

Title of report: 2023 highways maintenance and pothole repair funding, 2023 to 2024

Decision maker: Cabinet member for Roads and Regulatory Services

Decision date: 10 August, 2023

Report by: Engineering Manager

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

The purpose of the report is to approve the DfT additional budget allocation for 2023, highways and maintenance funding, 2023 to 2024 of £2.558m, spent in year and invested in the public realm to improve the highway network.

Recommendation(s)

That:

- a) The £2.558m Department for Transport 2023 grant for Herefordshire is invested in maintenance works on the highway network and is programmed for delivery following scheme identification and prioritisation in line with the council's lifecycle and asset management approach, but with a focus on delivering for C and U class rural roads across the County. The programme of work will be used to prepare roads for a wider programme of surface treatments in 2024/25 worth around £6m; and**

- b) **Delegated authority is given to the Director of Economy and Environment, in consultation with the S151 Officer, to take all operational decisions to deliver the infrastructure investment set out in recommendation (a).**

Alternative options

1. Not to accept and invest the £2.558m grant; this is not recommended as this is an opportunity to address network condition and improve the network for all users.

Key considerations

2. The DfT highways maintenance and integrated transport block (ITB) funding for 2023/24 has been allocated in line with the three year allocation arising from the Spending Review in October 2021. This funding covers three elements: Highways Maintenance Block, Highways Maintenance Block Incentive Element and the Integrated Transport Block.
3. The £2.558m pothole funding is in addition to this funding settlement. The allocation is intended to be invested in maintaining and improving the network based on local knowledge, circumstances and priorities, and not just the fixing of potholes. The DfT strongly advises a risk based whole lifecycle asset management approach to local authority highways maintenance programmes. The DfT states it is up to the local authority to determine how best to spend this funding to fulfil their statutory duty under Section 41 of the Highway Act 1980.
4. The council manages circa 3,200km (2,000 miles) of publicly maintained highways, 687km of footways, 724 bridges and approximately 14,000 street lights, illuminated bollards and signs.
5. Much of the carriageway of Herefordshire’s highway network is liable to deterioration due to its relative age, increasing traffic, more frequent severe weather as well as normal ‘wear and tear’. This deterioration manifests itself as cracking and potholes, thus increasing the demand on routine and reactive maintenance services.
6. Like many councils, Herefordshire’s highway network has deteriorated over time with central government grants not able to cover all the capital investment required to prevent further deterioration. Revenue budgets are fully utilised each year to keep up with repair work to ensure that the network is in a safe condition before longer term capital investment is available. The road network has a backlog of maintenance and the costs below being estimated from national guidance. As a high-level analysis, the figures reflect and are representative of the view of deterioration across the highways asset. The costs indicated would be sufficient to restore all assets to a new condition.

Asset Type	Current Estimated Backlog (Minimum Value)
Carriageways	c£91m
Footways and Cycle ways	c£100m
Structures	c£85m
Street Lighting	c£5m
Traffic Management	c£16m
Street Furniture	c£13m

7. Whereas the service are managing the asset within the available funding, this has given rise to the asset being in “managed decline” and will only increase the costs of the backlog. The council continues to lobby central government for additional support for highways maintenance and it is not sustainable to pass all this onto local residents.

8. The council's Transport Asset Management Plan (TAMP) supports and advocates the DfT recommended approach to using risk based whole lifecycle asset management in delivering the service. The existing data from surveys, known asset condition, together with safety inspections enables informed decisions on the locations and types of interventions that provide the best investment strategy for the additional funding.
9. The programme will be developed in line with the TAMP principles, and will consider the condition across the main asset groups. Sustained investment since the commencement of the Public Realm Contract has focused on complementing the Annual Plan investment in highway structures and drainage asset groups by targeting specific shortfalls in condition in order to increase critical resilience. To accommodate this investment, relative funding for carriageways was reduced with the consequence of the need for reactive response to defects increasing significantly. The additional £2.558m investment is therefore proposed to be utilised for investment in improving the whole life of the carriageway asset on the C and U class network in rural areas to reduce the need for reactive works.
10. The forward programme outlines the assessment of the priorities for services under the public realm contract (PRC) for the four-year period. It sets out the strategic direction of the services to be provided over this four-year period and a strategic view of the way in which resources are invested over the period in order to best achieve the council's objectives.
11. The forward programme has been developed in line with industry recognised approaches to asset management and network stewardship. The forward programmes of work are prioritised to identify a list of future schemes sufficiently in advance to ensure effective planning and preparation.
12. The council, in its approach to best practice, has developed and operates a risk based approach to routine highway maintenance in accordance with the latest highway maintenance Approved Codes of Practice and as advocated by DfT. The risk based approach within the Highways Maintenance Plan is used to determine the priorities and programmes set out within the Forward Programme. The Annual Plan 2023/24 programmes of work has been constructed in accordance with this risk-based approach and in line with the current council policy and priorities.
13. The proposed programme for delivery will be taken from the forward programme set out for 2024/25 and will be subject to detailed assessment of all available data sets, the programme will also be passed through governance as set out in recommendation (b). The focus of the investment will be in u and c roads and will be complemented by additional council investment in 2024/25 of circa £7m.

