

Highway Maintenance Funding

Devon's Highway Asset

- Largest Road Network in the country
- *8,000 miles of road*
- *3,500 Bridges*
- *3,000 miles of public right of way*
- *2,000 retaining walls*

- The total value of assets have a gross replacement value in excess of £12 billion

Maintenance Backlog

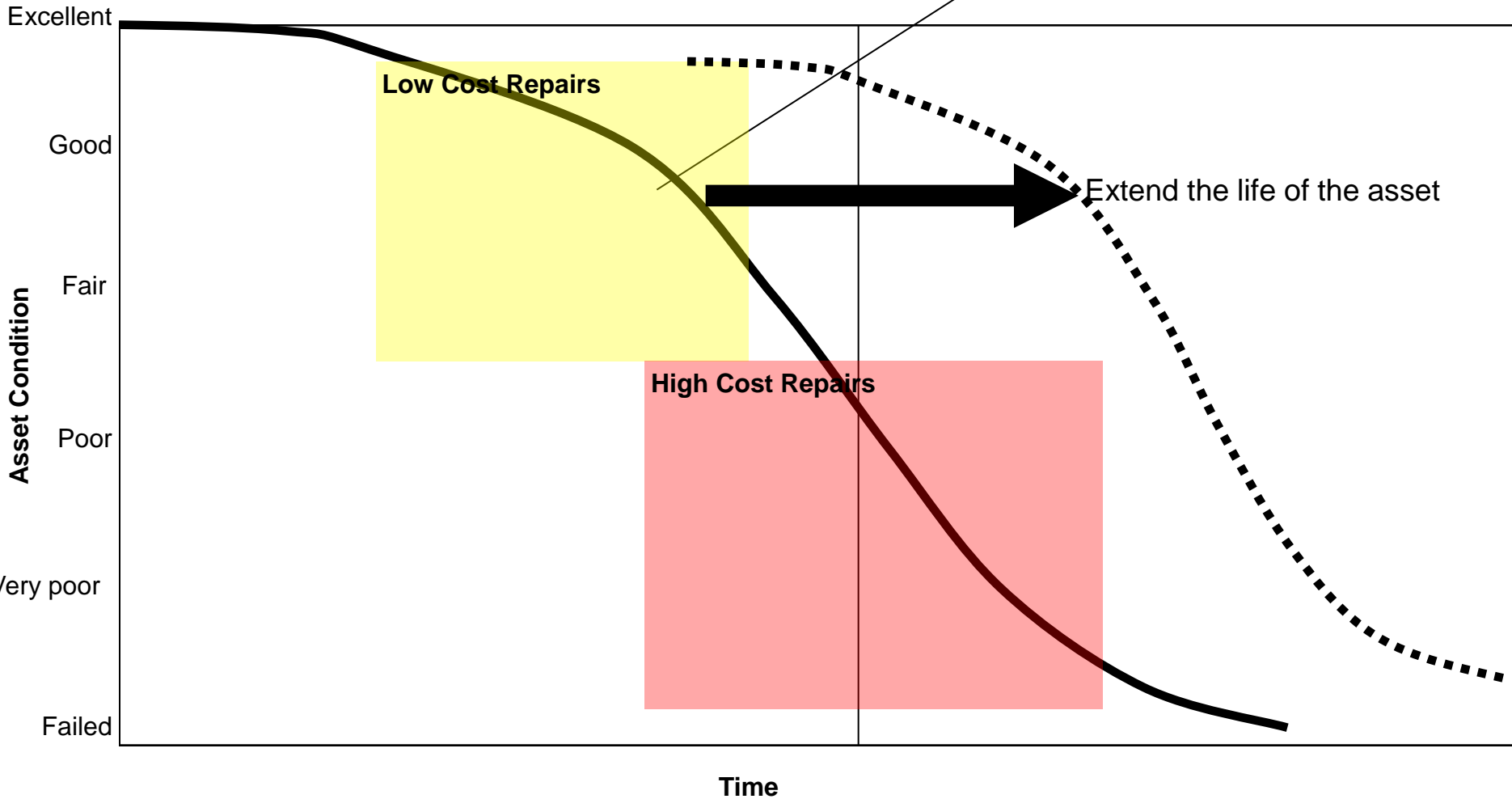
Studies suggest that across all highway assets (carriageway, footways, street lighting, bridges, drainage system, etc.....)

