

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 MAY 2020		
TITLE:	RE-PROFILING OF £9M CAPITAL INVESTMENT IN HIGHWAY MAINTENANCE		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	ENVIRONMENTAL AND COMMERCIAL SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	ANDY EDWARDS	TEL:	0118 937 3458
JOB TITLE:	ASSISTANT DIRECTOR OF ENVIRONMENTAL AND COMMERCIAL SERVICES	E-MAIL:	andrew.edwards@reading.gov.uk

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To provide an update on the £9m capital investment in the Highways Maintenance programme and seek approval for a reprofiling of the project given the current Covid-19 emergency situation.

2 RECOMMENDED ACTION

- 2.1 That Option 1 is taken forward which recommends a reduced Year 1 programme of £1.5m, with the balance of £7.5m being delivered over Years 2 & 3 subject to capital funding remaining available.

3.0 POLICY CONTEXT

- 3.1 The Council's Medium Term Financial Strategy sets out a £9m (over 3 years) capital investment programme in Reading's local residential road and pavement network.
- 3.2 A report on the above programme was due to be considered for approval at the Strategic Environment, Planning and Transport (SEPT) Committee meeting planned for Monday 16th March 2020. The report outlined the £9m 2020-2023 capital investment into minor residential roads and pavements resurfacing programme and sought spend approval. The SEPT meeting was cancelled, following Government restrictions put in place as a result of the COVID 19 outbreak.
- 3.3 The report (referred to in 3.2 above and other delayed reports) were presented to the Chief Executive for consideration. The full £9M 3-year programme spend recommendation was approved; Decision Notice 589 dated 8th April 2020 applies.
- 3.4 The pandemic has had an impact on the delivery of the proposed Programme. This report sets out those impacts and proposes an amended scheme and reprofiled spend.

4.0 BACKGROUND

- 4.1 Since the approval of the Capital Programme and subsequent Decision Book report 589, Highways Officers have finalised the list of residential roads and pavements proposed to be resurfaced in the originally planned Year 1 of the programme, taking into account the road assessment priorities, known utility works and planned developments.
- 4.2 Based on an initial £3million expenditure in year 1 and using last financial year's cost rates (2019/20), an estimate of the numbers of roads and pavements that could be resurfaced in Year 1 was produced. In addition, a reserve list of residential roads and pavements that could also be resurfaced in Year 1, should the tender rates be favourable was also prepared.
- 4.3 The £3million expenditure in year 1 was to include £2 million on contracted micro asphalt surfacing. The balance of £500k on pre-patching before the surfacing and £500k on footway improvements, were both to be undertaken using Council's internal Highways Team.
- 4.4 It is anticipated, following early discussions with potential contractors, that it is unlikely the works contracted will be able to be commenced until late May/early June, as a result of the restrictions currently in place for COVID 19. This is due to the increased number of parked cars in our residential roads not moving during the day and night making it impractical for the contractor to resurface roads without requiring the public to move large numbers of cars during the lockdown / restrictions period.
- 4.5 Once it is known when the restrictions are lifted or amended, contractors have advised that they could quickly be in a position to start the programmed surfacing works. The window to carry out this programme will be open this year until the end of October before weather conditions deteriorate and could reopen again in March 2021. It is anticipated that a window of 10-14 weeks would be required to deliver the surfacing element of Year 1 of the programme. Traffic Management capabilities have an impact on the number of road closures per day possible and therefore work rate, which could impinge on the pace of the project if the timescale was significantly reduced.
- 4.6 Pre-patching works by our internal Highways Team could still be completed (subject to staff not needing to be redeployed to COVID 19 priority tasks), so that as soon as the restrictions are lifted or amended the contractor could be deployed to start. Most of the patching is likely to be in the centre of the road as this is where most vehicles run and therefore the area that deteriorates most quickly. If there are any areas that officers are unable to patch due to parked vehicles it will be patched prior to the start of the contract.
- 4.7 The contract will need to be awarded with a longer completion date to enable Year 1 delivery to be completed. Under normal circumstances officers would expect Year 1 to be completed by a set date, for example no later than the end of March 2021. This is to ensure the work is carried out in a timely fashion and would keep each year of this programme in separate financial years. In this instance officers are proposing allowing additional time for completion of Year 1 as, at present, there is uncertainty as to when the current restrictions will be lifted or amended.
- 4.8 In light of the uncertainty of when COVID 19 restrictions presently in place will end, it is recommended that this option is no longer feasible to deliver in full in Year 1.

5.0 WAY FORWARD:

- 5.1 There are a number of options to consider taking into the account the current situation caused by the pandemic:

5.2 Option 1 - Reduce the Contract value of the minor road surfacing in year 1 (2020/21) to £ 1M with reduction to £ 0.25M pre-patching and reduced pavements / footways programme to £ 0.25M. Total Year 1 value £1.5m. Increase Year 2 & 3 to £3.75m each year subject to capital funding being available

- This proposal will reduce the area of surfacing and number of roads & pavements / footways that can be resurfaced by approx. 50% but will provide a manageable programme should Covid 19 restrictions persist to later this year.
- It would still follow the contract tender preparation timescales being worked to for the current planned programme. A decision could be made on whether to award a reduced spend contract in May based on the latest information known on the COVID 19 implications at that time.
- The likelihood of delivering a 50% reduced programme in late Autumn would be more realistic and manageable with any slippage completed early Spring in March 2021.
- This option also reduces the risk of causing too much traffic disruption by avoiding squeezing a full programme of works into a condensed timeframe.
- This keeps contract programmes within separate financial years and delivers half of the agreed year 1 investment.
- It should be noted that the current condition of residential (unclassified) roads that were originally included in year 1 will continue to deteriorate reducing the expected improvement in overall road condition.
- A reduced programme may see the cost per m² rate increasing thereby reducing the total surfacing area and number of roads than can be resurfaced, which will reduce the expected improvement in road condition.
- The revised programme will provide flexibility should the Council need to review its capital expenditure plans as a result of COVID 19.