Draft Programme – 2023/24 Pothole Fund	Indicative Value (£,000)
C and U class rural roads preparation for surface treatments (slurry seal/ micro asphalt)	2,558

14. Following the announcement by DfT in mid-March a review of the procurement options and routes to market has been undertaken by the commissioners and procurement teams to identify the most suitable option for the delivery of the programme from a range of factors. The results of the review is within Appendix A. The recommended mechanism for the delivery of works is through the Public Realm Contract which will enable local available resources to deliver schemes and ensures delivery can be guaranteed within the financial year.

15. It is the council's intention to expand the routes to market the development of a Minor Works Framework Contract to deliver schemes with an individual value in the range of £50K to £3m. This will become a route to market for the council in future years but has not been included within the options appraisal for 2023/24 as the framework will not be in place until November and therefore not a viable option for delivery in the current year.
16. A robust process for commissioning and managing the schemes through the Public Realm Contract has been developed by the council's commissioners and procurement teams to ensure that the programme delivers to the requirements of the DfT grant, accelerates delivery of the forward programme and demonstrates value for money.
17. The programme will be procured through BBLP who will conduct a mini competition with the council Commissioners and Procurement teams being a part of the evaluation panel. This will ensure that the programme is commissioned to attract optimal prices through the supply chain and deliver improved value for money outcomes. Target costs for the works will be scrutinised prior to agreement of work, costs and programme, changes will be managed using a robust change control process and the use of the council's external cost consultants to assist in the evaluation of the mini-competition and also to support where necessary in any compensation events required.
18. The Contract Management Team have also engaged BBLP on the commercial terms for the additional works and have secured a 0.5% discount from the fee normally applied within the Public Realm Contract. This combined with the mini competition built into the process will ensure that the programme is implemented on more favourable commercial terms. This rate is comparable with the market rates for fees.
19. A review of the costs to procure the programme utilising either the open approach or through a framework is anticipated within the region of £180,000 to include for: programme design, procurement and evaluation and programme management and works supervision. This cost would need to be met from the amount available and would therefore reduce the value to be used in delivering schemes on the ground.
20. A communications plan will be developed to inform key stakeholders, including the public, as the benefits of the programme and how delivery aligns to the council's highways asset management approach to managing and maintaining the network.
21. A key part of the communications plan will be the creation of a dedicated webpage that will record the location of works as well as the type of work carried out. The webpage will make reference to the DfT's funding for the programme.

Community impact

22. The investment contributes to the county plan ambitions by protecting the environment, creating safe communities and providing infrastructure that supports the economy of Herefordshire.

Results from the National Highways and Transport (NHT) public satisfaction survey have been considered alongside the asset condition information and public priorities supports the investment in carriageway condition as the priority.

Environmental Impact

23. The programme will provide an improved condition for the network which will minimise the risks to vulnerable users such as pedestrians and cyclists and the risk of damage to vehicles. It will make the roads a better environment for active travel, especially for cyclists.
24. The investment will extend the life of the network and reduce the need for reactive pothole works. This will reduce the need for materials and vehicle mileage, with a positive impact on carbon emissions in maintenance operations.
25. In selecting the appropriate treatment, the assessment will consider the whole life of the asset, the life of the intervention and the impact on carbon emissions, balanced against material and treatment types to ensure the optimal solution chosen.