- **£55m** per year maintain all assets in their current condition (steady state).
- **£38m** per year just to maintain carriageways in their current condition.
- To fix most deteriorated carriageways would cost over **£167m**
- Every year that we are unable to spend what we need means that highway network condition will deteriorate. This will be particularly noticeable on our minor roads.

Asset Management

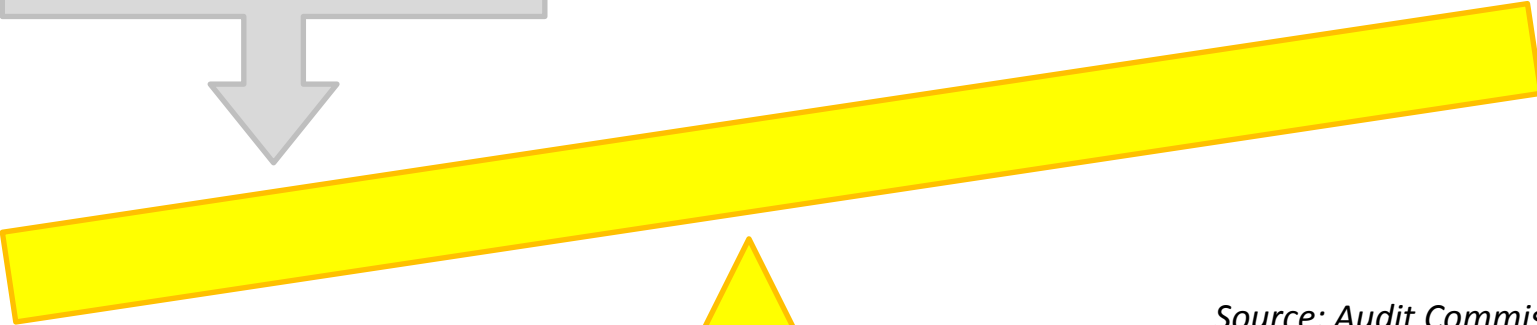
- The overall service budget is a fixed sum, which is approved by Cabinet each year. We are therefore not permitted to spend more than our allocation without authorisation.
- Excellent budget management is vital to the success of our business.
- Essential to target the money we can deliver the most effective maintenance of each asset in the longer-term.
- React and adapt when faced with storm events
- Keeping things balanced as the year progresses is an ongoing challenge.

Carriageway Asset Life Cycle



Resident Satisfaction
Potholes
Insurance Claims
Political cycle
Annual budgets
Road Condition KPI's

Reduced costs and lower backlog over the long term
Sustainability



Worst-first Strategy



Whole life cost strategy

Source: Audit Commission

Funding Types

- **Capital Expenditure**
- “expenditure which adds to, and not merely maintains, the value of a fixed asset.”
- Extend the life of the asset ie *resurfacing schemes*

- **Revenue Expenditure**
- Day to day expenditure and income, including works which maintain, rather than increase, the value of a fixed asset.
 - *Safety defects*
 - *Minor drainage repairs*
 - *Grass cutting and winter maintenance.*
 - *Running costs of the service ie staffing, premises costs, etc*

Funding Sources

Revenue

- Revenue Support Grant
- Business Rate
- Council Tax

Capital

- Grant from central government
- Borrowing

Capital Funding Sources

Headlines announced by DfT on 23 Dec 2014:

“Nationally £6 billion over the next 6 years for maintenance of local highways”