5.3 Option 2 - Delay contract award by 1 year and deliver over 3-year period (2021/22 to 2023/24)

- Benefit would be that the Project Engineer can work on a single longer-term contract including the full programme of resurfacing and the Engineering team will have time to deliver the programme as effectively as possible and look to collaborate with the term contractor to include innovative practices and solutions in the term contract.
- The current condition of residential (unclassified) roads will however continue to deteriorate reducing the expected improvement in the residential road condition.
- The cost of £m² rate may increase thereby reducing the number of roads than can be resurfaced, which will reduce the expected improvement in residential road condition.
- No delivery of any residential (unclassified) roads or pavement improvements in current financial year - original Year 1 of programme

5.4 Option 3 - Delay contract award by 1 year and deliver £9m programme over 2-year period (2021/22 to 2022/23)

- Benefit would be that the Project Engineer can work on a single longer-term contract including full programme of resurfacing and the Engineering team will have time to deliver the programme as effectively as possible and look to collaborate with the term contractor to include innovative practices and solutions in the term contract.
- The current condition of residential (unclassified) roads will however continue to deteriorate reducing the expected improvement in the residential road condition
- The cost of £m² rate may increase thereby reducing the number of roads than can be resurfaced, which will reduce the expected improvement in residential road condition.

- Increased volume / number of roads compressed into 2 years will cause increased disruption on the highway network (closing more roads at the same time, moving cars etc.).
- No delivery of any residential (unclassified) roads or pavement improvements in current financial year - original Year 1 of programme.

5.5 Option 4 - Delay contract award by 1 year and deliver a reduced contract value over 2-year period (2021/22 to 2022/23)

- Benefit would be that the Project Engineer can work on a single longer-term contract including full programme of resurfacing and the Engineering team will have time to deliver the programme as effectively as possible and look to collaborate with the term contractor to include innovative practices and solutions in the term contract.
- The current condition of residential (unclassified) roads will however continue to deteriorate reducing the expected improvement in the residential road condition
- The cost of £m2 rate may increase thereby reducing the number of roads than can be resurfaced, which will reduce the expected improvement in residential road condition.
- The reduced residential (unclassified) road surfacing programme will result in the residential condition of unclassified roads not improving as much as they would with the larger original programme.
- Public have been informed of the £9M programme and are expecting to see a significant improvement in the overall road condition.
- No delivery of any residential (unclassified) roads or pavement improvements in current financial year - original Year 1 of programme.

5.6 All delayed options (2, 3 and 4) will likely see the presently projected improvement in residential road condition reduced in actual terms and further deterioration in residential (unclassified) roads over any period of delay.

6.0 FINANCIAL IMPLICATIONS

6.1 The Proposed £9m 3-year Highway Maintenance investment funding was agreed as part of the Council's Capital Programme, which was approved at Full Council at the end of February 2020.

6.2 The Proposed Highway Maintenance Programme 2020/2021 will be fully funded by the Councils £9M 3-year Capital Investment.

6.3 The Proposed Re-Profiling option will reduce the borrowing requirement in 2020/21 and the expenditure profile will be re-profiled across the 3 year MTFS.

6.4 Delivery of the full £9M 3 Year programme will be subject to a review of affordability, as the Council considers its financial situation following the pandemic.

7.0 CONTRIBUTION TO STRATEGIC AIMS

7.1 The Council has adopted a Strategic Framework (March 2020) which sets out the Council's key priorities including:

- To keep social care services running for the children and adults who need them;
- To support vulnerable and isolated people during the crisis;
- To support business and the economy, which will secure the long term recovery of Reading.

8.0 COMMUNITY ENGAGEMENT AND INFORMATION

8.1 A full communications plan will be developed alongside implementation.

9.0 EQUALITY IMPACT ASSESSMENT

9.1 Under the Equality Act 2010, Section 149 the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9.2 The Council has reviewed the scope of the proposals as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics. However, the service will meet with representatives to determine whether they have any concerns or issues regarding the proposals.

10. LEGAL IMPLICATIONS

10.1 It will be necessary to enter into a contract with the successful tenderer for each of the maintenance operations described in this report.

10.2 In each case, the tender process will be conducted in accordance with the Council's Contract Procedure Rules and the principles of the Open process as defined by the Public Contract Regulations 2015 ("the Regulations"). It is intended that each contract will be entered into based on the most economically advantageous tender received.

10.3 The Council, as Highway Authority, has a duty under the Highways Act 1980 to carry out highway maintenance and maintain highway structures.

11. ENVIRONMENTAL IMPLICATIONS

11.1 The proposed resurfacing contracts will include a carbon reduction and environmental element aimed at reducing the impact on the environment by the works. The intent is to reduce the amount of carbon used to produce the material by lower temperature products, use of recycled materials and reducing the uncontrolled waste in the environment to reduce pollution of the natural environment.

11.2 We will be ensuring through the procurement process that the successful contractor's operations support the Council's net zero carbon ambitions.

12. BACKGROUND PAPERS

12.1 Strategic Environment Planning & Transport Committee (SEPTc) report of 16th March 2020.

12.2 Council's Medium Term Financial Strategy (February 2020).

12.3 Decision Book 589 dated 8th April 2020.