

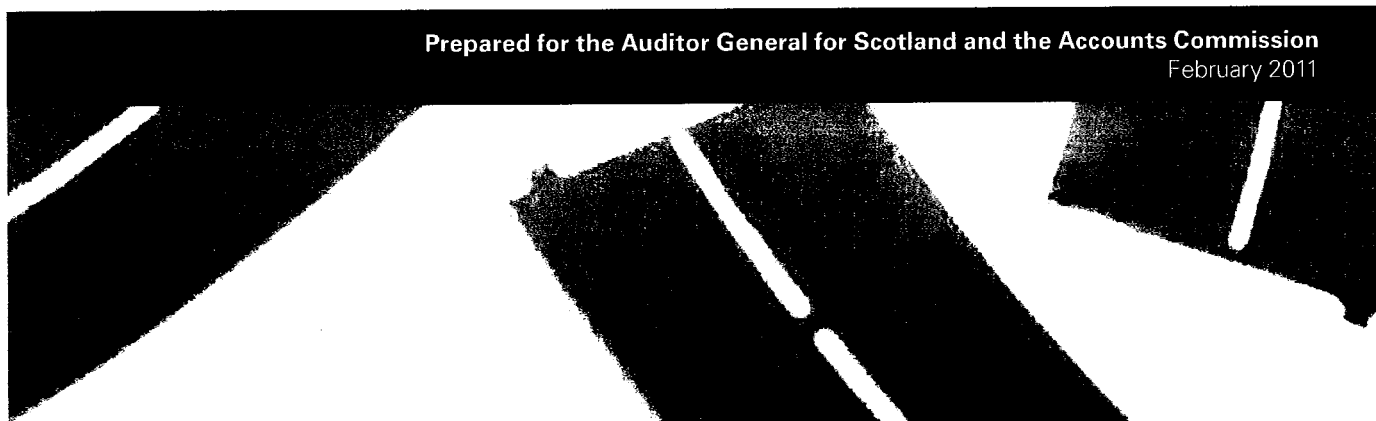
Maintaining Scotland's roads

A follow-up report



 AUDIT SCOTLAND

Prepared for the Auditor General for Scotland and the Accounts Commission
February 2011



Auditor General for Scotland

The Auditor General for Scotland is the Parliament's watchdog for ensuring propriety and value for money in the spending of public funds.

He is responsible for investigating whether public spending bodies achieve the best possible value for money and adhere to the highest standards of financial management.

He is independent and not subject to the control of any member of the Scottish Government or the Parliament.

The Auditor General is responsible for securing the audit of the Scottish Government and most other public sector bodies except local authorities and fire and police boards.

The following bodies fall within the remit of the Auditor General:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Enterprise.

The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 45 joint boards and committees (including police and fire and rescue services).

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.

Contents

Summary
Page 2

Background

About the audit

Key messages
Page 3

Recommendations
Page 4

Part 1. The condition of Scotland's roads in 2010
Page 6

Key messages

Proper maintenance of the road network is vital to Scotland's economic prosperity and for the quality of life of its people
Page 7

The condition of Scotland's roads is worsening
Page 8

User satisfaction in the condition of Scotland's roads is decreasing
Page 9

Car repairs are being attributed to poor road condition
Page 10

The cost of removing all road defects is estimated at £2.25 billion

Transport Scotland and half of councils still do not publicly report road maintenance backlog
Page 11

Part 2. Road maintenance costs
Page 12

Key messages

Overall, road maintenance expenditure has increased since 2004/05

Present levels of spending are insufficient to maintain Scotland's roads in their current condition
Page 13

An increasing amount of structural maintenance is now being funded from capital expenditure
Page 14

The unexpectedly severe winter of 2009/10 led to councils spending £35 million more than budget
Page 15

Part 3. Improving the management of road maintenance
Page 18

Key messages

Further progress is needed on road asset management planning

Some councils still lack the basic inventory and information systems necessary to support effective road asset management
Page 19