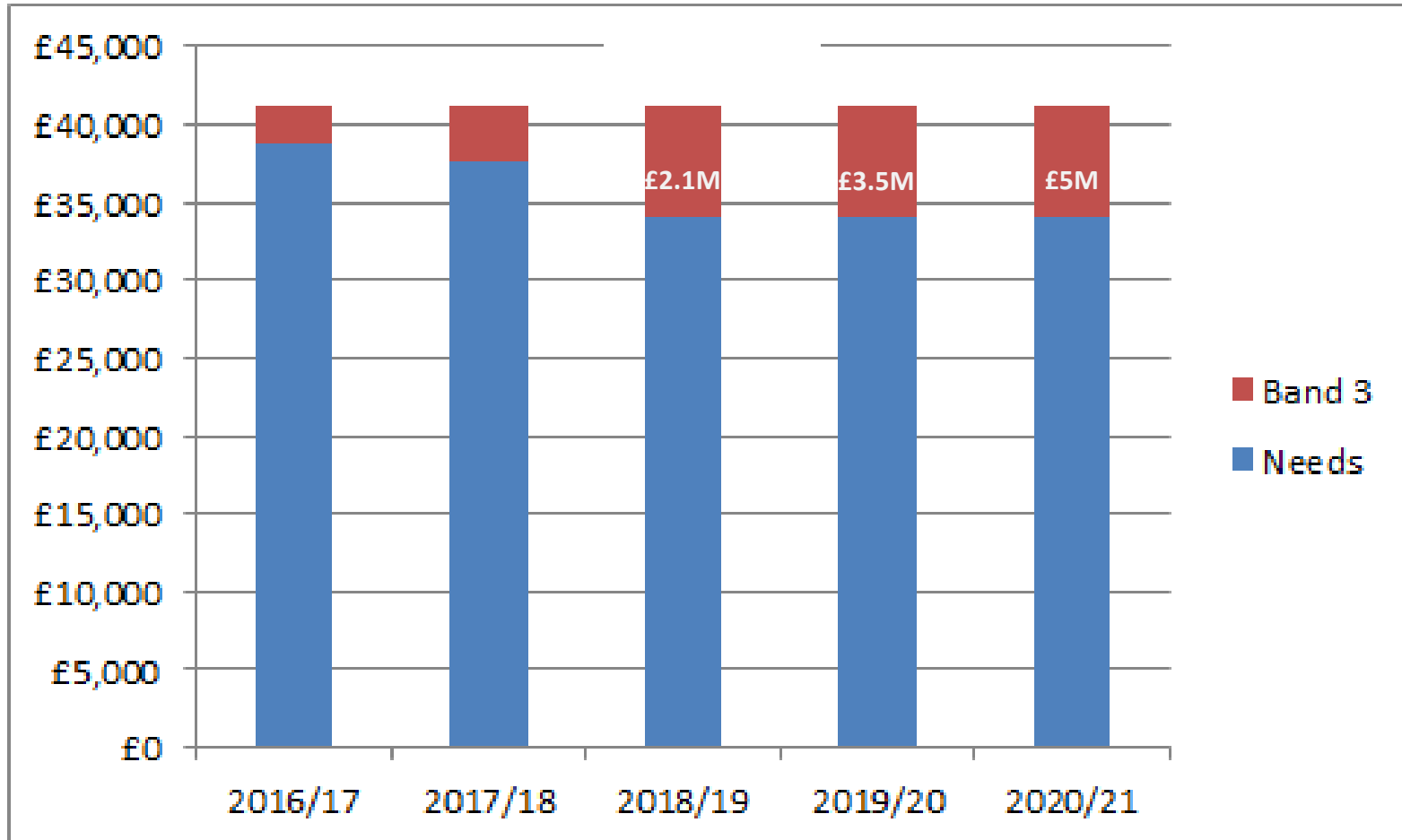
- £4.7 billion shared between 115 councils (**Needs-Based** formula)
- £575 million through a new **Challenge Fund** to help repair and maintain local highway infrastructure.
- £578 million set aside for an **Incentive Fund** scheme from 2015

Capital 'Needs' Allocation

Devon	£38,785,000
Cornwall UA	£20,796,000
Somerset	£20,640,000
Gloucestershire	£16,349,000
Wiltshire UA	£15,217,000
Dorset	£12,750,000
South Gloucestershire UA	£4,657,000
North Somerset UA	£3,678,000
Bristol, City of UA	£3,568,000
Bath and North East Somerset UA	£3,457,000
Swindon UA	£2,566,000
Plymouth UA	£2,132,000
Poole UA	£1,467,000
Torbay UA	£1,337,000
Bournemouth UA	£1,332,000

