

ROADS RECONSTRUCTION BUDGET

1.0 INTRODUCTION

- 1.1 This report provides an update to the Environment, Development and Infrastructure Committee on future forecast capital funding for roads reconstruction and improvements.
- 1.2 With the reduction in available capital funding it is expected that the roads reconstruction funding will be significantly reduced in the coming financial year. This will have an impact on road condition.

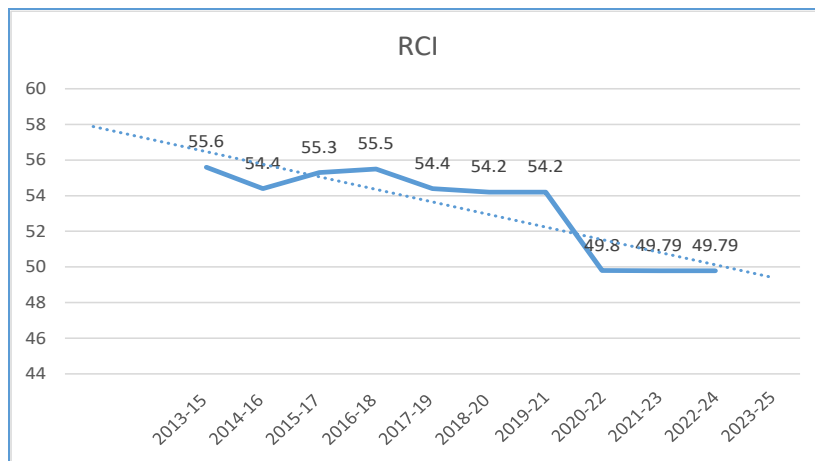
2.0 RECOMMENDATIONS

- 2.1 It is recommended that members of the Environment, Development and Infrastructure Committee consider and note the contents of this report including the allocation of the provisional budget set out in the table at paragraph 3.6.

3.0 DETAIL

- 3.1 Argyll and Bute's road network has improved over the last decade likely as a result from prudent investment of capital funding. Figure 1 below details the Road Condition Index (RCI) which is measured by a survey method used by all 32 Scottish Councils. The RCI value represents the percentage of roads requiring treatment, the lower the number the better condition the road network is in. Without the capital investment over the last decade or so the condition of our roads would have deteriorated significantly.

Figure 1 – Road Condition Index (RCI)



3.2 The Scottish Collaboration of Transportation Specialists (SCOTS) Headline Maintenance Backlog figure is calculated every two years using road condition data collected via the Scottish Road Maintenance Condition Survey (SRMCS). The calculation uses surveyed condition data with a surfacing treatment matrix and national average unit rates to determine the extent of surfacing maintenance required to bring whole network surface to an 'A1' condition with no defects. The value of backlog maintenance for Argyll and Bute's Road Network is £122.5M. Whilst the backlog figure is useful to help understand current road condition and the magnitude of making significant improvements there needs to be a realistic appreciation that fully funding and therefore having a network in A1 condition is not affordable or achievable.

3.3 The recent investment has been an average of £7.2M per year which includes welcomed capital investment from council funds and some external funding. The broad strategy followed to achieve the modest but steady improved Road Condition Index (RCI) comes from the council agreed Road Maintenance and Management Strategy. This strategy being based on well-maintained Highways which is a nationally recognised document focusing on sustainable road maintenance.

Table 1 – Capital Investment to date

ROAD RE-CONSTRUCTION AND RE-SURFACING BUDGETS 2011-2024					
Fin. Year	Annual "Budget"	Capital Invest.	STTS	Other	Comment
2011-12	£5,147,793	£4,295,000	£852,793		
2012-13	£8,706,321	£8,137,000	£569,321		
2013-14	£8,012,160	£6,165,640	£599,909	£1,246,611	add Cap
2014-15	£6,922,089	£6,822,000	£100,089		
2015-16	£4,440,987	£4,367,487	£73,500		
2016-17	£4,693,612	£4,616,612	£77,000		
2017-18	£3,616,443	£3,000,000	£616,443		
2018-19	£9,747,042	£8,382,000	£1,365,042		
2019-20	£7,867,469	£6,243,388	£1,624,081		
2020-21	£6,918,222	£4,828,509	£1,255,568	£834,145	add Cap - Covid Deferred
2021-22	£10,809,462	£6,900,000	£1,299,462	£2,610,000	add Cap - Incl. Covid c/o
2022-23	£9,354,571	£8,096,126	£958,445	£300,000	Coastal Communities.
2023-24	£7,401,608	£7,014,264	£387,344		
TOTAL	£93,637,779	£78,868,025	£9,778,997	£4,990,756	2011 -2024
	£7,202,906	Average annual investment - Roads reconstruction and re-surfacing			

- 3.4 The level of Capital funding available for 2025/26 previously agreed as part of the 3 year capital plan is £3.628M for all the activities carried out by Roads and Infrastructure, other than externally grant funded activity and piers and harbours investment. The latter of which is generally funded through prudential borrowing with loans charges being serviced from revenue generated from marine fees and charges. It should be noted that there are restrictions under Harbour legislation which limits the use of harbour generated income.
- 3.5 The £3.628M mentioned above covers capital investment for roads reconstruction, vehicle replacement, coastal protection, grounds and cemeteries, flooding, bridge replacement, lighting and other investment streams. It is estimated that, based on the £3.628M block allocation, that only around £2M would be available for roads reconstruction works, with other funding being used to cover other capital demands across the RIS portfolio.
- 3.6 It is proposed that the breakdown of the £3.628M capital block is distributed across the Roads and Infrastructure Services as set out in the table below.