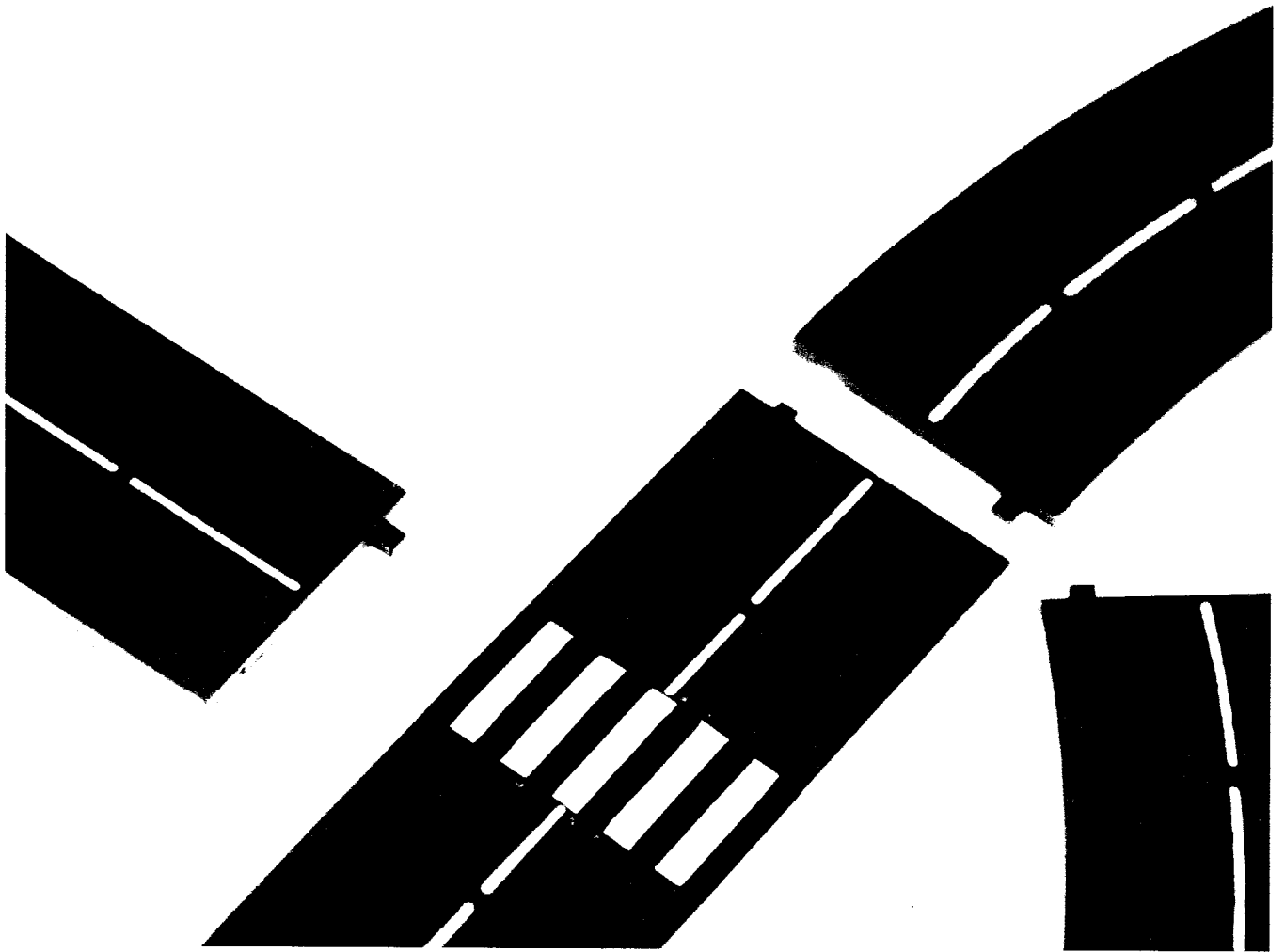
Councils have developed a wide range of performance indicators but their ability to benchmark has been limited
Page 21

Councils and Transport Scotland acknowledge the impact of road maintenance on the environment but formal monitoring is limited

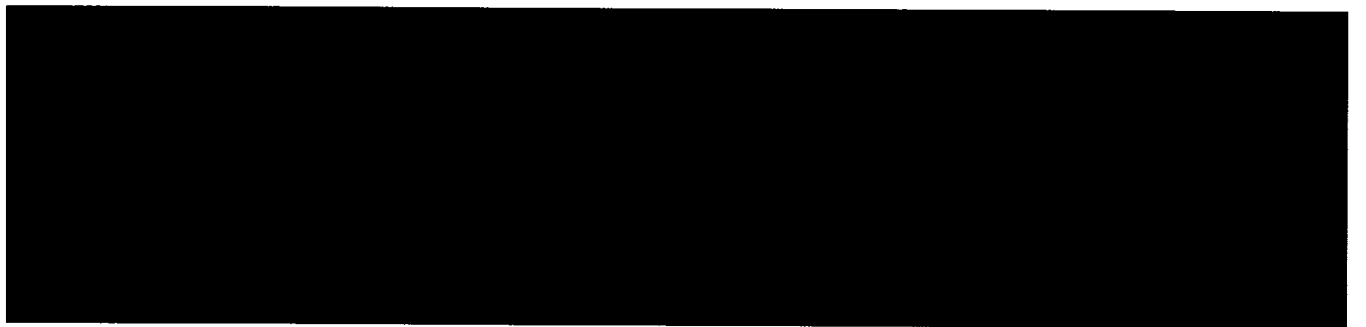
There is scope for more partnership working on road maintenance issues
Page 22

