

Shetland Islands Council

Maintaining Scotland's Roads - a follow-up report



Prepared for Shetland Islands Council
August 2012

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Executive Summary

Background

1. In February 2011, Audit Scotland published a national report titled '*Maintaining Scotland's Roads, a follow-up report*'. This report examined progress on implementing the recommendations contained in *Maintaining Scotland's Roads* published by the Accounts Commission in November 2004. The follow-up report found limited progress has been made to improve the maintenance of Scotland's roads since the original report was published.
2. In 2011-12, we carried out a targeted review to assess the progress made subsequent to the publication of the 2011 follow-up report. This report summarises the key findings arising from our review.

Key findings

Areas of good practice

3. The council currently assesses its roads maintenance performance against other comparable councils.
4. The council is working on a number of initiatives to maximise value for money in its road maintenance service.
5. Information on maintenance backlog and road condition has been reported to elected members and will be updated annually.

Areas with scope for improvement

6. The overall condition of Shetland's roads has deteriorated with the percentage of roads requiring maintenance treatment intervention increasing from 38.3% in 2008/09 to 43.7% in 2011/12.
7. Committee members did not receive an update outlining progress made locally to address the issues highlighted in our national report. In addition, members were not provided with an action plan identifying any areas requiring further improvement.
8. While the council has made good progress in developing its Road Asset Management Plan significant work is still required to improve the quality of information and to include all roads assets in the plan.
9. A key area of risk to the council's effective management of road assets is the impact of any lack of funding. It is therefore essential that future funding requirements are included in the Road Asset Management Plan.
10. The council has yet to establish a clear link between the Road Asset Management Plan and the corporate Asset Strategy.

11. Until the council has fully established an effective suite of performance indicators the benefits of benchmarking performance with other councils cannot be achieved.

Management action

12. Management have agreed the factual accuracy of this report and completed the action plan accompanying this report.
13. The issues identified in preparing this report are only those which have come to our attention during the course of the review and are not necessarily, therefore, all the issues that may exist. It remains the responsibility of management to determine the extent of any improvement actions appropriate. We would stress, however, that commitment to an improvement agenda is an essential part of the efficient management of any organisation.

Acknowledgement

14. The assistance and co-operation received from officers, including those from internal audit, during the course of our audit work is gratefully acknowledged.

Introduction

15. *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 by councils and Transport Scotland in implementing recommendations contained in a previous report on road maintenance published in 2004. It reviewed changes in the condition of the road network since 2004, how much was being spent on road maintenance and how road maintenance was being managed.
16. Key messages from the report were:
 - the condition of Scotland's roads has worsened over the past six years. In 2010, only 63% of roads were in an acceptable condition and the cost of the maintenance backlog had increased to £2.25 billion, £1 billion more than in 2004
 - limited progress had been made in implementing recommendations made in 2004 in relation to the management of roads maintenance. While some councils were working together in a drive to be more efficient, there was still a need for them to develop road asset management plans and to generate better information on costs and performance
 - the Society of Chief Officers of Transportation in Scotland (SCOTS) estimated that councils needed to spend an additional £45 million each year for the next decade to maintain roads in their existing condition.
17. The report's key recommendations for councils were:
 - councils should consider all opportunities to achieve more with the resources currently available by exploring new ways of working, such as service reconfiguration, partnership working and the pooling and flexible use of resources
 - councils should respond fully to the recommendations made in our 2004 report, including ensuring that:
 - all information is available to allow effective asset management to take place
 - a consistent way to costing the total road maintenance backlog is used across councils
 - they fully support SCOTS' road asset management project and have a road asset management plan in place
 - they adopt the suite of performance indicators developed by SCOTS
 - they make greater efforts to benchmark road maintenance activities with other councils and the private sector to drive out cost efficiencies
 - they seek to develop a costed model for shared services
 - information on maintenance backlog and road condition is reported regularly to elected members and the public.
18. Audit Scotland expects local authorities to consider the key finding and recommendations in the national report and to assess local performance against them. Also, as a matter of good

practice, local authorities are expected to develop an action plan for improvement where appropriate.

Audit scope and objectives

19. The follow-up audit is being carried out in all councils across Scotland in 2011/12. The aim of our work is to assess the progress Shetland Islands Council has made in improving its management of road maintenance with a focus on planning, performance management and value for money.
20. Our local work focused on four key questions:
 - How did the council respond to '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 performance of its road maintenance activities?
 - What is the council doing to maximise value for money in its road maintenance service?
21. A checklist developed by our performance audit colleagues was used to help us find out how well the council was doing, locally, in addressing the key messages contained in the national report. The checklist was designed around the four key questions outlined above and was used in our discussions with management. The completed checklist and supporting evidence formed the basis of this local report.

