

**Report to OVERVIEW AND SCRUTINY PERFORMANCE AND
VALUE FOR MONEY SELECT COMMITTEE**

Highways Capital Programme – Delivery of Highways Improvement Programme

Portfolio Holder: Councillor Brownridge, Cabinet Member for
Neighbourhoods and Culture

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Purpose of the Report

The purpose of this report is to provide the Overview and Scrutiny, Performance and Value for Money Select Committee with information as requested on the delivery of the highways capital improvement programme detailing measured outputs, and clarify the situation as regards the corporate indicator M890(CP) Highways: Classified Network Surface Condition (Percentage of Principal roads requiring maintenance), that was above its target for its annual assessment in 2019/2020

Recommendations

The report is for information only, but it is asked that the Committee note the actual detailed measured successful outputs of the programme so far, the ongoing detailed interactive monitoring of the programme and the need to review, update and expand the corporate indicator(s) accordingly.

Highways Capital Programme – Delivery of Highways Improvement Programme**1 Background to the investment approach**

- 1.1 In October 2018 Cabinet agreed to a further programme of highway works to be delivered over 3 years (2019/20 - 2021/22) with a capital investment from the Council of £12m in total. This followed an initial programme of just over £6m over 18 months (2017/18 – 2018/19).
- 1.2 The annual budget of £4m would be allocated to schemes, enabling a programme informed by both condition survey results and local Member knowledge, following analysis of the newly instigated detailed Annual Engineering Inspection (AEI) survey and discussion with districts around the best approach.
- 1.3 Following this a 3-year, £4m per year programme was put together based on the condition survey with a mixture of 'red' and 'amber' schemes being proposed. This approach dealt with the worst of the 'red' condition category highways that had already failed and contained significant defects (reactive maintenance). The 'amber' condition category schemes would benefit from preventative maintenance taking place on roads that were showing signs of failure. This is generally a road that requires surface replacement or surface treatment to extend the residual life of the carriageway.
- 1.4 This approach provides best value for money long term, with high opportunity for cost saving as it delays surface failure of the carriageway, the full repair of which is many times more expensive. By treating these roads ideally at this stage, we can repair them for a fraction of the cost of full resurfacing and this will prevent more roads from deteriorating further and therefore becoming a further burden on the revenue budget. By applying this preventative maintenance principle, much more of the network can be improved at any one time compared with just tackling only the failed areas. It obviously is also aiming to progressively remove highways reaching failure condition at all. This is the Council's Highways Asset Management Strategy.
- 1.5 Good asset management techniques provide an optimal balance between the two types of maintenance outlined above and to ensure all priorities are achieved – furthermore the Department for Transport (DfT) favours local authorities that adopt a preventative approach.
- 1.6 The AEI survey was carried out in autumn 2018 and this was analysed by officers to ensure that the available funding over the next 3 years be utilised in the best way. The findings of the AEI were presented to Members at the District Highways Workshops during January 2019 to aid discussions around priorities of Members in each district.
- 1.7 In brief the condition of the overall highways network was in autumn 2018 as follows:
 - **36% Green** (these areas do not currently require any action)
 - **58% Amber** (these areas will need some form of preventative treatment to prevent further deterioration i.e. maintenance patching, micro asphalt, surface dressing. The type of treatment will be decided upon by highway engineers to best fit the street type and usage)
 - **6% Red** (these are the worst areas of highway which have gone beyond using any preventative treatment and require full resurfacing / reconstruction)

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- 1.8 These results reflected the direction of investment over the previous recent years on, in particular, the main road network in Oldham, as funds had been initially concentrated on what had been called the “Gateway” and “Secondary” corridors – primarily A class (Principal) routes, and in reducing just the “red” figure – other routes had also started to be targeted significantly i.e. B class, C class and Unclassified, but only largely the “red” areas initially, as opposed to real preventative maintenance across the entire network.
- 1.9 This meant that overall, the “red” condition percentage proportion of the network had been significantly reduced at that stage, but not the much larger “amber” condition portion of the network where true preventative maintenance would be most beneficial.
- 1.10 To measure the effectiveness corporately of this initial programme from 2017/18, a corporate performance measure was formulated entitled M890(CP) Highways: Classified Network Surface Condition (Percentage of Principal roads requiring maintenance). This measured how the % Red as defined in 1.6 above changed annually, but only on the Principal roads, not the entire network.
- 1.11 Over 2017/18 and 2018/19 the annual targets and reported figures were as follows:

M890(CP) Highways: Classified Network Surface Condition (Percentage of Principal roads requiring maintenance)

Period	Actual	Target
2017/18	6% (on Target – Green)	8%
2018/19	6% (on Target – Green)	6%

- 1.12 The early programme hit the targets set, although the target was only measuring the Principal road %red condition, despite the investment being increasingly across the entire network, and actually starting to target the amber areas to achieve preventative maintenance and further value for money as discussed.

2 Review following Year 1(2019/20) and second AEI

- 2.1 A second Annual Engineering Inspection (AEI) survey of the borough’s highway network was carried out in February 2020. This therefore now includes the effects of the remainder of the previous programme of 2018/19, and the first year 2019/20 of this current investment. The initial AEI was carried out late 2018 as discussed above, and by carrying out a further one at a rough halfway stage of the current investment it would help give some data to measure the investment programme to this point.
- 2.2 Unity officers checked the data presented and have used it to revise the current highways programme, approved in March 2019, for the two remaining years of delivery (2020/21 and 2021/22).
- 2.3 These latest AEI results show the whole network has improved significantly overall since the 2018 AEI as follows:
- **59% Green** - increasing from 36% (Nov 2018), an increase of 23% or approx. 180km
 - **21% Amber** - reducing significantly, from 58% (Nov 2018)
 - **20% Red** – increasing from 6% to 20% (Nov 2018)

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- 2.4 Overall, 180km of the network has been brought into Green condition over that period, and significant inroads made into the Amber roads before they deteriorate further has seen that Amber percentage fall from 58% to 21%.
- 2.5 Based on the information above the estimated cost to bring the entire network up to standard had reduced by £12.5m for an £8.5m spend - this indicates that by use of the preventative approach Oldham is achieving significant value for money on its current surfacing programmes.
- 2.6 The increase in red condition roads can be explained in a number of ways. Despite the funding level, it was still not possible to tackle all amber roads, so some will have turned to red. However, increasing the proportion of funding investment towards the large percentage of ambers and succeeding in preventatively maintaining them and turning them to green condition is reducing the overall cost of keeping the network at or near a green condition, as evidenced in 2.5 above. It also allows a larger percentage of the network to be improved at any one time, as opposed to only dealing with the red condition areas.
- 2.7 As agreed, when the 3-year programme was compiled, it was reviewed with the up to date condition data and amended accordingly, to be confident we were continuing to tackle the correct roads.
- 2.8 As regards the 2019/20 programme, all schemes advertised were delivered in year. On top of this we were able to deliver 12 additional schemes from years 2 and 3 (worth £1,083,787). In addition, a ~£700k underspend was realised, which was reinvested into the resurfacing programme and further tackle the remaining roads needed. From the increased delivery of schemes in 2019/20, and the savings realised we have been able to incorporate a further 15 additional schemes to the sum of almost £2.6m into the programme.
- 2.9 New products, with extended warranties have been tried and tested, and have resulted in material cost reductions. New frameworks have been put in place ensuring increased competition for works, which has again ensured we received continued value for money on all tenders.
- 2.10 Due to the increase in reds as noted above, the underspend of £700k was put solely towards red schemes, ensuring that funding for amber schemes remains the same as the first year and we continue the good work towards managed preventative maintenance.
- 2.11 As there are now two sets of detailed complete condition data, we have been able to benchmark roads and highlight trends. This has allowed us to highlight roads with significantly varying deterioration rates. As such we have been able to move schemes back from Year 2 to Year 3, as they are holding up a little better than expected, and on the contrary we have also been able to bring forward schemes previously in Year 3 to Year 2 because they are deteriorating more than had been anticipated.

