially significant.

2. The Scottish Government’s draft budget for 2011/12 indicates that Scotland’s public sector will have £1.3 billion less to spend than in 2010/11. Scotland’s revenue budget will be around £500 million lower and the capital budget £800 million lower. The proposed budget for trunk road maintenance will fall by 20 per cent, from £133 million to £107 million, and there will be a reduction of almost four per cent in funding for local government, from £12 billion to £11.55 billion.1 The Scottish Government and councils face difficult decisions in determining the relative prioritisation given to road maintenance compared to other services such as education or social care.

3. The provision of safe, well-maintained transport links has a key role to play in delivering the Scottish Government’s purpose of ‘creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth’.2 Many businesses will only be attracted to Scotland if they know that the transport network, including roads, enables them to distribute goods and services quickly and economically.

4. Scotland’s road network consists of almost 56,000 kilometres of road. Transport Scotland is responsible for 3,400 kilometres of motorways and trunk roads. Councils are responsible for 26,000 kilometres of classified roads and 26,400 kilometres of unclassified roads.

About the audit

5. The overall aim of the audit was to review the extent to which the recommendations in Maintaining Scotland’s roads have been implemented and what has changed as a result. The key objectives were to assess the extent to which:

   • road condition and the size of the maintenance backlog have changed since 2004/05
   • recommendations aimed at improving value for money have been implemented
   • recommendations aimed at improving the reporting of road condition and maintenance backlog information have been implemented.
6. The audit involved:

- a questionnaire survey of 32 councils
- interviews with the Society of Chief Officers of Transportation in Scotland (SCOTS), Transport Scotland and the Institute of Advanced Motoring
- desk research, including analysis of data from the annual Scottish Road Maintenance Condition Survey (SRMCS).

The information reported in this audit was collected between March and October 2010. We did not examine the impact of winter 2010/11 on road condition or road maintenance budgets.

7. Details of the recommendations from our 2004 report and what we have found are summarised in Exhibit 1 and provided in more detail at Appendix 1.

Key messages

- The proper maintenance of Scotland’s roads is vital for economic prosperity and for the quality of life of its people. It is disappointing, therefore, that our findings show limited progress has been made to improve the situation since our report six years ago. For example, less than half of councils report their maintenance backlog to elected members and a third have still to develop road asset management plans. Appendix 1 provides a detailed summary of progress against our 2004 recommendations.

- Despite public spending in Scotland rising by around 25 per cent since our last report, the condition of Scotland’s roads has worsened and only 63 per cent are now in an acceptable condition. Trunk roads are in the best condition (78 per cent are in acceptable condition) while council-maintained unclassified roads are in the worst condition (only 58 per cent are in acceptable condition). Members of the public are increasingly dissatisfied with the way in which the road network is maintained.

- There is scope to achieve greater value for money from existing expenditure. While a project exists to develop a suite of comprehensive performance indicators for use by all councils, this is still under development and councils do not routinely compare their costs and performance with other councils or the private sector to identify potential improvement. There is also no detailed costed model which would allow councils to measure the benefits of sharing services. While councils can point to several examples of joint or collaborative working taking place, Tayside Contracts remains the only example of a multi-council consortium being established to undertake road maintenance.

- SCOTS considers that present levels of spending are insufficient to maintain Scotland’s roads, even in their current condition. After adjusting figures to take general inflation into account, the estimated cost of removing all network defects in Scotland, no matter how slight, has risen from £1.24 billion in 2004 to £2.25 billion in 2010. Moreover, the figures for the council-maintained road network do not include the cost of removing all defects in bridges, lighting and footways.

- Transport Scotland estimates it would initially need to spend £275 million to achieve a ‘steady state’ for its roads, whereby a fixed percentage of the network requires structural maintenance each year. Councils estimate that to maintain roads in their current condition, they would need to spend £45 million more each year for the next ten years on long-term structural maintenance.
• During 2009/10, a total of £654 million was spent on road maintenance in Scotland; £162 million on trunk road maintenance; and £492 million on council-maintained roads. While this represents an increase in expenditure of five per cent compared to 2004/05 after taking account of general inflation, road construction inflation was considerably higher than general inflation over this time. This means that in purchasing terms, councils spent 13 per cent less and Transport Scotland spent 32 per cent less on road maintenance in 2009/10 than they did in 2004/05.

• This pattern of spending and scale of backlog means that the value of these public assets is not being sustained. By deferring essential expenditure on infrastructure, public bodies are storing up problems for the future and passing a greater burden on to generations to come.