Capital 'Incentive Fund' – Band 3

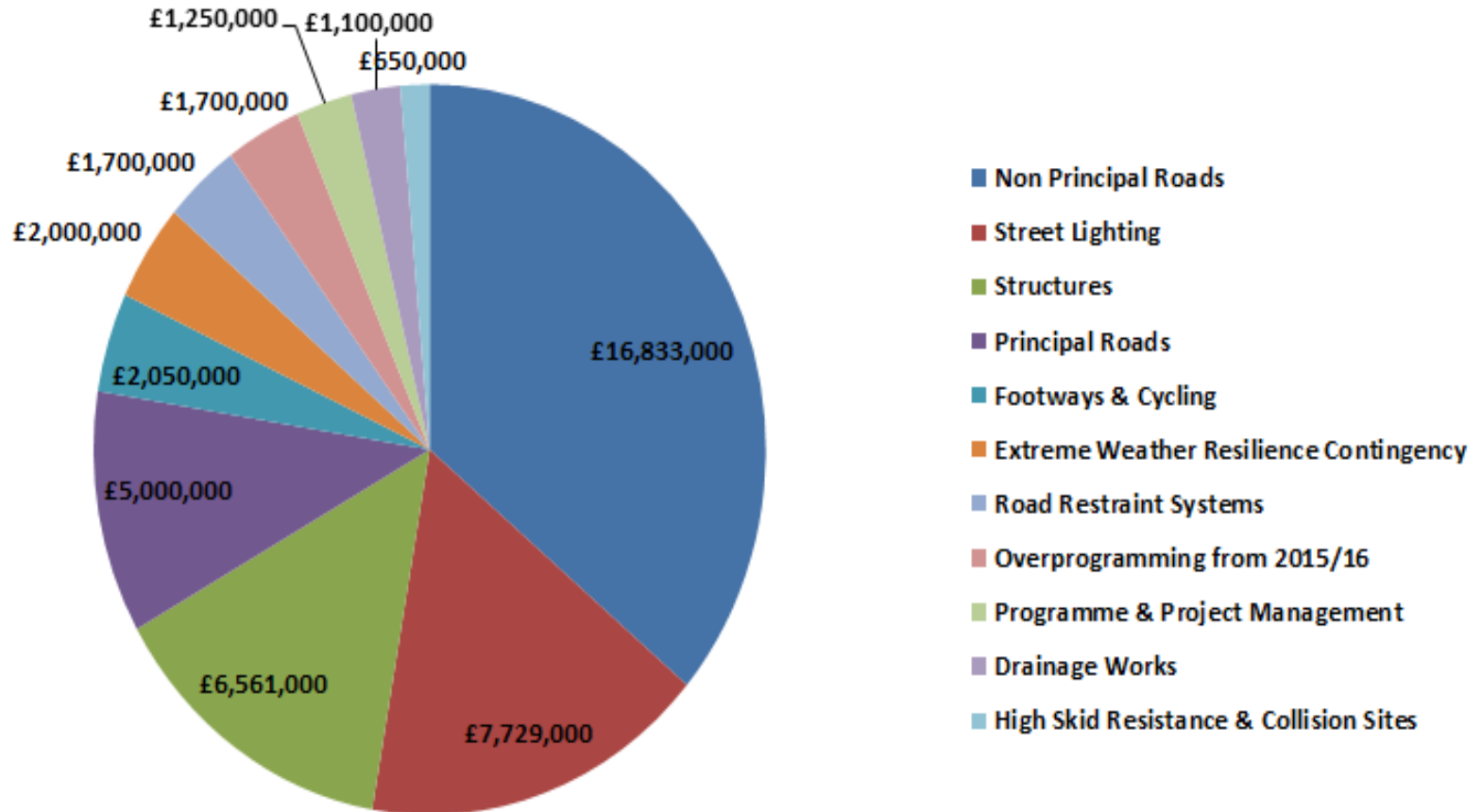
£55,000 Steady State all Assets



Capital 'Challenge Fund'

- Over £10M secured for Street lighting in 2015
- 24,000 lanterns converted to energy efficient alternatives by March 2018
- Replacement of 5,000 streetlamp columns
- Total savings estimated at £390,000 pa
- New challenge bid expected very soon.

