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.
Asset Management

Carriageway Asset Life Cycle

Intervention before deterioration accelerates

Extend the life of the asset

Low Cost Repairs

High Cost Repairs

Asset Condition

Excellent

Good

Fair

Poor

Very poor

Failed

Time
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  Asset Management  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

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<thead>
<tr>
<th>Area</th>
<th>Allocation (£)</th>
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<tr>
<td>Devon</td>
<td>£38,785,000</td>
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<tr>
<td>Cornwall UA</td>
<td>£20,796,000</td>
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<td>Wiltshire UA</td>
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<td>Dorset</td>
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<td>North Somerset UA</td>
<td>£3,678,000</td>
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<tr>
<td>Bristol, City of UA</td>
<td>£3,568,000</td>
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<td>Bath and North East Somerset UA</td>
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<td>Swindon UA</td>
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<td>Plymouth UA</td>
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<td>Poole UA</td>
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<tr>
<td>Torbay UA</td>
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<tr>
<td>Bournemouth UA</td>
<td>£1,332,000</td>
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</table>
Capital ‘Incentive’ Fund (£578m)

To reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements (linked to good asset management and efficiencies).”

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<td>90%</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
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<tr>
<td>Band 3</td>
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<td>100%</td>
<td>100%</td>
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</tbody>
</table>
Capital ‘Incentive Fund’ – Band 3

£55,000

Steady State all Assets

£2.1M
£3.5M
£5M
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

- Non Principal Roads: £16,833,000
- Street Lighting: £550,000
- Structures: £2,050,000
- Principal Roads: £2,000,000
- Footways & Cycling: £1,700,000
- Extreme Weather Resilience Contingency: £1,700,000
- Overprogramming from 2015/16: £1,250,000
- Programme & Project Management: £6,561,000
- Drainage Works: £7,729,000
- High Skid Resistance & Collision Sites: £500,000
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 (£ million)

- Revenue Support Grant
- Business Rate
- Council Tax

Year: 2013/14 to 2019/20
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

- Safety Defect Repair: £6,263,000
- Winter Service & Emergency: £5,432,000
- Street Lighting & Illuminated Signs: £4,446,000
- Road Cleaning / Ditching & Gully Emptying: £3,349,000
- Signs, Marking & Signals: £1,874,000
- Vegetation Management: £1,055,000
- Drainage & Fencing: £921,000
- Carriageway Patching: £769,000
- Public Rights of Way & Cycleway Maintenance: £665,000
- Depots & Other Items: £733,000
- Highways Structures: £1,468,000
- Other: £69,000
- Total: £26,900,000
Building The Revenue Budget

- Public Right of Way?
- Retaining walls and Bridges?
- Cyclic Maintenance?
- Routine Maintenance?

£9M

Street Lighting

Winter and emergency service

Safety repairs
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.