

DRAFT

REPORT TO: POLICY & RESOURCES COMMITTEE – 25 FEBRUARY 2016

REPORT ON: REVIEW OF ROADS & STREET LIGHTING MAINTENANCE

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 52-2016

1 PURPOSE OF REPORT

- 1.1 This report seeks approval for adjustments to the funding of Roads and Street Lighting Maintenance in order to achieve efficiencies and savings.

2 RECOMMENDATION

- 2.1 It is recommended that;
- a £746k of revenue maintenance on Roads and Street Lighting is replaced by an equivalent level of capital investment to improve the long term asset base;
 - b revenue expenditure on Winter Maintenance is reduced by £178k due to new methods of working; and
 - c revenue expenditure on Roads and Street Lighting is further reduced by £431k in order to achieve greater efficiencies and balance in the management of the asset.

3 FINANCIAL IMPLICATIONS

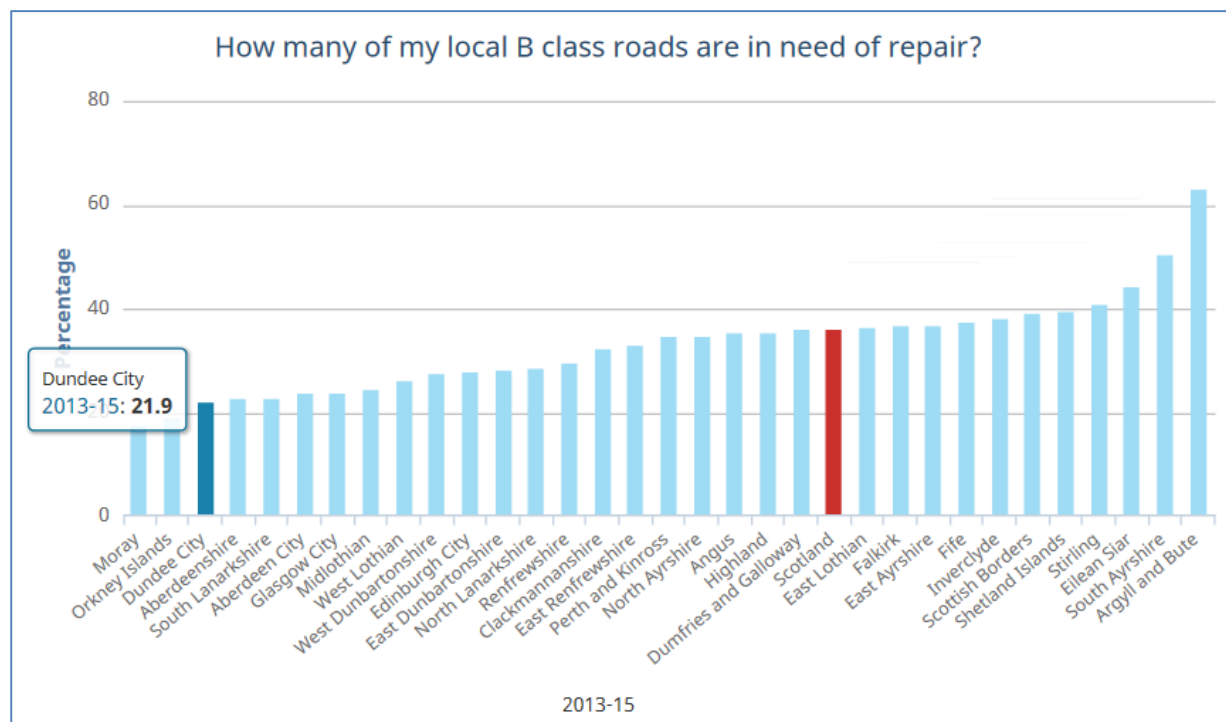
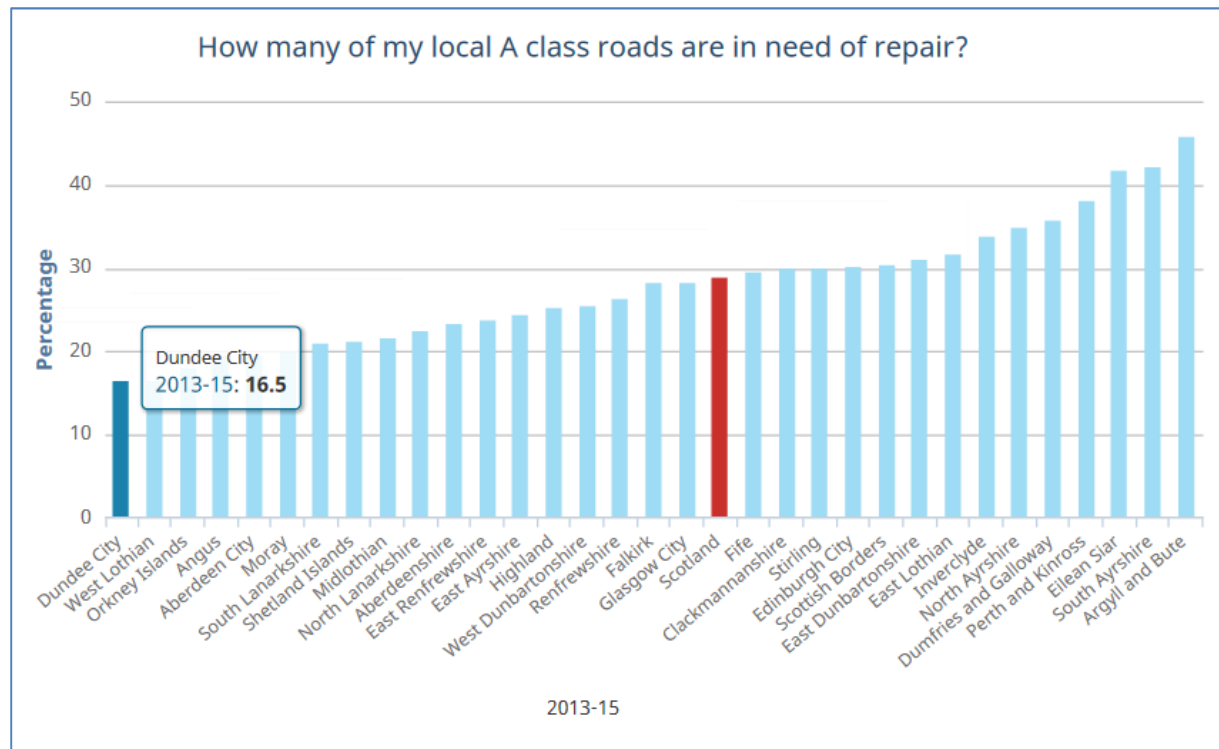
- 3.1 These proposals will result in a reduction of £1.355m in the revenue budgets for Roads & Street Lighting Maintenance. Included in this total is the transfer of £746k from revenue expenditure which will be added to the Capital Plan. The loan charges associated with the inclusion of this transfer are £55k, resulting in a net saving of £1.300m.