Capital Budget (£46.6M) 2016/17

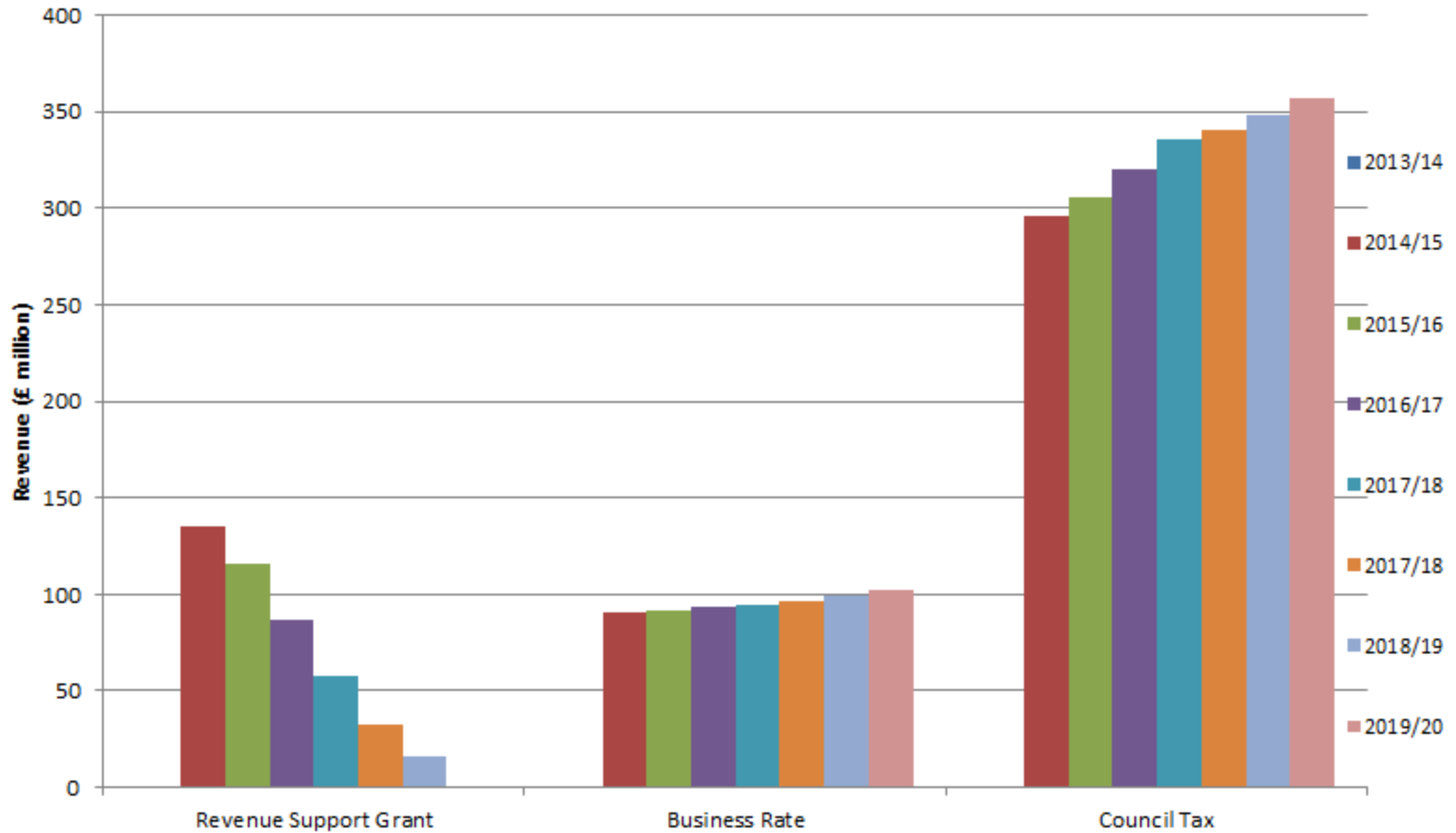


Capital Funding – 2017/18