3 Further commentary on M890(CP) Highways: Classified Network Surface Condition (Percentage of Principal roads requiring maintenance)

- 3.1 Previously in 1.11 the table below was shown:

Period	Actual	Target
2017/18	6% (on Target – Green)	8%
2018/19	6% (on Target – Green)	6%

This measured the %red condition areas only on Principal roads

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- 3.2 This annually reported indicator continued for the first year of the new investment programme, Year 1 of the current programme in 2019/20 – the result is below:

Period	Actual	Target
2019/20	4.7% (Above Target – Red)	4%

- 3.3 Despite a continued significant improvement the indicator showed as “Above Target – Red” as it was above what was a stretch target applied without appreciation of how the latest programme would not be either concentrating on continuing to reduce just red percentages, or just concentrating on Principal roads – as explained the entire network is now being targeted, and reducing ambers is the area of optimal outcomes as discussed.
- 3.4 This indicator has been due for review and the current commentary reported against it as at September 2020 is *“there is a need to expand the measures to include secondary routes and this will be worked through over the review period”*.
- 3.5 It is recommended that a new set of indicators are set up to monitor the delivery of the Highways Improvement Programme that cover all the outcomes as discussed in earlier sections of this report.

4 Current Position in Year 2 (2020/21)

- 4.1 We are currently just over midway through delivering Year 2 (2020/21) of the programme, with the vast majority of schemes now either completed on site or contracts awarded and awaiting start dates in the coming month(s). The programme is well on target to complete all planned works for Year 2.
- 4.2 We continue to use all delivery methods available to us, as set out in previous reports, such as direct awards, procurement frameworks and open tenders, to ensure that we get best value regarding both price and quality.
- 4.3 A meeting to discuss a predicted likely underspend within the current Year 2 programme is imminent scheduled for mid-November 2020 to assess both the delivery of programme and spend along with any realised underspend in year, and identify potential schemes that can be brought forwards and delivered in year from the list of schemes already approved for delivery within year 3 of the programme.
- 4.4 Going forward, any Year 3 schemes brought forward and delivered in Year 2 will allow us to open further dialogue with ward councillors on the schemes that will then fill the gaps within the Year 3 programme. These additional schemes will be proposed by Unity based on condition data gathered via the most current Annual Engineering Inspection and put to the councillors for comment.
- 4.5 A further AEI towards the end of Year 2 (2020/21) is likely to be sought to further measure improvement across the network, monitor trends as previously discussed of areas of increased or reduced deterioration rates, and further target the schemes actually to be done within Year3 (2021/22) to optimise the preventative maintenance success.

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- 5 Key Issues for Overview and Scrutiny to Discuss**
- 5.1 This report is presented for information as it was requested by the PVFM Select Committee. The Committee is invited to comment or request any further information on any aspect of the update.
- Please note the situation as regards the corporate indicator M890(CP), what it actually represents and the acknowledged need to expand the scope of indicators based on the real and current objectives of the programme. Significant detailed data already exists via the AEs for this to be based on.
- 6 Key Questions for Overview and Scrutiny to Consider**
- 6.1 As 5.1 above.
- 7 Links to Corporate Outcomes**
- 7.1 Investing in the transport network and delivering the transport capital programme of which the highways capital programme is a key element of, contributes towards the corporate objective of achieving an inclusive economy where people and enterprise thrive.
- 8 Additional Supporting Information**
- 8.1 GM2040 Delivery Plan and Transport Capital programme: annual update, Report to Overview and Scrutiny Board, 3rd March 2020
- 8.2 Updated Highways Improvement Programme (2020/21 & 2021/22) and Local Transport Plan Capital Programme, Delegated Cabinet Member Key Decision Report, 21st May 2020
- 8.3 3-Year Highways Improvement Programme (2019/20 – 2021/22), Report to Cabinet, 25th March 2019
- 8.4 Highways Improvement Programme, Report to Cabinet, 22nd January 2018
- 8.5 Carriageway Improvement Programme, Report to Cabinet, 20th November 2017
- 9 Consultation**
- 9.1 This report is presented for information only.
- 10 Appendices**
- 10.1 n/a