

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 18 June 2019

Subject: Update on Highways Maintenance Capital Projects

Report of: Director of Operations (Highways)

Summary

The Committee asked for a report on the progress of Capital projects within Highways Maintenance, against the agreed costs. The highways capital maintenance investment work is in year 3 of a 5 year programme with significant progress having been made so far. The year 3 programme is agreed and years 4 and 5 programmes are in draft ready for consultation with ward members.

Recommendations

The Resources Scrutiny Committee is asked to note:

1. The progress made with the capital investment programme to date
 2. The expenditure reported against budgets that show the 5 year programme is being delivered as expected
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Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A well maintained highway infrastructure will encourage business growth, creating jobs and opportunities
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Highways Investment Strategy will provide opportunities for the development of skills.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The improvements to the roads in the Community Network will contribute towards this strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Safe and improved highways will encourage people to visit, live and work within the City.
A connected city: world class infrastructure and connectivity to drive	The maintenance of highways is a major contribution to this strategy.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

1.0 Introduction

- 1.1 Manchester's highway network includes over 1,350 km of road length, 2,600 km of footway length and over 350 bridges and structures. Based on the latest valuations, the total highway asset has an indicative gross replacement value of over £2.7billion, making it the Council's most valuable asset.
- 1.2 The network is used daily by the majority of people who live and work in the city and is fundamental to the economic, social and environmental wellbeing of the community. Our ability to offer a reliable and resilient highways system is not only important for existing businesses; it is also a determining factor in attracting new businesses, particularly those with a time-critical need for logistics and commercial transport links.
- 1.3 Our £100m, 5 year highways capital investment programme is currently underway, which will primarily be spent on improving the condition of Manchester's roads, footways and drainage, as well as supporting the maintenance of the bridge network.
- 1.4 The purpose of this report is to update members on the expenditure in years 1 and 2 (2017/18 & 2018/19) of the 5 year programme against agreed budgets and provide an update on the year 3 (2019/20) expenditure.
- 1.5 Note that the capital maintenance budgets are being invested not only in treating footways and carriageways but also for drainage repairs, patching and bridge improvements

2.0 Background

- 2.1 The budget for the highway maintenance element of the investment is £80m although there have been some additional grants that have increased the available spend to £80.5m. Works began in November 2017 and will continue until March 2022 (53 months only). This expenditure represented a step change in the level of investment by the Council to improve the condition of its highway network.
- 2.2 The spend to the end of March 2019 was £28.229m leaving approximately £52.3m available to spend. The budget and spend per year is:-

Financial Year	Programme year	Budget	Spend	Cumulative Budget	Cumulative Spend
2017/18	1	£14.699m	£11.061m	£14.699m	£11.061m
2018/19	2	£13,742m	£17,168m	£28.441m *	£28.229m
2019/20	3	£12.684m	N/A	£41.125m	N/A
2020/21	4	£21.091m	N/A	£62.216m	N/A
2021/22	5	£18.290m	N/A	£80.506m	N/A

* The budget was increased upon receipt of additional government grant

2.3 The difference between budget and spend in year for years 1 and 2 are given below:-

- Year 1 - the ambitious budget was set assuming an earlier works start than actually happened. The reason for the later start was the time needed to consult and agree on the substantial quantity of works to be delivered from a standing start. Then the winter weather was considerably worse than for a normal winter and as some works are particularly weather susceptible a proportion of the programme was lost in year and reprogrammed to year 2
- Year 2 - The reprogrammed work from year 1 was completed and along with bringing in additional resources the budget was exceeded. That is despite starting the Year 2 work later than hoped while social value issues were resolved with the supply chain. An additional government grant was received in year 2 and the budget was increased to reflect that.
- Overall - Years 1 & 2 - the underspend of £212k at the end of year 2 represents 0.8% of the budget but that budget includes the increase of £506k. There was therefore an overspend in the original budget of £294k.