1 Scotland’s spending plans and draft budget 2011/12, Scottish Government, November 2010.
3 SCOTS is a Scotland-wide organisation with members from all councils and regional transport partnerships. It gives policy advice on a national basis and is a forum for professional advice and interchange of information on all transportation matters.
Appendix 2

Extract from Maintaining Scotland’s roads – a follow up report

Recommendations

- The Scottish Government should consider a national review on how the road network is managed and maintained, with a view to stimulating service redesign and increasing the pace of examining the potential for shared services.

- Transport Scotland and councils should:
  - review their road maintenance strategies and plans to confirm that adequate prioritisation is given to those routes which are likely to contribute greatest to economic growth and improved quality of life
  - work together to consider all opportunities for achieving more with the resources currently available, by exploring new ways of working, such as service reconfiguration, pooling and flexible use of resources (including staff and machinery) and partnerships between councils and with the private sector
  - ensure that information on maintenance backlog and road condition is reported regularly to elected members and the public.

- Councils should:
  - ensure they can demonstrate that the best use is being made of resources currently available, through benchmarking and improved performance management and reporting
  - respond fully, as a matter of urgency, to the recommendations made in our 2004 report, and in particular ensure that:
    - all information is available to allow effective asset management to take place
    - a consistent way of costing total road maintenance backlog is used across all councils
    - they fully support SCOTS’ road asset management project and have a road asset management plan in place no later than the end of 2011, with those councils that have still to develop adequate inventory and information systems doing so quickly in order to comply with this deadline
    - they adopt the suite of performance indicators being developed by SCOTS as an important first step in allowing the relative performance of councils’ road maintenance activities to be measured consistently
    - they make greater efforts to benchmark road maintenance activities with other councils and the private sector in order to drive out cost inefficiencies
    - they seek to develop a costed model for shared services.
APPENDIX 3

AUDIT SCOTLAND REPORT – MAINTAINING SCOTLAND’S ROADS

Summary of Recommendations from 2004 report with 2008 and 2011 updates

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.

2008 – this has been progressed on a national basis and will be enabled through the current work on asset management. At local level the amount of red and amber sections of the survey are used to estimate the carriageway backlog of maintenance.

2011 – SCOTS have progressed a common methodology which can be used for carriageway calculations and the council will continue to undertake calculations inclusive of the other infrastructure assets.

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.

2008 – Angus Council has reported annually on the SRMCS results through reports to Infrastructure Services Committee and publications.

2011 – We have continued to report annually on the SRMCS results and when appropriate for the maintenance backlog. We will report future SCOTS figures when they are published.

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.

2008 – to date this has not been completed and there are on going demands for budget ranging from increased winter services to reactive maintenance noting ongoing construction inflation rises. Structural maintenance continues to be funded from those monies available after the other service priorities. However with continued member support and enhanced funding through Renewals and Repairs and Prudential Code borrowing the council has continued to invest more in the network than that made available through the previous Grant Aided Expenditure.

In due course asset management will improve the quantification of the budget required to adequately maintain the road network and will inform the budget process.

2011 – The winter of 2010/11 has again illustrated the difficulties in setting budgets for winter services and the reactive maintenance for subsequent repairs. The council has continued to invest in the roads infrastructure above the rate of inflation of 8% calculated by Audit Scotland (as per Appendix 4)

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.

2008 – as above in 3
2011 – The council has undertaken a number of Best Value Management/Service Reviews associated with Roads Maintenance activities. There is no evidence that the service fails to meet value for money and the council has continued to support roads funding through prudential borrowing and supplementary capital allocation.

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

2008 – Best Value Service Reviews are undertaken periodically and Angus Council has an approved Best Value procedure which includes benchmarking of rates.

2011 – Benchmarking has continued as part of the standard procurement procedures within Roads with market testing through tendering for works.

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.

2008 – as reported previously this has always been in place through Tayside Contracts but will now be enhanced by the Tayside Procurement Consortium and work with Scotland Excel.

2011 – Tayside Contracts are noted as an example of consortium working in the 2010 report.

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.

2008- this has been progressed through work within Angus and is reported periodically to Committee, such as Report 761/07 Codes of Practice for Highway Maintenance, Lighting Management and Highway Structures and Asset Management Update 2007. This will be further enabled through the current work on asset management.

2011 – work has continued albeit at a slower pace than initially set out, and the council has robust policies and procedures in place.

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

2008 – this has been progressed through work within Angus but will also be enabled through the current work on asset management, nationally led through SCOTS.

2011 – The council has good inventory data for areas such as bridges, street lighting, traffic signals, road lengths and is developing, as part of the SCOTS project, other data for footways and the remaining assets. There has been substantial work over the last 3 years and this work is on going.

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.