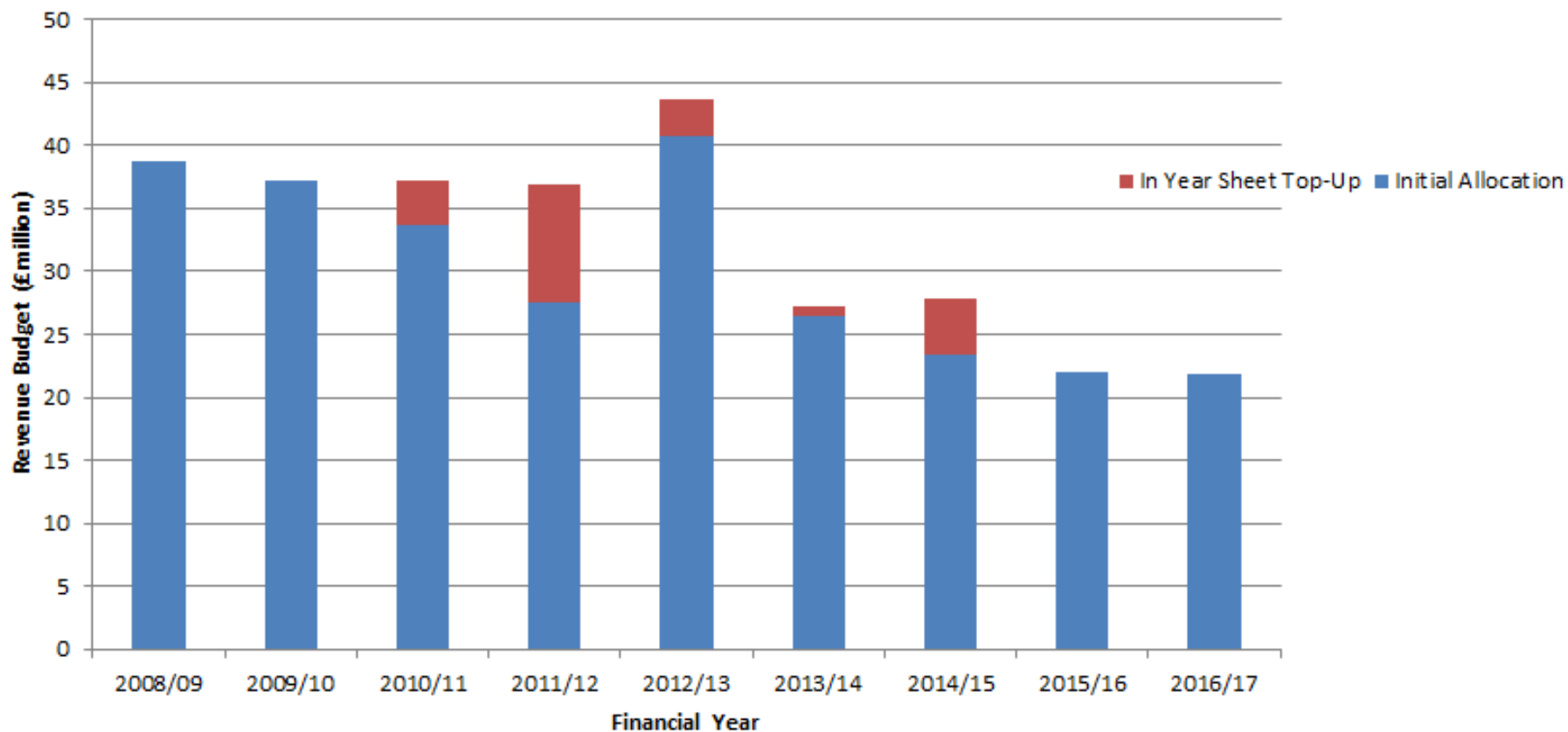
- Important to maintain Band 3 and maximise funding
- Apply for the Challenge Bid