Main Findings

Shetland Islands Council's Response to the Audit Scotland Report

Q1: How did the council respond to *Maintaining Scotland's Roads - a follow-up report* following publication?

22. Audit Scotland encourages local authorities to review national reports, assess local performance against them and identify actions required to improve performance. The expectation is that these reports are presented to an Audit or Scrutiny committee for members to review and question management so that they can take assurance on local performance and identify areas where improvements could be made.
23. The national report - *Maintaining Scotland's roads: a follow-up report* - was presented for noting to the Environment and Transport Committee on 30 August 2011. Our report formed part of a wider report into road conditions presented by the Head of Roads. The report did not go to the Audit and Scrutiny Committee although the council has recently introduced arrangements to take all of our reports to this committee.
24. In terms of good practice, committee members should receive updates from managers outlining progress made locally against the national report together with an action plan identifying any areas requiring further improvement. The action plan should be monitored to ensure improvements are achieved.

Action point 1

Road Maintenance Strategy

Q2: Does the council have appropriate plans in place to drive road maintenance activities?

25. The Society of Chief Officers of Transportation in Scotland (SCOTS) provided a template to all councils for use in developing their Road Asset Management Plan (RAMP). The template is organised into seven key sections and includes a list of key questions that councils need to address to have the right information to manage their road assets effectively.
26. The council published a draft RAMP in 2009 in accordance with the SCOTS template. The latest available version remains a draft and is dated June 2010. The council is progressing the draft RAMP as the SCOTS project develops. The RAMP is due for an update before December 2012 to reflect the results of the council's review of the Roads Service and ensure that it is in line with recent policy changes. Going forward, the RAMP will be fully redrafted in 2013 with an update every three years.
27. The draft RAMP currently addresses the four categories of assets which have been the focus of the SCOTS project due to their relatively high value:
 - carriageways
 - footpaths

- structures
- street lighting

In due course the council intends to update the RAMP to include assets of lower value (e.g. drainage, traffic signs, etc.).

28. There are still information gaps to be addressed in relation to some of the assets currently included in the draft RAMP, including:
- climate change
 - customer expectations
 - future investment strategies
 - levels of service
 - future funding.
29. The council recognises that significant work is required to improve the quality of information contained within the RAMP and to include all roads assets. It is important that the draft RAMP is updated over the short term to address recent developments and finalised on schedule by 2013. Thereafter it should be regularly updated as planned. This is necessary to ensure the sound and effective management of the council's road assets over both the short and long term.

Action point 2

30. The latest information from the Scottish Road Maintenance Condition Survey (SRMCS) has indicated that the percentage of Shetland roads that require maintenance treatment intervention has increased from 38.3% in 2008/09 to 43.7% in 2011/12. In recent years the overall condition of Shetland's roads has deteriorated. Based on work undertaken by SCOTS in relation to the SRMCS the council has reported that it will cost £20.4 million to bring its roads up to an acceptable condition.
31. Three of the five major risks identified in the draft RAMP relate to the impact of any lack of funding and this is a key risk as the council is committed to making significant savings over the next few years. Information on future funding is one of the areas of the draft RAMP that is incomplete. To allow management to make informed and effective decisions on roads asset management it is essential that future funding information is included in the RAMP.

Action point 3

32. The RAMP shows how the roads asset management strategy is linked to the council's other strategic planning documents but this does not cover how the RAMP links to the corporate Asset Strategy. To improve the council's strategic decision making there should be a link between the RAMP and the Asset Strategy.

Action point 4

Performance Indicators

Q3: How does the council manage performance of its road maintenance activities?

33. The council continues to develop its use of performance indicators to help manage its roads maintenance activities. To date, the council has mainly relied on the statutory Road Condition Indicator (RCI) for carriageways to manage planned maintenance. The remaining performance indicators have been in place for a year and are due to be monitored later this year when the indicators are updated.
34. SCOTS have developed a suite of performance indicators for use by councils. The aim of this is to encourage consistency in reporting and allow the benchmarking of performance between councils. Audit Scotland's report recommended that, as a minimum, performance should be reported against the SCOTS core performance indicators. The council has recently adopted the SCOTS core performance indicators.
35. The secondary and statistical indicators have not yet been adopted by the council. However, the council intends to follow any recommendations regarding these indicators following the SCOTS seminar on performance indicators held in July 2012.
36. Until the council has fully established an effective suite of performance indicators, the benefits of benchmarking performance with other councils cannot be achieved.

Action point 5

37. The Roads Service is a member of the Association of Public Service Excellence (APSE) that collects and publishes council roads maintenance performance information. The publications that the council subscribes to cover road, winter and street lighting maintenance. This allows the council to assess its performance against other comparable councils.

