



OFFICER REPORT TO LOCAL COMMITTEE (ELMBRIDGE)

EAST AREA MAINTENANCE DELIVERY PLAN 2008/09 – 2009/10

21 SEPTEMBER 2009

KEY ISSUE

To report the financial outturn for the East Area Maintenance Delivery Plan for 2008/09 and to advise on funding levels for the Plan during 2009/10

SUMMARY

This report is for information and sets out the budget situation for 2008/09 for the East Area Maintenance regimes. In addition, information is given regarding the likely levels of funding for maintenance during 2009/10. This report should be regarded as an interim report as it may be necessary to give further advice to members once fixed lump sums are agreed.

OFFICER RECOMMENDATIONS

The Local Committee (Elmbridge) is asked to:

- (i) Note the outturn figures for the East Area Maintenance Delivery Plan for 2008/09 and to note the Delivery Plans indicative levels of funding for 2009/10

1 INTRODUCTION AND BACKGROUND

- 1.1 Each year, East Area Highway Services are required to deliver a number of maintenance regimes and projects, for which budgets are assigned by the Cabinet.
- 1.2 On a yearly basis, members of the Local Committee are informed of the levels of funding for each area of work as well as the actual amounts spent in the previous year.
- 1.3 Normally, by this time of year, it is possible to set out the current years situation and to be confident that the figures given are the final and correct figures for the said year.
- 1.4 This year, due to the move towards fixed lump sums, instead of actual cost it is not possible to be 100% confident that the budgets for each area of work will remain the same as they are at the time of writing this report.

2 ANALYSIS

- 2.1 The move towards fixed lump sums instead of actual cost has been introduced so that there are incentives on the contractors to increase their efficiency. This change was introduced for all works at the start of this financial year. Under this process the contractors provide a lump sum price for undertaking a scheme, and that is the price that Surrey pay, unless an event that has been defined as a client risk occurs. The reason for allowing some variation in the price is that some risks are so unknown that the cost of transferring them to the contractors would be prohibitive. This is generally things such as unforeseen ground conditions or extreme weather events.
- 2.2 The costs charged by Ringway and Carillion are being benchmarked against each other and against neighbouring authorities as part of the review of this new way of pricing. These figures will be included in a report that will be going to Cabinet to help inform their decision on whether to extend the contracts in November. As part of this investigation, reasons for changes in the cost from the original estimate to the final amount paid will be looked at. Given the nature of the work, it is inevitable that there will be some change in cost, however by understanding the causes better it is hoped that any differences are kept to a minimum.
- 2.3 As yet, the above lump sums have not been agreed for East Area and whilst the overall revenue budget is known, it must be recognised that the figures could change for each area (type) of work undertaken during 2009/10.

2.4 In addition to the East Area Delivery Plan, there is a Major Maintenance Schemes budget and a Surface Treatments budget. The ownership of these budgets sits with the Cabinet although delegated to the Head of Surrey Highways.

2.5 The below tables set out A) the outturn revenue figures for 2008/09 on the East Area Maintenance Delivery Plan and B) the various budgets available for maintenance works during 2009/10, subject to any changes needing to be made after the agreement of various fixed lump sums.

Table A – Outturn Figures for East Area Maintenance Delivery Plan for 2008/09 (Revenue)

Works	Budget (£)	Actual Spend (£)
Highway Repairs	3,087,110	3,606,137
Environmental Maintenance	1,347,400	1,168,847
Signs and Lines	360,000	539,511
Flooding and Drainage	1,121,000	992,082
Community Works	525,000	308,254
Street Lighting	569,290	927,078
Local Schemes	515,000	481,222
Insurance Claims	0	32,298
Total	7,524,800	8,055,429

2.6 The variance between actual budget and actual spend was largely due to the need to carry out extra Local Structural Repairs work; the time lag with regard to invoices; works from the previous year not having been accrued and the need to carry out essential / adequate works within the street lighting element of the budget.

Table B – Maintenance Budgets for 2009/10 for East Area

Works	Budget (£)
Major Maintenance	3,566,000
Surface Treatments	4,539,000
Highway Repairs (revenue)	2,760,919
Environmental Maintenance (revenue)	1,250,207
Signs and Lines (revenue)	255,894
Flooding and Drainage (revenue)	877,941
Community Works (revenue)	497,000
Street Lighting (revenue)	586,366
Local Schemes (revenue)	500,000
Insurance Claims (revenue)	0
Total Revenue	6,728,327

3 FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 3.1 The revenue budget for the East this year is approximately £800,000 less than last year and the key concern will be the amount of work that can be delivered for the reduced budgets. There will be even more pressure to manage the budgets to a neutral position. The Major Maintenance budget has been reduced by nearly £2million although the Surface Treatments budget has increased this year by over £1.5million.

4 EQUALITIES AND DIVERSITY IMPLICATIONS

- 4.1 The Highway Service is mindful of the need to treat all users of the public highway with equality and understanding when assessing which maintenance projects to take forward.

5 CRIME AND DISORDER IMPLICATIONS

- 5.1 A well-managed highway network can reduce fear of crime and allow the Police greater opportunity to take enforcement action.

6 CONCLUSION AND RECOMMENDATIONS

- 6.1 This report sets out the spend against actual budgets for the last financial year as well as the various allocations for the different types of maintenance works on the Highway for 2009/10. During the course of the year it is always possible that due to unforeseen circumstances and pressures budgets will need to change. These will be reported to this Committee where needed.

7 REASONS FOR RECOMMENDATIONS

- 7.1 There are no decisions to make in relation to this report apart from noting the contents about the budgetary information given.

8 WHAT HAPPENS NEXT

- 8.1 Fixed Price Lump Sums will be agreed as soon as possible and if necessary a further report will be presented to this Committee.

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BACKGROUND PAPERS: None.