Appendix 1. Findings in response to our 2004 report
Page 26

Summary



Scotland's roads are important for economic prosperity and for the quality of life of its people.



Background

1. This follow-up audit examined progress on implementing the recommendations contained in *Maintaining Scotland's roads* published by the Accounts Commission and the Auditor General for Scotland in November 2004. In particular, it examined changes in the condition of the road network since the original report was published; what is currently being spent on road maintenance; and how road maintenance is being managed. The severe winter weather of 2009/10 and, in particular, its impact on road surfaces and road budgets makes the timing of this follow-up performance audit especially significant.

2. The Scottish Government's draft budget for 2011/12 indicates that Scotland's public sector will have £1.3 billion less to spend than in 2010/11. Scotland's revenue budget will be around £500 million lower and the capital budget £800 million lower. The proposed budget for trunk road maintenance will fall by 20 per cent, from £133 million to £107 million, and there will be a reduction of almost four per cent in funding for local government, from £12 billion to £11.55 billion.¹ The Scottish Government and councils face difficult decisions in determining the relative prioritisation given to road maintenance compared to other services such as education or social care.

3. The provision of safe, well-maintained transport links has a key role to play in delivering the Scottish Government's purpose of 'creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth'.² Many businesses will only be attracted to Scotland if they know that the transport network, including roads,

enables them to distribute goods and services quickly and economically.

4. Scotland's road network consists of almost 56,000 kilometres of road. Transport Scotland is responsible for 3,400 kilometres of motorways and trunk roads. Councils are responsible for 26,000 kilometres of classified roads and 26,400 kilometres of unclassified roads.

About the audit

5. The overall aim of the audit was to review the extent to which the recommendations in *Maintaining Scotland's roads* have been implemented and what has changed as a result. The key objectives were to assess the extent to which:

- road condition and the size of the maintenance backlog have changed since 2004/05
- recommendations aimed at improving value for money have been implemented
- recommendations aimed at improving the reporting of road condition and maintenance backlog information have been implemented.

6. The audit involved:

- a questionnaire survey of 32 councils
- interviews with the Society of Chief Officers of Transportation in Scotland (SCOTS),³ Transport Scotland and the Institute of Advanced Motoring
- desk research, including analysis of data from the annual *Scottish Road Maintenance Condition Survey* (SRMCS).

The information reported in this audit was collected between March and October 2010. We did not examine the impact of winter 2010/11 on road condition or road maintenance budgets.

7. Details of the recommendations from our 2004 report and what we have found are summarised in Exhibit 1 (page 5) and provided in more detail at Appendix 1.

Key messages

- The proper maintenance of Scotland's roads is vital for economic prosperity and for the quality of life of its people. It is disappointing, therefore, that our findings show limited progress has been made to improve the situation since our report six years ago. For example, less than half of councils report their maintenance backlog to elected members and a third have still to develop road asset management plans. Appendix 1 provides a detailed summary of progress against our 2004 recommendations.
- Despite public spending in Scotland rising by around 25 per cent since our last report, the condition of Scotland's roads has worsened and only 63 per cent are now in an acceptable condition. Trunk roads are in the best condition (78 per cent are in acceptable condition) while council-maintained unclassified roads are in the worst condition (only 58 per cent are in acceptable condition). Members of the public are increasingly dissatisfied with the way in which the road network is maintained.

1 *Scotland's spending plans and draft budget 2011/12*, Scottish Government, November 2010.

2 *Scottish Budget Spending Review 2007*, <http://www.scotland.gov.uk/Publications/2007/11/13092240/0>

3 SCOTS is a Scotland-wide organisation with members from all councils and regional transport partnerships. It gives policy advice on a national basis and is a forum for professional advice and interchange of information on all transportation matters.