Equality duty

26. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
27. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
 28. The decision making process in identifying treatments and locations will be subject to an Equality impact Assessment which will be provided as part of the subsequent decision as set out in recommendation (b). To a large extent, our risk-based approach to prioritisation is sufficient to ensure that the most vulnerable of our road users (eg. older and disabled people) have access to roads that are in good condition, and we consider, therefore, that the risk of discrimination in this context is low. However the EIA will consider the impact of our prioritisation of specific locations on people with each of the protected characteristics.

Resource implications

29. An assessment of procurement options for the investment has been undertaken with the council's commissioners and procurement team. The detail of the assessment is presented in the table in appendix A to this report. The advantages and disadvantages of each was considered and is set out; it is concluded that the delivery of the work through the public realm contract (PRC) is the preferred option for the reasons set out below.

30. In commissioning the work through the PRC, a robust process for commissioning and managing the project will ensure that value for money is achieved and works are delivered in year. The project will be managed by the council's project management office with the Director for Environment and Highways being responsible for delivery.
31. The £2.558m Department for Transport grant allocation for Herefordshire is to be invested in the highway network and will be programmed for delivery following the asset assessment in line with the council's lifecycle and asset management approach. This grant was awarded on top of the local transport plan grant allocation in the capital programme and has to be spent within the 23/24 financial year. This is subject to an internal audit inspection to confirm the grant has been spent within the grant conditions.

Legal implications

32. The deployment of the grant from the DfT will contribute to the Council's duty under section 41 of the Highway Act 1980 to maintain the highway at public expense.

Risk management

33. The investment will reduce the overall risk in highway safety by reducing the number and severity of defects on the network and increasing the life of the asset.
34. The funding is in place and available to the council to invest in line with the asset needs and demand on the network.
35. Delivery of the programme will be in year, managed through the highways commissioning team.
36. Consideration has been given to the risks to the council, which will be managed at service level through reporting on the service risk register and escalating where appropriate in accordance with the Risk Management Plan.

Risk / opportunity	Mitigation
Deterioration on the network more significant than expected and budget not sufficient.	Review programme alongside the overall annual and forward programme and address issues in line with the council's priorities.
Environmental Issues / constraints restrict project delivery in year. Risk in not delivering the programme.	Review and reprofile programme as required to deliver in year.
Projects conflict with programmed and other funded works such as Levelling Up funding or S106 works	Coordinate programmes to maximise common works and minimise conflict.
Deliverability due to rising costs and available resources.	The projects will be managed in line with current council projects and contracts which will provide early sight of implications and allow for savings from scale of operations.
Non Delivery by 31 March 24 would result in a loss of funding to the council.	Use of the PRC and mini competition will ensure delivery and no loss of funding.
Commissioning Delays and long lead in time results in lack of available time to deliver.	Use of PRC enables works to commence immediately and programmed it to ensure that schemes are delivered at the correct time.

Consultees

37. As part of the revised consultation process for key decisions, the Political Group Consultation was undertaken on the 31st July 2023, the key issues were:
- a. Urban roads are also a concern, the council needs to plan to invest in rural paths and roads.
 - b. Should the council invest in plant, new technology, Pothole Pro, etc.?
 - c. Confirmation of the planned treatment process requested and provided.
 - d. Request for specific areas to be included, request for members to have sight of the programme and opportunity to feed into the process.
 - e. Utility reinstatements are the biggest issue for the county roads, how do we protect the network. Recouping costs for damage and ensuring better reinstatement is essential to ensure the network is as good as it can be.
 - f. How the council and service providers manage the pothole repairs is a concern, specific areas will be reviewed, councillors will provide examples.
- Discussion on how the priority list is provided and request locality stewards feed into the process.

Appendices

Appendix A Value For Money Route to Market Analysis

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 14/06/2023
Finance	Karen Morris Andrew Lovegrove	Date 26/05/2023
Legal	Sean O'Connor	Date 01/06/2023
Communications	Luenne Featherstone	Date 22/05/2023
Equality Duty	Harriet Yellin	Date 06/06/2023
Procurement	Carrie Deeley	Date 14/06/2023
Risk	Kevin Lloyd	Date 19/07/2023
Approved by	Ross Cook	Date 02/08/2023

Please include a glossary of terms, abbreviations and acronyms used in this report.