

Perth & Kinross Council

Maintaining Scotland's roads : follow up



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Introduction

Background

1. The Scottish road network is the largest and most valuable asset that councils and Transport Scotland have. It is estimated that the 56,000 kilometres (km) of local and trunk roads within Scotland translate into a value in excess of £38 billion. Perth and Kinross Council (the Council) is responsible for a local road network of 2,427 km with a gross replacement value of £1.9 billion before the value of its associated infrastructure is included.
2. *Maintaining Scotland's roads: a follow-up report* was published by the Auditor General and the Accounts Commission in February 2011. The report examined progress made by councils and Transport Scotland in implementing recommendations contained in a previous report on road maintenance published in 2004. It reviewed how the condition of the road network had changed since 2004, how much was being spent on road maintenance and how road maintenance was being managed.
3. Key messages from the report published in February 2011 were that:
 - the condition of Scotland's roads had worsened over the six years since publication of the 2004 report with only 63% of roads in an acceptable condition in 2010. By 2010, the cost of the maintenance backlog had also increased to £2.25 billion, £1 billion more than in 2004
 - limited progress had been made in implementing the recommendations made in 2004 for improving the management of road maintenance. Few councils had adopted partnership working to address road maintenance issues, only a third had completed road asset management plans, and there was a need for better information on costs and performance
 - a total of £654 million (2009/10) was spent on maintaining Scotland's roads, with councils spending £492 million whilst Transport Scotland spent £162 million on trunk road maintenance. The Society of Chief Officers of Transportation in Scotland (SCOTS) estimated that councils need to spend an additional £45 million each year for the next decade to maintain roads in their existing condition
4. Several recommendations were outlined in the February 2011 report for councils. The key recommendations included that councils should:
 - review the 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
 - work with Transport Scotland to consider all opportunities for achieving more with the resources currently available, by exploring new ways of working, such as service reconfiguration, pooling and flexible use of resources and partnership working between councils and with the private sector

- demonstrate that the best use is being made of resources currently available, through benchmarking and improved performance management and reporting
- respond fully, as a matter of urgency, to the recommendations made in the 2004 report, and in particular ensure that:
 - all information is available to allow effective asset management to take place
 - a consistent way of costing total road maintenance backlog is used across councils.
 - the council fully support Society of Chief Officers of Transportation in Scotland's (SCOTS) road asset management project and have a road asset management plan in place no later than the end of 2011
 - the council adopt the suite of performance indicators developed by SCOTS
 - the council make greater efforts to benchmark road maintenance activities with other councils and the private sector in order to drive out cost efficiencies
 - the council seek to develop a costed model for shared services
- ensure that information on maintenance backlog and road condition is reported regularly to elected members and the public.

National Road Maintenance Review

5. The Scottish Government announced a national review of roads maintenance in February 2011 in response to the Audit Scotland national follow-up report. The purpose of the review was to identify how those responsible for, and working in, Scotland's roads maintenance sector can deliver efficiently managed roads for all within the budgets available, and to identify opportunities for innovation and collaborative working.
6. An interim report on the review was published in November 2011 setting out the developments to current practices needed to demonstrate efficiency and effectiveness (for example robust asset management planning and appropriate outcome-focused key performance indicators) and the areas which would strengthen the business case of roads authorities when requesting additional funding. Thirty options to assist change have been put forward for agreement and implementation. The final report was published in June 2012.

Audit Scotland's approach to follow-up work

7. Audit Scotland agreed in 2010 to undertake targeted follow-up of a small number of performance audit reports each year to promote local impact and assess how far individual public bodies have improved performance as a result of selected, relevant national performance audits. The results of these targeted follow-ups will be reported to clients and stakeholders in order to reinforce or encourage improvements in performance, and to ensure that the full impact of our national performance reports is realised.

Aim of targeted follow-up work on roads maintenance

8. *Maintaining Scotland's roads: a follow-up report* has been selected for targeted follow-up in 2011/12. The aim of this work is to assess the progress made by Scottish councils in improving their management of road maintenance, focusing on road asset management planning, performance management and maximising value for money.
9. Our review considered the following questions:
 - how did the council respond to the *Maintaining Scotland's roads: a follow-up report* following publication?
 - does the council have appropriate plans in place to drive road maintenance activities?
 - how does the council manage the performance of its road maintenance activities?
 - what is the council doing to maximise value for money in its road maintenance service?

Reporting our follow up work

10. This report summarises the findings from our review and areas for improvement.
11. Communication of issues arising from this audit does not absolve management from its responsibility to address the issues raised and maintain an adequate system of governance, internal control and performance management around road maintenance activities.
12. The factual content of this report and the management actions contained in Appendix 1 have been agreed with the appropriate officers. The co-operation and assistance given to audit staff during the review are gratefully acknowledged.