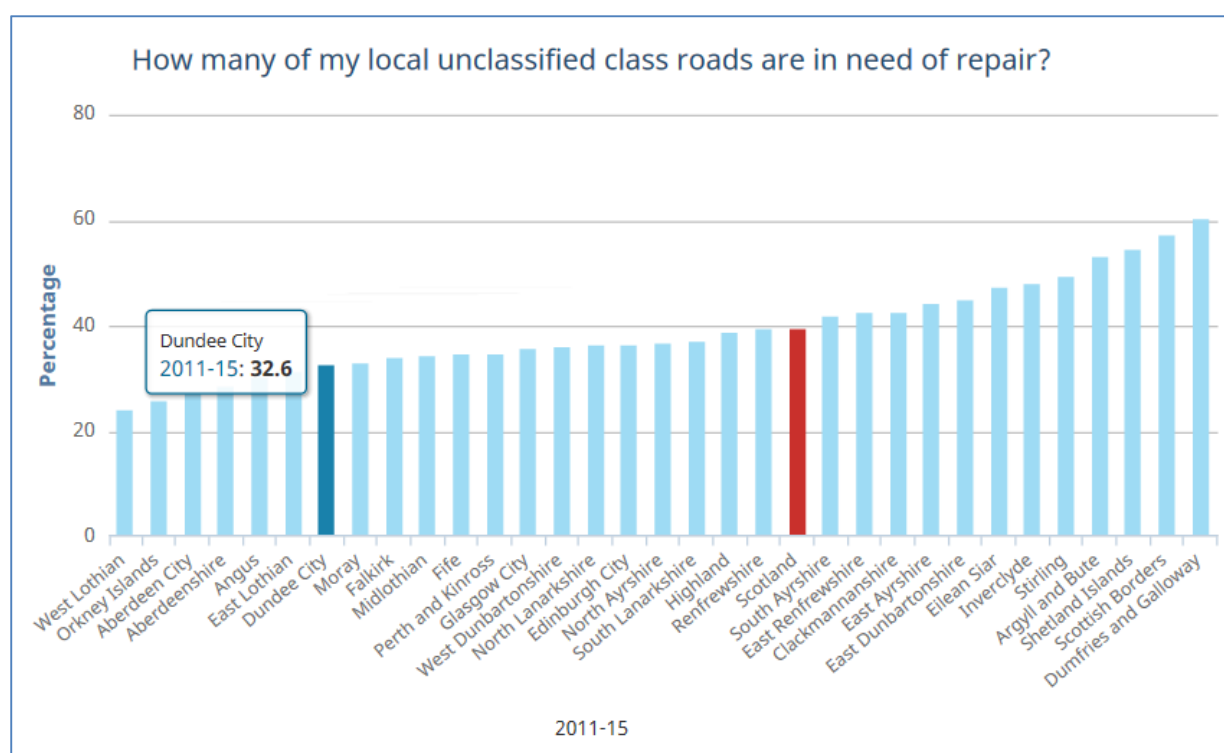
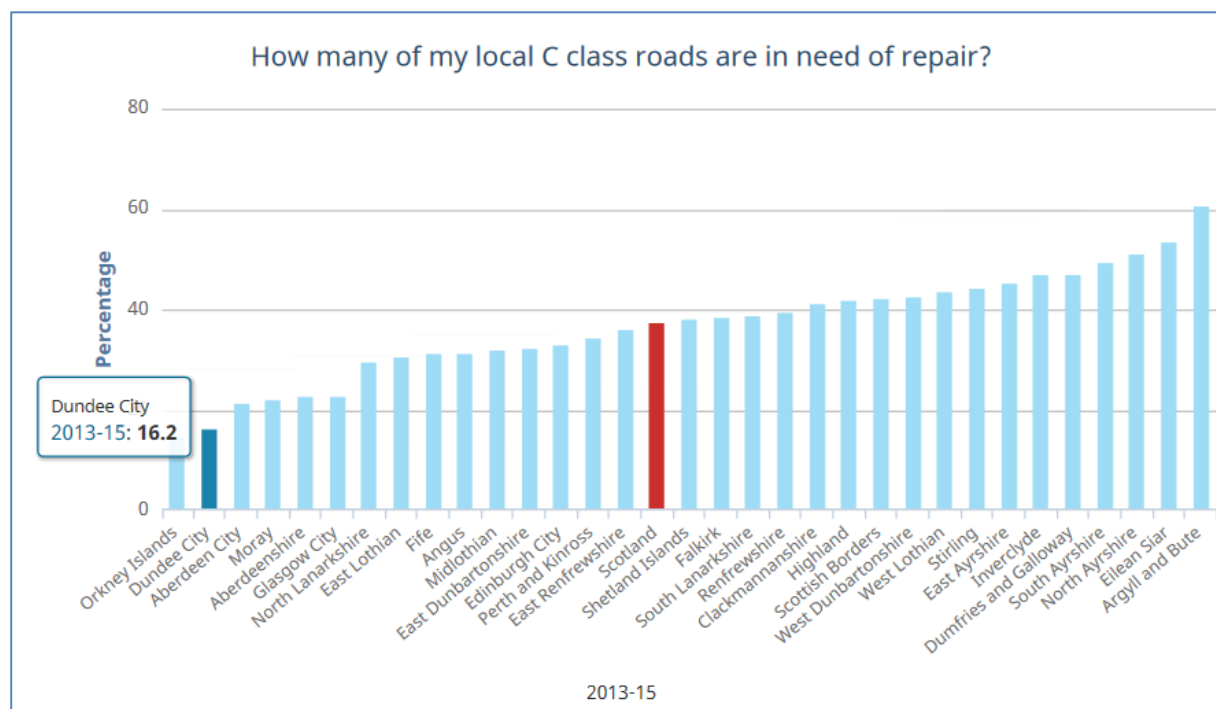
4 BACKGROUND