Value for Money

Q4: What is the council doing to maximise value for money in its road maintenance service?

38. The council has a number of initiatives to maximise value for money in its road maintenance service. These include:
 - making use of its APSE membership to compare costs with other councils
 - regular opportunities to tender against the private sector for public works
 - a current review of the Roads Service to identify savings
 - using drivers and operatives from other council services for winter maintenance operations
 - looking at whether using operatives from other council services would achieve efficiency savings
 - investigating changes to resurfacing operations to reduce the time and cost of repairs.

39. The council has adopted other measures recommended by the Maintaining Scotland's roads: a follow-up report. For example:
- reporting information on road conditions to elected members
 - considering the effect that a reduction on maintenance expenditure is likely to have on a backlog
 - aiming for an appropriate balance of expenditure between winter, routine, emergency and structural maintenance
 - encouraging re-cycling of road materials.
40. As an islands council there is limited scope for partnership working with other councils or the private sector. However, the council is actively investigating partnerships with other public organisations within Shetland such as the National Health Service. At a service level the council has recently agreed with Ports & Harbours to a collaborative contract for the provision of weather forecasting to maximise the potential for efficiency savings.

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	24	<p>Reporting of national performance reports published by Audit Scotland</p> <p>Issue: committee members should receive an update from managers outlining progress made locally against the national report together with an action plan identifying any areas requiring further improvement.</p> <p>Risk: <i>members are not able to adequately assess local performance and whether appropriate actions are being taken to make improvements which can then be monitored.</i></p>	<p>The latest national performance report from Audit Scotland will be reported to the relevant Committees at the earliest opportunity. The next cycle of Council meetings is in December 2012 and separate papers will be reported to the Environment & Transport and Audit & Scrutiny Committees. Thereafter the Council's progress against the national report will be reported annually to both Committees.</p>	Team Leader - Asset & Network Management & Performance & Improvement Adviser	Dec 2012
2	29	<p>Further development of the road asset management plan (RAMP)</p> <p>Issue: further work is required to address information gaps in the RAMP and ensure the document remains up to date.</p> <p>Risk: <i>without a fully developed roads asset management plan, the council is unable to effectively manage its road assets and demonstrate that it is delivering best value.</i></p>	<p>A review of the Roads Service is to be reported to the Environment & Transport Committee in December and the RAMP will be updated to reflect any structure and policy changes. The Roads Service Plan and the Directorate Plan for Infrastructure Services lists the updating of the RAMP prior to December 2012 as one of its improvement actions. The information gaps will</p>	Quantity Surveyor	Dec 2012 & Summer 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			be addressed and the RAMP completed during Summer 2013 in line with the intended progress of the SCOTS working group. The exact date will become clearer in October when the next session of SCOTS working groups commences.		
3	31	<p>Investment in roads maintenance</p> <p>Issue: The RAMP does not include information on future funding.</p> <p>Risk: <i>without information on long term investment strategy, the council will be unable to effectively plan a strategic approach to managing roads assets.</i></p>	<p>During this time of reduced budgets Roads Service has protected core roads maintenance funding by reducing spend on non-structural maintenance. Also the medium term financial strategy being developed focuses on asset maintenance rather than improvement or new. All Capital spends on Roads projects are included as part of the Council's wider 5-year Asset Investment Plan. This document profiles projected capital income against spend over this 5-year period. Projected income is reviewed as part of the annual re-prioritisation of the Asset Investment Plan.</p>	Executive Manager - Roads Service	Will be included in the ramp when it is completed in summer 2013 and reviewed annually.

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
4	32	<p>Asset management strategy: The RAMP is not linked to the corporate Asset Strategy.</p> <p>Risk: There is no clear strategy covering all of the council's assets.</p>	<p>The RAMP, along with the Council's Asset Strategy and Estates Management Plans are all linked by the 5-year Asset Investment Plan. In addition, information on all Council Assets is held in a single Asset Register. This Asset Register is to be upgraded during 2012/13 to include clearer links to the more detailed asset management documents referred to above, as well as to Building Maintenance software, thus providing more detailed information on asset condition.</p>	Executive Manager - Roads Service	Summer 2013
5	36	<p>Performance monitoring and benchmarking</p> <p>Issue: The council has not fully established an effective suite of performance indicators for roads maintenance.</p> <p>Risk: <i>the council cannot measure its performance against in a consistent manner and therefore may not be able to identify areas of good practice and those areas with scope for improvement.</i></p>	<p>The Roads Service is currently in the process of completing the APSE/SCOTS Performance Indicator Returns 2011-12. This return will include many of the secondary and statistical indicators so we will in future be able to compare our performance from year to year and with other Councils.</p>	Quantity Surveyor	Sept 2012