Findings

Response to the national report

13. The initial Maintaining Scotland's Roads report was discussed by the Enterprise and Infrastructure Committee in December 2004. However, the *Maintaining Scotland's roads: a follow-up* report issued in February 2011 was not formally considered by members although it was the subject of informal discussions by Road Service Managers.

Action Plan No. 1

14. The Council is currently focussing efforts on the National Road Maintenance Review (NRMR) work and implementing associated recommendations. These recommendations include: improving customer engagement; benchmarking; promoting opportunities for innovation; collaborative working; and sharing of services together with securing the best use of finite resources. Officers advised that as the focus of work moved to NRMR this effectively deferred progress on areas of work related to the 2004 Report.

Plans for road maintenance activities

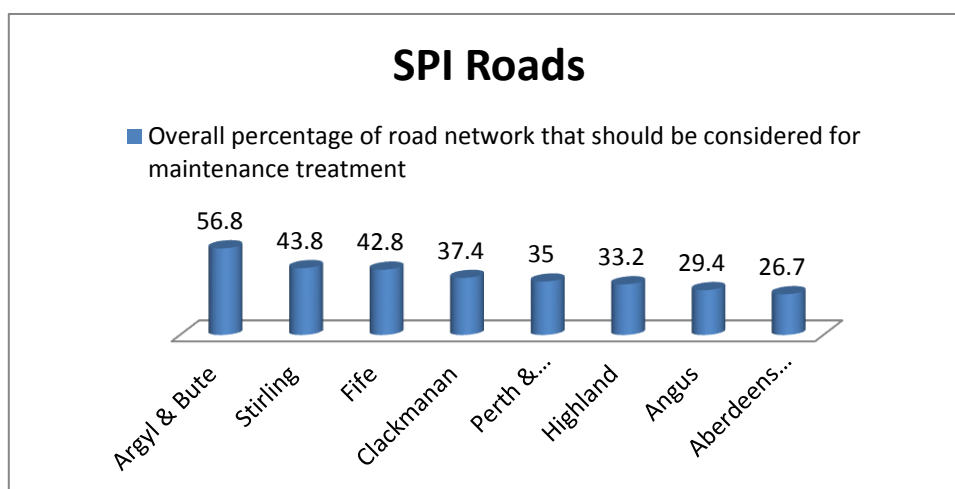
15. The Roads (Scotland) Act 1984 and Road Traffic Act 1988 place duties on councils to manage and maintain all public roads in their area and undertake a programme of measures designed to promote road safety. In addition, under the Local Government in Scotland Act 2003, the Council has a statutory duty to deliver best value in its services.
16. The Council's Single Outcome Agreement (SOA) recognises that proper maintenance of Scotland's roads is vital for economic prosperity and for the quality of life of its people, for example, through the area having improved infrastructure and transport links. Appropriate plans for maintaining roads contribute to the delivery of SOA objectives by providing sustainable infrastructure and making public services more efficient and effective.
17. Audit Scotland national report recommended that Road Asset Management Plans (RAMP) be in place by the end of 2011. The Council is currently developing its RAMP in accordance with the Society of Chief Officers of Transportation in Scotland (SCOTS) project and in line with the CIPFA Code of Practice.
18. We noted that the majority of sections within the draft RAMP are substantially complete and are compliant with SCOTS's minimum requirements. Work is on-going and we have been assured that the RAMP will be finalised following the publication of the Community Planning Partnership's Strategic Plan, revision of the scheme of delegation and approval of the corporate asset management plan. The Council is also drafting a road maintenance strategy.

Action Plan No. 2

Managing performance of road maintenance activities

19. The February 2011 national report recommended that councils demonstrate the best use is being made of resources currently available, through benchmarking and improved performance management and reporting.
20. SCOTS have developed, as part of the road asset management project, a suite of performance indicators for councils to use. This work aims to create more consistency to allow benchmarking to take place. It includes the use of core and secondary indicators, and statistical measures in areas such as customer service, network condition and finance. SCOTS plans to collect this information annually but recognises that not all councils currently have systems in place to support the compilation of all indicators. However, as a minimum, councils are expected to complete information relating to the core performance indicators.
21. The SCOTS core and secondary performance indicators have been fully adopted by the Council together with other statistical indicators to manage road maintenance and enable benchmarking with other Scottish local authorities.
22. Due to a lag in SCOTS indicator results being widely available, detailed comparisons with other councils has not been carried out therefore opportunities to establish areas of good practice and identify areas with scope for improvement in road maintenance performance have been limited.
23. Information service performance indicators, maintenance backlog and road condition is regularly reported to the Environment and Infrastructure Committee. Further performance information is reported annually in *The Environment Service Business Management and Improvement Plan*. The Council is reporting an on-going reduction in fatalities and injuries in its aim to ensure road safety for all road users.
24. As shown in figure 1, the percentage of the road network that should be considered for maintenance treatment compares favourably with other comparable authorities.