Activity	Budget Allocation
Coastal Protection	£0.426M
Flood Protection/Climate Change	£0.426M
Vehicles and Plant	£0.426M
Cemeteries, Playing Fields and Open Spaces	£0.1M
Bridges, Structures and Culverts	£0.25M
Roads Reconstruction	£2M
Total	£3.628M

- 3.7 Officers have worked up different investment scenarios for roads reconstruction based on £2M, £3.5M, £5M and £8M investment. From the budget allocation and forecasts it is anticipated that the actual available funding will be at the lower end of the scale of the scenarios. Lower levels of investment will inevitably mean that there is less work carried out and that type of work is likely to differ based on ensuring that best value can be achieved from the available funding. This will generally result in thin surface treatments such as surface dressing, right first time patching and only limited opportunity for inlay and overlay resurfacing (traditional full road width resurfacing with hot material). The lower level of funding will not support many traditional overlays and inlay. Table 2 below provides an illustration of what each of the investment levels is likely to deliver. This is very much indicative to illustrate that the likely treatments deliverable at the different levels of funding, funding levels, winter deterioration, RCI etc. would determine an actual programme.

Table 2 - different funding scenarios and what this could deliver

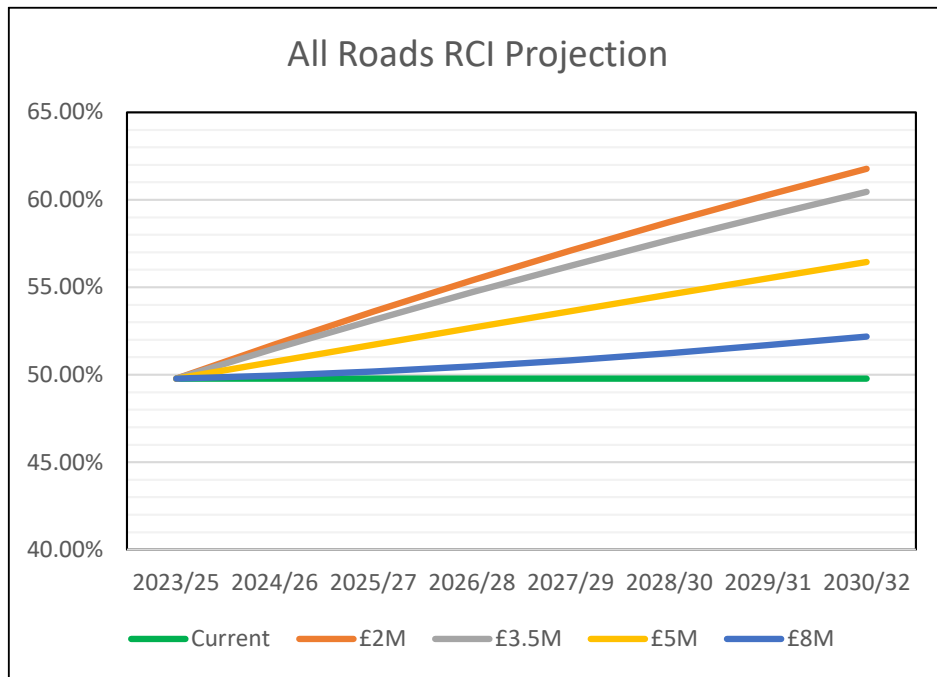
Value of Investment	Typical works affordable	Impact on road condition – see also graph of an illustration of deterioration

£2M	<ul style="list-style-type: none"> • Localised surface dressing to seal and bind the road surface • Jet patcher repairs • Right first time structural patching • Limited overlay and inlay works 	Significant Deterioration
£3.5M	<p>As above with the addition of:</p> <ul style="list-style-type: none"> • Larger surface dressing schemes • Small increase in overlay and inlay works 	Deterioration
£5M	<p>As above with the addition of:</p> <ul style="list-style-type: none"> • Larger surface dressing schemes • Greater increase in overlay and inlay works 	Deterioration
£8M	<p>As above with the addition of:</p> <ul style="list-style-type: none"> • Larger surface dressing schemes • Significantly more overlay and inlay works 	Slight deterioration

3.8 The modelling for future years RCI based on different investment scenarios is illustrated in Figure 2 below. It should be noted that these figures are based on a model and may change based on vehicular volumes, weather conditions, climate change etc. From the model projections we can see that:

- £8M investment will see a slight deterioration, this investment level previously having been sufficient to achieve a marginal improvement/steady state. Inflationary increases mean that we now get less for our pound and the £8M investment is insufficient to hold a steady state condition.
- Deterioration is increasing as the funding for each scenario reduces. The model forecasts up to over a 12% RCI reduction based on £2M per year investment over a 7 year period.