- There is scope to achieve greater value for money from existing expenditure. While a project exists to develop a suite of comprehensive performance indicators for use by all councils, this is still under development and councils do not routinely compare their costs and performance with other councils or the private sector to identify potential improvement. There is also no detailed costed model which would allow councils to measure the benefits of sharing services. While councils can point to several examples of joint or collaborative working taking place, Tayside Contracts remains the only example of a multi-council consortium being established to undertake road maintenance.
- SCOTS considers that present levels of spending are insufficient to maintain Scotland's roads, even in their current condition. After adjusting figures to take general inflation into account, the estimated cost of removing all network defects in Scotland, no matter how slight, has risen from £1.24 billion in 2004 to £2.25 billion in 2010. Moreover, the figures for the council-maintained road network do not include the cost of removing all defects in bridges, lighting and footways.
- Transport Scotland estimates it would initially need to spend £275 million to achieve a 'steady state' for its roads, whereby a fixed percentage of the network requires structural maintenance each year. Councils estimate that to maintain roads in their current condition, they would need to spend £45 million more each year for the next ten years on long-term structural maintenance.

- During 2009/10, a total of £654 million was spent on road maintenance in Scotland; £162 million on trunk road maintenance; and £492 million on council-maintained roads. While this represents an increase in expenditure of five per cent compared to 2004/05 after taking account of general inflation, road construction inflation was considerably higher than general inflation over this time. This means that in purchasing terms, councils spent 13 per cent less and Transport Scotland spent 32 per cent less on road maintenance in 2009/10 than they did in 2004/05.
- This pattern of spending and scale of backlog means that the value of these public assets is not being sustained. By deferring essential expenditure on infrastructure, public bodies are storing up problems for the future and passing a greater burden on to generations to come.

Recommendations

- The Scottish Government should consider a national review on how the road network is managed and maintained, with a view to stimulating service redesign and increasing the pace of examining the potential for shared services.
- Transport Scotland and councils should:
 - review their 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 together 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 (including staff and machinery) and partnerships between councils and with the private sector

- ensure that information on maintenance backlog and road condition is reported regularly to elected members and the public.
- Councils should:
 - ensure they can 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 our 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 all councils
 - they fully support SCOTS' road asset management project and have a road asset management plan in place no later than the end of 2011, with those councils that have still to develop adequate inventory and information systems doing so quickly in order to comply with this deadline
 - they adopt the suite of performance indicators being developed by SCOTS as an important

Exhibit 1

Findings in response to the recommendations from our 2004 *Maintaining Scotland's roads* report
Not all of our recommendations have been implemented.

2004 report recommendation	2010 report finding
Councils should:	
<ul style="list-style-type: none"> develop better information and systems to manage and monitor road maintenance 	There has been some improvement in the development of electronic inventories but many councils still do not have sufficient data on the condition of a number of common items.
<ul style="list-style-type: none"> calculate the size of their maintenance backlog using a commonly accepted methodology 	Backlog for road repairs is calculated on a consistent basis. A number of initiatives are currently under way to develop more consistent methodologies for footways, lighting, etc.
<ul style="list-style-type: none"> review their budget-setting processes for road maintenance to ensure an appropriate balance of expenditure between routine, winter, emergency and structural maintenance is achieved 	Half of councils stated they had reviewed their budget-setting processes within the last five years. Three-quarters reported they have changed the way in which budgets are allocated.
<ul style="list-style-type: none"> ensure their capital expenditure on structural maintenance achieves value for money 	There has been a shift to funding structural maintenance from capital rather than revenue budgets.
<ul style="list-style-type: none"> consider entering into consortium arrangements to achieve economies of scale in road maintenance. 	Although councils can point to several examples of working jointly or collaboratively, since 2004 no councils have radically changed the way in which they deliver road maintenance services.
Councils and Transport Scotland should:	
<ul style="list-style-type: none"> monitor and report publicly on the condition of their road network and their road maintenance backlog on an annual basis 	All councils report condition but only half report backlog. Transport Scotland partially reports condition and does not report backlog.
<ul style="list-style-type: none"> ensure that their road maintenance activities contribute to the environment. 	Councils and Transport Scotland acknowledge the impact of road maintenance on the environment. Transport Scotland has made more progress in encouraging sustainability in its road maintenance activities.

Source: Audit Scotland

first step in allowing the relative performance of councils' road maintenance activities to be measured consistently

- they make greater efforts to benchmark road maintenance activities with other councils and the private sector in order to drive out cost inefficiencies
- they seek to develop a costed model for shared services.