2.4 Spreading the £80m over the 5 year programme expected spend per month is £1.51m and so on a simple pro rata basis by the end of year 2 (17 months) the expected spend would be £25.67m against the actual spend of £28.229m meaning that spend is going well.

2.5 Included in the 2019/20 budget are allowances for the payment of contractor retention amounts from the 2016/17 programme (£77k) and 2017/18 programme (£388k) which are not underspends from those years but rather allowances from those budgets in year for payments made later subject to the completion of a 2 year maintenance period.

2.6 A new highways team has been established to plan and manage the works led by a Project Manager. The team in place now consists of:-

- 3 Engineers
- 2 Technicians
- 1 CAD Technician
- 2 Clerk of Works

2.7 Considerable progress has been made to date, with a range of maintenance schemes across various programme areas delivered:

a) In year 1 (2017/18):

- Road resurfacing – 103 roads completed (around 300,000 m², 26 linear miles), value £6.3m;
- Preventative maintenance schemes – 588 roads treated (approximately 886,000 m², 76 linear miles), value £6.3m.
- Footway maintenance schemes - 18 roads treated (approximately 42,000 m², 2.5 linear miles), value £1.1m;

- Drainage - Around 11,300 gullies on roads that have been resurfaced or had preventative treatments have been cleaned and tested, with around 2% requiring repairs.

b) In year 2 (2018/19):

- Road resurfacing – 110 Roads (Approx 169,000 m², 15.5 miles), Value £3.85m;
- Preventative maintenance schemes – 211 roads treated (approximately 368,000 m², 41 miles), value £4.3m;
- Footway maintenance schemes - 25 roads treated (approximately 42,000 m², 10.5 miles), value £0.473m;
- Large patching works - About 18,000 m² treated, Value about £380k;
- Small patching works - 29,257 m² treated, Value £2.1m;
- Drainage repairs - following drain cleansing (funded from Revenue) defects are passed into an improvement programme - to date just over £2m has been spent on this work

2.8 The year 3 (2019/20) programmes have all been agreed and work has commenced. The proposed year 4 & 5 resurfacing programmes have been drafted and will be shared with members shortly.

2.9 The approved year 3 schemes include:

- 92 road resurfacing schemes;
- 27 footway schemes;
- 281 preventative treatment schemes.

2.10 Roads and footways listed in these programmes have been assessed for cost based on treatment type and m² area. For example, a typical cost of removing the worn out road surface to a depth of 50mm and relaying new material will typically be about £25m² to £35/m². All sites have been Inspected by our maintenance engineers and appropriate site plans drafted.

Cost estimates for year 3 schemes :

2019/20:

Carriageway resurfacing	£4.793m
Footway schemes	£2.174m
Preventative schemes	£3.709m
Small Patching	£3.000m
Fees	£ 1.150m
Total	£11.826m

2020/21:

Carriageway resurfacing	£0.982m
Footway schemes	£0.080m
Preventative schemes	£1.691m
Fees	£ 0.296m
Total	£ 3.049m

- 2.11 The year 4 & 5 proposals will be subject to re-assessment at the end of the year, looking at new condition data, available budgets, liaison with other work programmes etc. and some schemes may be added / removed dependent on assessed priorities.
- 2.12 Members will be kept informed of any proposed changes to the approved programmes.
- 2.13 The works have been delivered by a supply chain of 7 contractors The majority of treatments have been carried out through 2 frameworks TC40 - Framework for the Surfacing of Carriageways and TC41 - Surface Treatment to Carriageways/Footways that expires in February 2020 and a re-procurement plan is in place to ensure a seamless transition to new arrangements.
- 2.14 The quality of the work has been good with a failure rate for microasphalt as low as 0.17% which is better than the industry standards. There has of course been some failed areas but contractors have made good any defects at no additional cost to the Council.
- 2.15 The delivery of the programme is governed by the monthly Highway Maintenance board chaired by Kevin Gilham. Progress of the works is shared via the quarterly members dashboards that have been improved recently. Ongoing progress information on programmes can also be obtained by members via the neighbourhood teams.
- 2.16 The overall footway condition rating also improved, from 16.3% rated as condition Grade 4 or 5 (poor) in 2017/18 to 13.8% from the survey in 2018/19.
- 2.17 Considerable social value benefits have come from the programme a sample of which is shown below:-