- 4.1 Recent experience within the Roads Maintenance and Street Lighting Partnerships has demonstrated that the more that expenditure can be focussed on capital investment, the greater long term benefit that can be gained through permanent repairs and upgrades of these assets. It is therefore proposed that £568k of revenue expenditure on roads and £178k of revenue expenditure on street lighting is transferred to capital expenditure. Therefore a total of £746k will be added to the Capital Plan at an annual borrowing cost of £55k.
- 4.2 Similar benefits can be achieved in the delivery of winter maintenance services through improved working practices which can be achieved via new gritting vehicles which use less salt for the same level of ice protection. The cost of this fleet modernisation can be covered by capital investment in plant by Tayside Contracts. In addition, further reductions in expenditure can be achieved through better management of salt stocks on a year to year basis. In total, revenue saving of £178k can be achieved through a combination of these measures to improve the efficiency of the winter maintenance service.
- 4.3 The condition of the overall roads assets in Dundee are regarded to be amongst the highest in Scotland. Benchmarking statistics published by the Local Government Benchmarking Framework for Scotland's Local Authorities highlight the following performance data for Dundee City Council;

Performance Indicator	National Average	Dundee City Council	Placing in League Table
A class roads in need of repair	29%	16.5%	1st
B class roads in need of repair	36.1%	21.9%	3rd
C class roads in need of repair	37.3%	16.2%	2nd
Unclassified roads in need of repair	39.3%	32.6%	7th

A comparison of this data with the other local authorities in Scotland is provided in graph form below.