**2008** – this has been progressed through work within Angus but will also be enabled through the current work on asset management, nationally led through SCOTS.

**2011** – as 8 above. Some systems are already in place and others remain to be developed, but such systems must themselves represent value for money.

10 Councils should develop a framework of performance indicators and outcome targets against which to measure the performance of the road maintenance system.

**2008** – this has been progressed through work within Angus but will also be enabled through the current work on asset management, nationally led through SCOTS.

**2011** – The council has developed performance measures with Audit Scotland as part of the relaxation on standard items and the opportunity for councils to introduce their own measures. The council is also working with SCOTS on the proposed national measures.

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.

**2008** – this has been progressed through work within Angus but will also be enabled through the current work on asset management, nationally led through SCOTS.

**2011** – as above

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

**2008** – work is ongoing, and is led by Tayside Contracts.

**2011** – The influence of land fill and aggregate taxation have changed the industries approach to environmental issues. The division is involved in a number of approaches to roads maintenance which consider sustainability and the council is developing a Climate Change Strategy which the Roads division is contributing to. The 2010 Audit Scotland report has added the following recommendations and the council's position is given as below:

Councils should:
• ensure they can demonstrate that the best use is being made of resources currently available, through benchmarking and improved performance management and reporting

Position in Angus – as above for recommendations 5 & 10

• respond fully, as a matter of urgency, to the recommendations made in our 2004 report, and in particular ensure that:
  • all information is available to allow effective asset management to take place

Position in Angus – as above for recommendation 8.

• a consistent way of costing total road maintenance backlog is used across all councils

Position in Angus – as above for recommendation 1.

• they fully support SCOTS’ road asset management project and have a road asset management plan in place no later than the end of 2011, with those councils that have still to develop adequate inventory and information systems doing so quickly in order to comply with this deadline

Position in Angus – the SCOTS project is fully supported and has been the subject of several Committee reports. The council established a sounding Board of Members and it is anticipated the first draft of the Asset Management Plan will be reported to the board before summer 2011.

• they adopt the suite of performance indicators being developed by SCOTS as an important first step in allowing the relative performance of councils’ road maintenance activities to be measured consistently

Position in Angus – as above for recommendation 10

• they make greater efforts to benchmark road maintenance activities with other councils and the private sector in order to drive out cost inefficiencies

Position in Angus – as above for recommendations 5 & 10

• they seek to develop a costed model for shared services.

Position in Angus – we are already part of the shared services arrangements with Tayside Contracts and will continue to examine opportunities as they arise
## Annual Roads Structural Maintenance

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<td>Carriageway &amp; footways</td>
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<td>90</td>
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<td>Total Funding Available for Structural Maintenance</td>
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<td>4,242</td>
<td>4,344</td>
<td>5,946</td>
<td>5,208</td>
<td>5,835</td>
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2004/05 figure with 8% inflation p.a.: 3,730 4,029 4,351 4,699 5,075 5,481 5,920

Additional budget provision p.a. after adjusting for inflation Excess/Shortfall:

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<td>991</td>
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<td>1,247</td>
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SRMCS SPI (note due to variations in the method of measurement of the SPI as previously reported the measures are not fully comparable year on year)

Overall percentage of road network that should be considered for maintenance treatment

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<td>Angus Council</td>
<td>37.4</td>
<td>33.6</td>
<td>39.2</td>
<td>30.3</td>
<td>26.6</td>
<td>27.1</td>
<td>**2010/11 final expenditure not yet confirmed</td>
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<td>Scottish Average</td>
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<td>-</td>
<td>37.4</td>
<td>34.2</td>
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Exhibit 5 from Audit Scotland’s Report

The change in condition of Scotland’s trunk roads: 2006–2010
The percentage of trunk roads in acceptable condition fell from 84 per cent in 2006 to 78 per cent in 2010.

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<tr>
<th>Classification of road</th>
<th>Percentage of roads in acceptable condition (green)</th>
<th>Additional length of road requiring maintenance in 2010 compared to 2006 (km)</th>
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<td></td>
<td>2006</td>
<td>2010</td>
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<tr>
<td>Motorway</td>
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<tr>
<td>Dual carriageway</td>
<td>91</td>
<td>86</td>
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<tr>
<td>A</td>
<td>84</td>
<td>75</td>
</tr>
<tr>
<td>All trunk roads</td>
<td>84</td>
<td>78</td>
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</table>

Note: 1. The road condition survey data is derived from the results of the two most recent surveys, ie 2009 and 2010. Rather than simply averaging the results from each year, the data collected over the two years is analysed as a single set. Effectively the sample, therefore, covers 100 per cent of all trunk roads in both directions.
Source: Transport Scotland