TC040

Through social value, Dowhigh have delivered the following commitments:

- Signed up as an organisation to be registered for Building Mental Health Charter with 24/7 helpline accessible for all employees
- Donation of mobile phones to the Booth Centre

Through social value, Hopkins have delivered the following commitments:

- Developed a relationship with Cornerstone Charity, repairing the leaking roofs of the safehaven night shelter pods so the homeless have somewhere dry and warm to sleep over night.
- Supported a community project as part of the Fallowfield Loop. Removed boulders and re-tarmaced the area to ensure cyclists were safe whilst cycling through the tunnels at night.

TC041

Through social value, Kiely Bros have delivered the following commitments:

- Recruited a Manchester resident with a disability to lead in an administrative role. Flexible working hours provided to support condition and the individual is paid above the Manchester Living Wage.
- After the success of the admin role, recruited another Manchester resident with a disability to lead in a comms role for the contract. They too are paid above the Manchester Living Wage.
- Donation of 750 £5 book tokens as part of Manchester's World Book Day Event
- Held a training course in which four of Manchester City Council Highways employees from Hooper Street attended free of charge
- Being a Birmingham based company, they have bought land from Manchester City Council for their site compound so they can be local, using local supply chain and reduce carbon emissions with travel of materials.

2.18 Over the 5 year programme it is estimated that over 2,000 roads will have been improved representing about 3.9million m² in area (equivalent area of 600 Football pitches)

2.19 The high level risk assessment for the programme is shown below:-

Risk	Mitigation
Extreme winter or summer weather	Normal winter weather assumed - extreme weather can potentially remove January and February from the programme which is 16.7% reduction - reduce forecast by 15% as contractors close down over the beginning of January
Contractor supply chain	Contractors are in place through the 2 frameworks which also have a programme for replacement when they expire in February 2020
Timely Programme approval	Year 3 programme approved and underway. Years 4 and 5 draft programmes have been submitted to ward members for comment
Delivery as planned and shared with members and the public	Programmes can be affected by a number of issues eg plant breakdowns, parked cars and weather) meaning expected dates cannot be met. It is expected that such issues will arise frequently and are to a great extent unavoidable. Mitigation is via continuous monitoring, communication and programme adjustments.

Treatment selection	Site surveys are carried out the year before the treatment works are done and in between the roads and pavements can deteriorate meaning a different treatment could be required. Some treatments are weather dependent and that may mean re-programming the works at an appropriate time.
Quality of work	Contractors work is being monitored by site based staff. Any defects found will be repaired by the contractor at no additional cost to the Council. Low % failures to date. Contractor selection will be important for future delivery frameworks.
Forecast expenditure is different from the budget	Expenditure is monitored monthly to allow for early interventions if needed. The budget in year 3 has assumed an allowance for under delivery against the programme. If the programme is delivered the expenditure will exceed the in year budget.

- 2.20 Note that the highways capital maintenance programme works sit within a greatly expanded highways capital programme overall. The scale of the programme is for recent times unprecedented and has required a step change in the resources needed to deliver. In terms of major schemes in 2018/19 one scheme was on site (Regent Road) and in 2019/20 a further 4 will start (including Mancunian Way/Princess Road, Hyde Road widening, Chorlton Cycleway and Great Ancoats improvement all at the same time as a programme of safety improvements at 81 schools, 6 residents parking schemes and the A6 Stockport Road pinch point scheme. The street lighting PFI LED lantern replacement programme is continuing and delivering on its programme and reducing energy and carbon. The Exchange Square improvements work has also recently started and the team are working on a number of cycling projects that have been successful bids to the Mayor's Challenge Fund.