Funding; Revenue – All Council Functions

Sources of Revenue Funding



Revenue Budget for Roads and Bridges

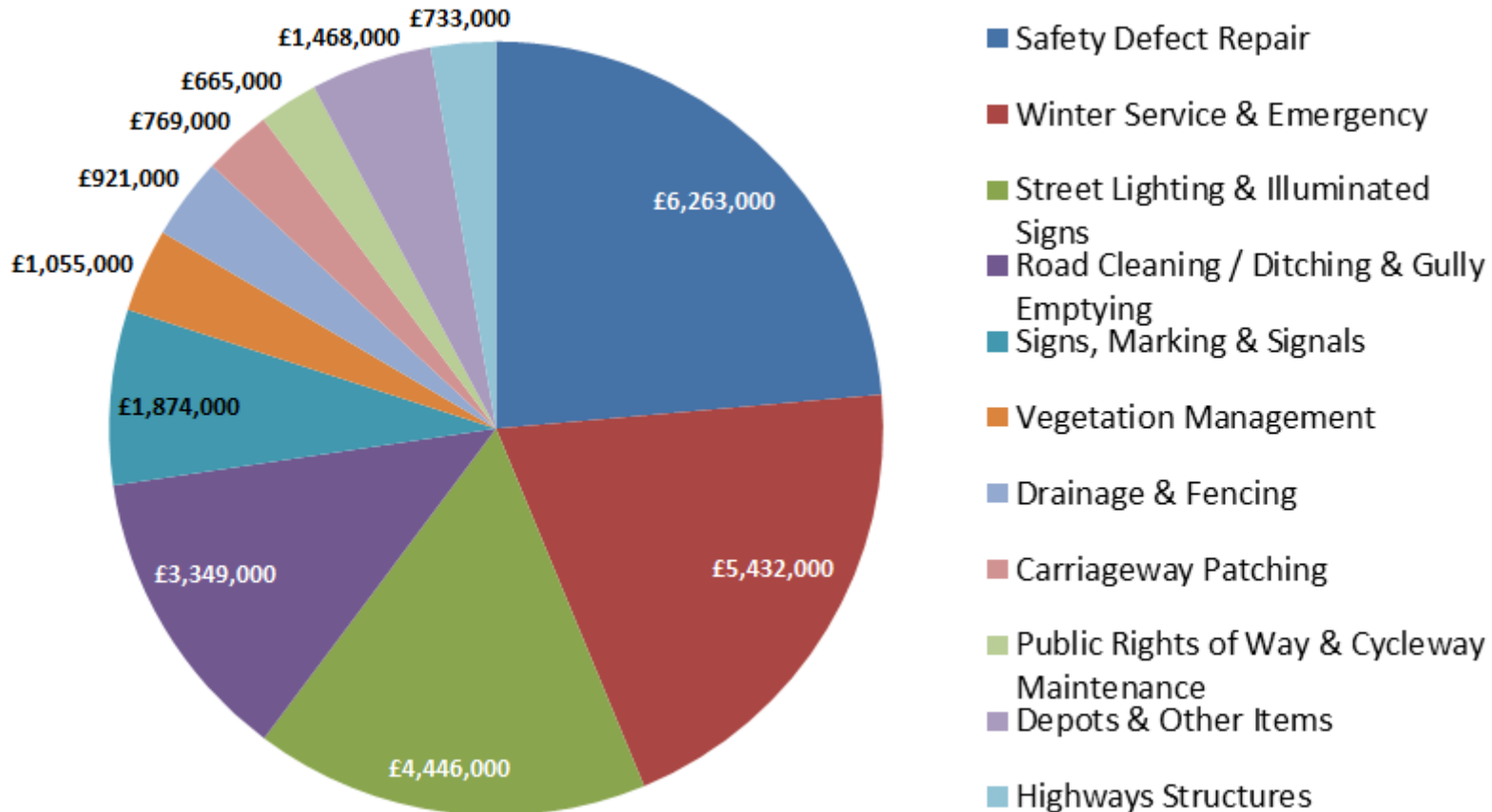


Revenue Funding - 2017/18

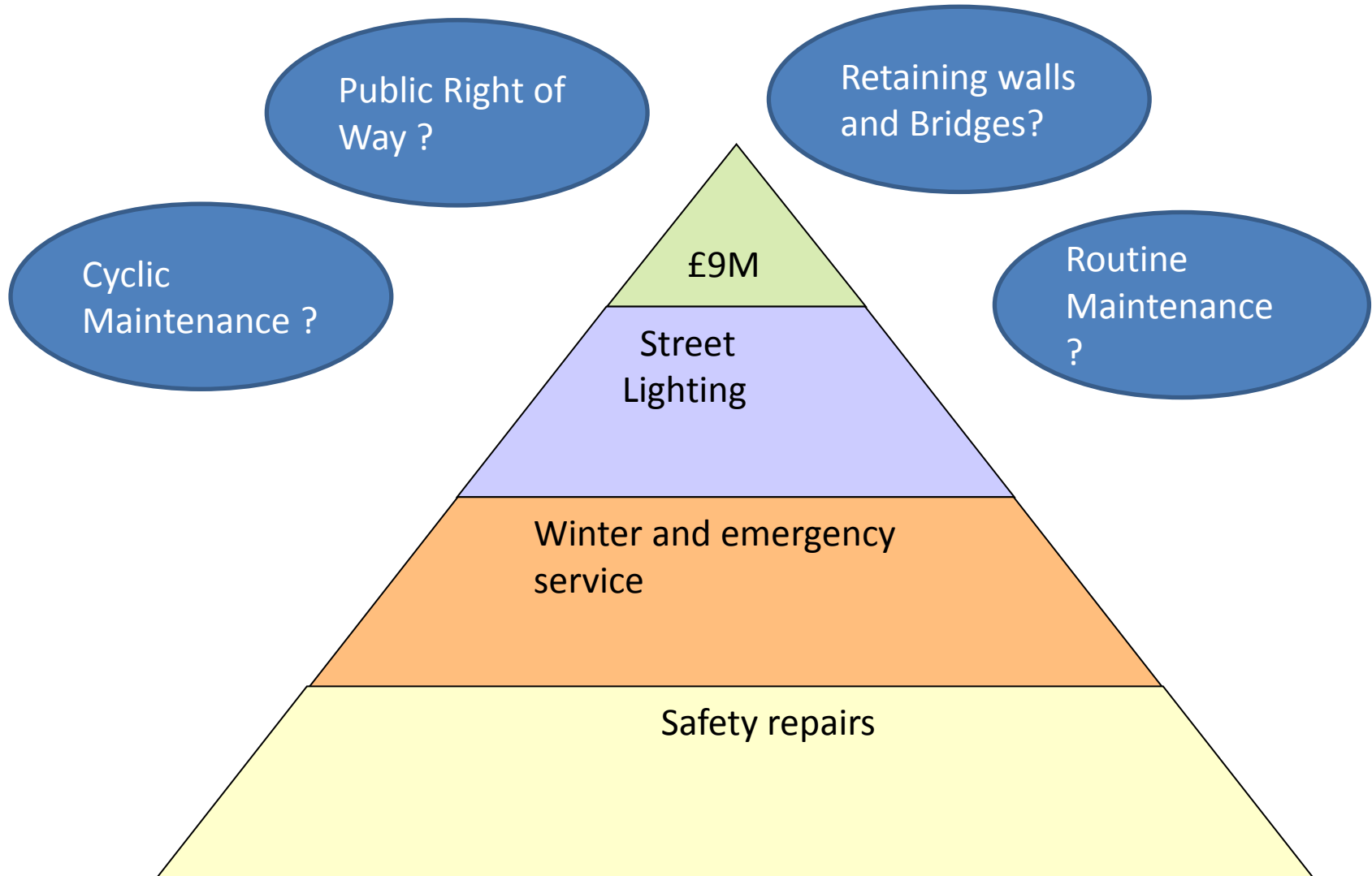
- Tough Choices - 2014
- Revenue Pressures however continue
- Revenue Support Grant decreasing
- Pressure on Adult / Children Services

- New Term Maintenance Contract Savings
- Mobilisation Costs (first year)

Revenue Budget (£26.9M) 2016/17



Building The Revenue Budget



In Summary

- Tough Decisions Ahead
 - Asset Management Approach
 - Spend the money we have wisely
 - Getting more for less
 - Community Engagement
- **Devon Highways Strategy.**
- Driving Efficiency,
 - Managing Demand,
 - Enabling Community Support.