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**Roads Maintenance Plan/Roads Operations Revenue Budget 2013/14**

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**1. PURPOSE**

- 1.1 This report sets out the reduction in road maintenance revenue activities that will be delivered in 2013/14 and 2014/15 as a result of reduced revenue budget provision.
- 1.2 This report details the Roads Operations Revenue Budget in line with the Roads Maintenance and Asset Management Plan.

**2. RECOMMENDATIONS**

- 2.1 That the report be noted.

**3 DETAILS**

- 3.1 The Roads Operations Budget is proposed in line with the Roads Maintenance and Asset Management Plan (RAMP). The RAMP is based on a Code of Practice for managing roads maintenance which is used across the UK. The RAMP sits under the Roads Maintenance and Management Strategy which is founded on spending money wisely and also aligns with Audit Scotlands follow up report on roads maintenance which recommended that: *“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.”*
- 3.2 The existing RAMP came into place in 2004 and sets out a minimum level of roads maintenance against a road hierarchy. The three main criteria used for prioritising works are safety, serviceability and sustainability with safety being the most important. Updates to the RAMP are to be considered by the Roads Short Life Working Group.
- 3.3 The RAMP sets out the level of maintenance that is required, for each different roads maintenance activity, to properly maintain the road network. However the available revenue budget is currently insufficient to allow all the required works to be fully undertaken. In order to make best use of the available budget an assessment on a risk basis is carried out to determine the most appropriate level of spend on each activity.
- 3.4 In order to show what level of service can be provided for each activity a unit rate (cost) is calculated for undertaking units of work i.e. a square metre of patching or a metre of ditch cleaned. From this the overall and annual cost for a service in line with the RAMP can be calculated.
- 3.5 Current year budgets are not sufficient to allow works to be completed at the desired frequency set out in the RAMP. The budget reductions for 2013/14 and 2014/15 will further reduce the amount of work that can be completed.
- 3.6 The available budget apportioned to each activity is divided by the unit rate for that activity to give the amount of work that can be achieved within the budget. The units achieved will be reported back to Business Days on a quarterly basis and a full analysis provided at the end of the year to show the actual work achieved against the forecast. Appendix 1 details the targeted quantity as set out in the RAMP and the quantity targeted within the available budget. The actual quantities will be added through the year to report on what has been delivered. This also shows the difference of what can be achieved with the available budget and the desired quantity set out in the RAMP.
- 3.7 The savings resulting from the 2013/14 budget process are £255,000 in financial year 2013/14 and a further £255,000 in financial year 2014/15 (a total saving of £510, 000). Saving will be made from reduction in revenue funded maintenance works with commensurate reduction in staff & operative posts, vehicles and reduced materials. This will result in a reduction in the level of planned roads maintenance undertaken and a reduction in winter maintenance and severe weather resilience. There will be a greater requirement to prioritise roads maintenance revenue works based upon safety priorities and risk assessment with a reduced ability to undertake sustainable asset management as identified through the Roads Asset Management Plan.
- 3.8 The budget is split to allow for a more planned approach rather than being reactive. More of the budget therefore is put into activities such as right first time patching and drainage to avoid reactive spends on potholing and flooding.
- 3.9 In order to monitor the effectiveness of how budgets are expended the following are in place:
  - Where possible all works instructions will be quantified and priced using the Roads Management System WDM;
  - The WDM system allows monitoring to be carried out of productivity and unit rates against the target productivity and unit rates;
  - Budget profiles are set for each budget line and are used to manage actual expenditure against available budget. Appropriate action can then be taken to achieve a level of performance within the available budget.

- 3.10 It should be noted that, although the budget profile is set out for the financial year, circumstances may change due to severe weather or other unexpected events. It may be necessary to make changes to activity budgets to cope with these events.
- 3.11 The 4 area budgets shown in Appendix 1 are based on the budget level for 2012/13 with 2013/14 and 2014/15 budgets based on the approved savings. These savings will lead to a reduction in staffing levels with the subsequent drop in service levels.

#### 4.0 IMPLICATIONS OF THE BUDGET REDUCTION

- 4.1 The Road Maintenance budget for 2012-13 has reduced by 18.6% since 2010/11 (following Service Review process). The Roads Operations saving from the budget process will reduce the budget in comparative terms to 23.9% of the 2010/11 budget level when fully implemented.
- 4.2 Based on a planned capital expenditure of £6.1M for 2013/14 & 2014/15 (the balance of the £21M previous budget allocation which accelerated in 2012/13 minus professional fees), the combined capital & revenue budget will reduce from 56% of Roads Asset Management Plan requirements to 53.6% of requirements across Argyll and Bute. In terms of revenue maintenance works, the scale of planned/reactive maintenance works such as grass cutting, ditching, gully emptying will reduce from the current figure of 67% of scheduled maintenance works identified within the RAMP, to 60% of scheduled maintenance.
- 4.3 The tables below show the impact of the 7% reduction in terms of : combined capital & revenue, and revenue only. In 2015/16 the combined capital & revenue figure will drop more significantly as there will be circa £1.2M less roads reconstruction capital expenditure.

##### Combined Capital and Revenue – Argyll and Bute Totals

Area	RAMP Requirement	Standstill	255K (half year saving)	510K (full year saving)
Combined Capital and Revenue Totals	£ 19,458,764	£ 10,935,222	£ 10,680,220	£ 10,425,222
% as / Plan	<b>100%</b>	<b>56.2%</b>	<b>54.9%</b>	<b>53.6%</b>

##### Revenue Only Totals

Area	RAMP Requirement	Standstill	255K (half year saving)	510K (full year saving)
Revenue Totals	£ 7,017,269	£ 4,735,000	£ 4,480,000	£ 4,225,000
% as / Plan	<b>100%</b>	<b>67.5%</b>	<b>63.8%</b>	<b>60.2%</b>

(Figures from Roads Ops Manager)

#### 5 CONCLUSIONS

- 5.1 The available Roads Maintenance revenue budget will be allocated across the different maintenance activities to make best and efficient use of this budget. The spend and productivity will be closely monitored throughout the year and any required changes or improvements made in a timeous way.

#### 6. IMPLICATIONS

- 6.1 Policy The Roads Maintenance and Management Strategy is the overarching policy for roads maintenance.
- 6.2 Financial Revenue budget is below that required in line with RMP. Any further savings will result reduction in service levels.
- 6.3 Personnel Roads Operations assisted by Amenity Operatives
- 6.4 Equalities Impact Assessment none
- 6.5 Legal None
- 6.6 Risk Deterioration of road network if budget not spent effectively

6.7 Customer Service Maintains service level commitment set out in Service plan

## 7. APPENDICES

Appendix 1 Budget proposals for the 4 Area Committees - for 2013/14 and 14/15.

Jim Smith  
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