Figure 1- Statutory Performance Indicators 2011 (Roads)



25. The Scottish Road Maintenance Condition Survey, however, indicates a 'worsening' of the road condition in Scotland with an increase in the maintenance backlog nationally of 12.9%. The backlog at Perth & Kinross compares favourably with the national figure with an increase of 4.9% in 2011 (see Figure 2), although it is also on an upward trend. The Council is developing a road maintenance strategy to address carriageway condition and prioritise activity.

Action Plan No. 3

Figure 2 - Maintenance backlog

Area	Network Length (km)	Backlog 2010 £ million	Backlog 2011 £ million	Increase % age
Perth & Kinross	2,427	59.8	62.8	4.9
Scotland	52,272	1,539	1,729	12.3

Maximising value for money

26. The Council is currently focussing efforts on the National Road Maintenance Review work and implementing the associated recommendations. It also participates in the National Road Maintenance Review workshops, attends the Transport Scotland Collaborative Opportunities Workshops and participates in SCOTS Road Asset Management forums. As part of the National Road Maintenance Review there is a continuing opportunity to monitor the market with respect to shared services and adopting new materials as part of on-going maintenance.
27. The Council's Road Services has recently carried out a review of its structure to enable it to deliver efficient and effective services and a number of other initiatives are in place at the Council to deliver efficiencies and improvements including:
- improved procurement through the use of annual tenders
 - increased adoption of innovative resurfacing and road treatment techniques
 - reduction of waste and landfill costs through recycling
28. A significant initiative is the new Road Maintenance Partnership agreement with Tayside Contracts which was established in April 2012 for a three year trial period. Council staff involved in road maintenance have been relocated to one depot and effectively integrated as a partnership with the Tayside Contract workforce. The rationale for this partnership was to increase the knowledge base on technical road maintenance issues, reduce bureaucracy and produce efficiencies. We have been advised that performance information is discussed at the Partnership Board meetings to ensure that the objectives of the Partnership are being met. The results and benefits of this trial period will be periodically reported to committee.
29. As many of the above initiatives have yet to be fully embedded it is too early to assess any benefits arising to the Council.

Appendix 1: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	13	<p>The <i>Maintaining Scotland's roads: a follow-up</i> report issued in February 2011 was not formally considered by members or officers.</p> <p><i>Risk: The key messages, recommendations and best practice included in the follow up report have not been considered nor any required actions taken.</i></p>	<p>This is being developed as part of the RAMP and Road Maintenance Strategy and following approved governance processes will be considered by Committee</p> <p>Many of the actions were superseded by the on-going national road maintenance review which will be reported to committee in due course.</p>	Corporate Asset Management Team Leader (Graeme Ferguson) and Deputy Road Maintenance Partnership Manager (Stuart D'All)	2nd Quarter of 2013
2.	18	<p>Audit Scotland national report recommended that Road Asset Management Plans (RAMP) be in place by the end of 2011. The Council is still in the process of developing its Road Asset Management Plan.</p> <p><i>Risk: The Council can not demonstrate best value in roads management and there may be an increased risk of non compliance with legal obligations or policy direction.</i></p>	<p>As above. The RAMP is being developed as part of the Society of Chief Officers for Transportation (SCOTS) national project.</p>	Corporate Asset Management Team Leader (Graeme Ferguson)	2nd Quarter of 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
4.	25	<p>Whilst the backlog maintenance at the Council compares favourably with the national position it is on an upward trend.</p> <p><i>Risk: the Council will be unable to manage and maintain public roads in the area in line with statutory requirements</i></p>	<p>The Council is recognised nationally as a driving force for road maintenance. The Road Maintenance Strategy and RAMP will support future directed spend and provide detailed budget requirement for the Council's consideration.</p>	Corporate Asset Management Team Leader (Graeme Ferguson) and Deputy Road Maintenance Partnership Manager (Stuart D'All)	Last quarter of 2013
			<p>The continued utilisation of appropriate new surface treatments will extend the life of the asset at less cost.</p> <p>The Roads Maintenance Partnership will continue to examine all potential efficiency measures to maximise the use of available resources.</p>	Deputy Road Maintenance Partnership Manager (Stuart D'All)	Ongoing