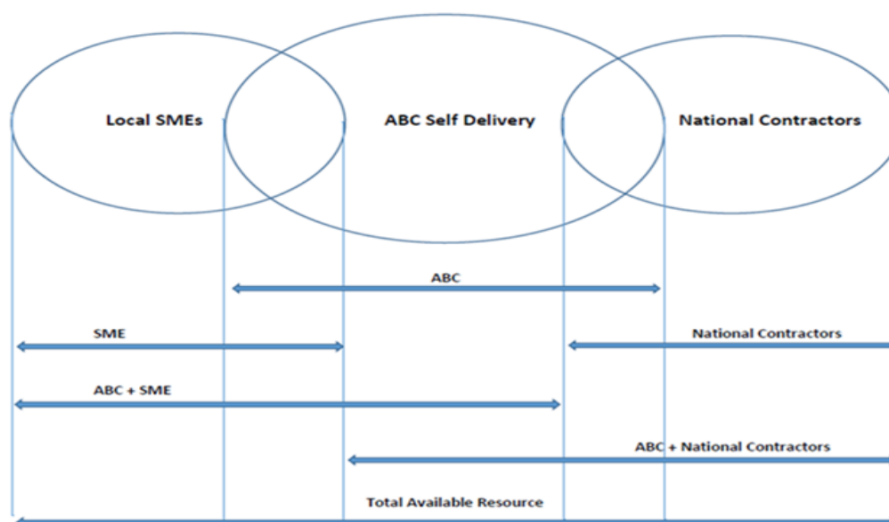
Figure 2 projected RCI condition based on investment levels



- 3.9 It also worthy of note that as capital reduces and road condition deteriorates there will be a corresponding increase in revenue expenditure due to an increase in responses to deteriorating road condition through pot holes and larger sections of surface failure.
- 3.10 Capital and Revenue programmes will continue to be delivered side by side allowing a holistic view of roads maintenance to be applied whilst ensuring that capital monies are invested within the permitted parameters expected by Audit Scotland. As capital funds reduce it will be increasingly important that this holistic approach is taken with some activities potentially being stopped to enable an investment strategy which focuses on minimising network deterioration – this may differ from location to location e.g. peat founded roads may have a different approach to other locations, rock face and slope stability may be a focus in other areas etc.
- 3.11 A significantly reduced capital budget will result in smaller areas of carriageway being treated with planned structural patching, surface sealing etc. being the primary treatments carried out. The exact locations and the treatment types likely to be largely determined by a combination of winter deterioration and RCI scoring.
- 3.12 The works delivered by national suppliers and SMEs will reduce with the majority of works being delivered in house. There is a core workforce of 82 road workers supplemented with staff from the wider operations team in refuse, grounds and cemeteries required in order to deliver winter maintenance. These numbers, particularly for HGV drivers is already below the optimum with third party suppliers being used to ensure resilience and service delivery. Figure 3 below details the model used by RIS to deliver many activities. As funding levels reduce so will the amount of work delivered by both SMEs and national contractors with a greater proportion of works being delivered in house. The staff that carry out resurfacing works and road works through the summer months are essentially the same staff who carry out winter maintenance (pre-treatment, snow and ice clearance) with additional staff being deployed from Grounds and Refuse Collection. With a reduction in capital funding, the amount of road works carried out will reduce with a

corresponding reduction in staffing numbers. Delivering the bulk of a reduced capital roads service in house will help to preserve staffing levels required for the winter function, this being subject to achieving good value.

Figure 3 Mixed economy model



4.0 CONCLUSION

4.1 Contained within this report is a summary of the reduced amount of roads reconstruction work as a result of significantly reducing capital funds. The reduced funding will result in a deterioration to our road condition which in turn will increase the demand on reactive repairs to pot holes and other surface defects. Signage is anticipated warning of uneven road surfaces and in extreme circumstances roads may need to be temporarily closed if deemed unsafe to use.

5.0 IMPLICATIONS

- 5.1 Policy – As per the Roads Management and Maintenance Strategy 2012 and the Roads Asset Management Plan
- 5.2 Financial – agreed and projected future capital budgets are a significant reduction on recent years' investment. Reduced investment is expected to increase reactive revenue spend in order to keep the road network safe.
- 5.3 Legal – the Council has duty under Roads (Scotland) Act 1984 to maintain the road network in a safe condition.
- 5.4 HR – None known.
- 5.5 Fairer Scotland Duty: None known.
 - 5.5.1 Equalities - protected characteristics – None known.
 - 5.5.2 Socio-economic Duty: None known.
 - 5.5.3 Islands – None known.
- 5.6 Climate Change – we have seen over recent years an increase in damage to the road network, much of which can be attributed to climate change
- 5.7 Risk – reduced capital investment will result in a deterioration of the road network likely to result in an increase in safety related defects occurring.

- 5.8 Customer Service – deteriorating road network is likely to increase complaints and third party insurance claims
- 5.9 The Rights of the Child (UNCRC) – None known

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