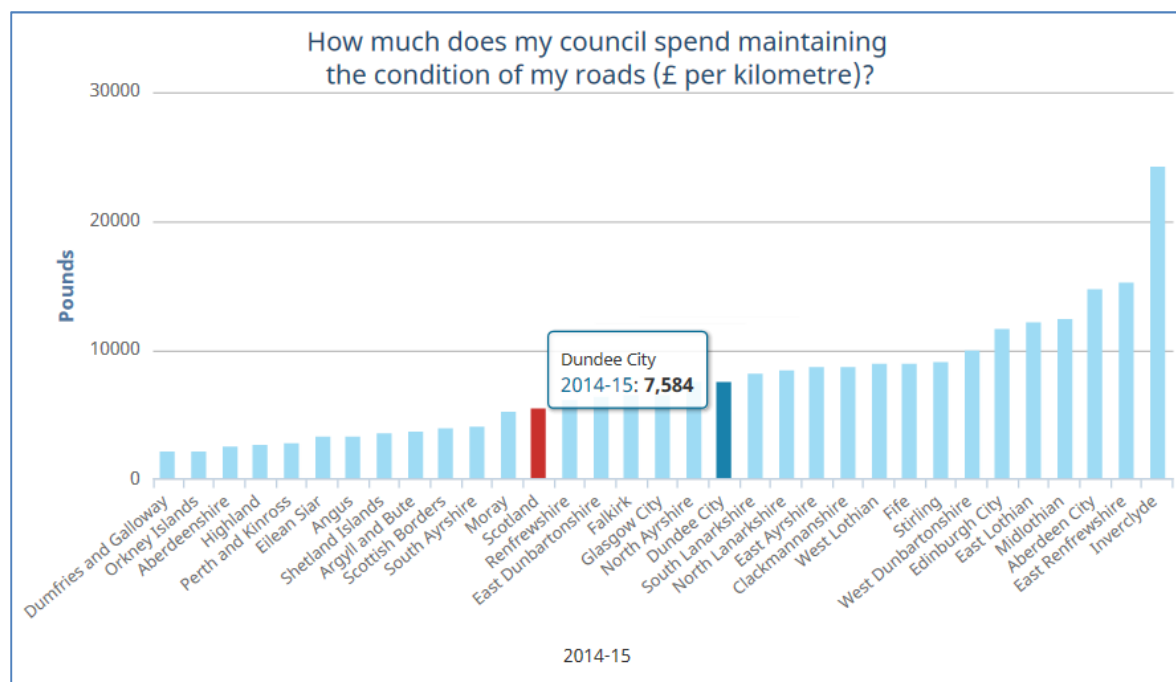




- 4.4 While this high level of performance is creditworthy, it comes at a cost and Dundee spends considerable more than the Scottish average on the maintenance of its roads assets. Benchmarking statistics published by the Local Government Benchmarking Framework for Scotland's Local Authorities highlight the following performance data for Dundee City Council;

Performance Indicator	National Average	Dundee City Council	Placing in League Table
£ per kilometre maintaining roads	£5,618	£7,584	21st

A comparison of this data with the other local authorities in Scotland is provided in graph form below.



- 4.5 Given the current constraints on revenue budgets, it is considered unsustainable to continue to expend such a relatively high level of the Council's available resources on maintaining what is an exceptionally high level of performance in comparison with the rest of Scotland. It is therefore recommended that a manageable reduction be applied to the overall revenue expenditure on roads & street lighting maintenance on the basis that, while this will result in an overall reduction in the condition of the Council's roads assets, this will not result in a critical deterioration of our road network or street lighting and will bring it more in line with that of the national average. It is, therefore, proposed that the roads maintenance budget be reduced by £339k and the street lighting budget by £92k, giving a total saving of £431k.
- 4.6 It should be noted that these revenue savings will have a level of impact on operational and routine maintenance and they will affect the number of repairs to Roads and Street Lighting assets, and this could potentially increase the number of public complaints and possible public liability claims. However, this impact is regarded to proportionate and manageable when compared with experience in other Scottish Councils. It should also be noted that the capital spend on roads maintenance will be increased to £3.6m in 2016/17 and that a 'spend to save' initiative is being drawn up for added capital investment in street lighting over the next 3 to 5 years.
- 4.7 The savings include one Voluntary Early Retirement from the Council within the Roads Maintenance Partnership. There are no further staffing impacts as a result of this saving, either within Dundee City Council or Tayside Contracts.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

- 6.1 The Chief Executive, the Director of Corporate Services, Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

7.1 None.

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