

State of the Market Survey 2016

Local Authority Highways Services



**Briefing 16/17
June 2016**

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Local Authority Highways Services

State of the Market 2016

APSE conducted an online survey during April and May 2016. A series of questions were asked covering a range of issues of interest to those officers and councillors responsible for highways issues. 75 responses were received from local authorities throughout the UK. This report identifies the key findings of the survey.

This is the sixth year that APSE has undertaken a state of the market survey for highways, street lighting and winter maintenance so a comparison over time is available and this comparison will be highlighted where appropriate. It must be noted that the councils and individuals responding may not be the same from year to year. 55 responses were received to the street lighting survey and a further 46 responses were received to the winter maintenance survey making a total of 176 responses to all 3 surveys.

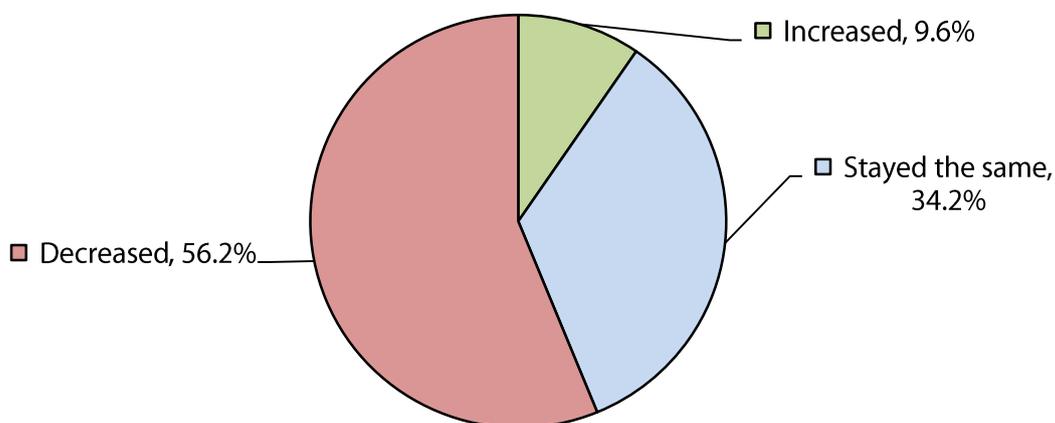
The surveys are an attempt to understand perceptions of the market amongst people directly involved in delivering services.

Note

The figures in the text cover several years but the questions were asked of the highways maintenance service specifically only in the last two surveys. Previous questions had been asked of the highways, street lighting and winter maintenance services combined. Therefore the tabular data is not a true comparison. It does however provide a general trend and contextual information for the highways service.

Results from the survey

1. How has the budget for the highways service changed from 2015-16 to 2016-17?



41 (56.2%) of the 73 respondents to this question stated that their budget had decreased from 2015-16 to 2016-17. A further 25 (34.2%) said their budget had roughly stayed the same, and the remaining minority (7 – 9.6%) said that their budget had increased. The comments left to this question show considerable variance over the current state of budgets:

- Slight decreases in revenue budget and slight increases in capital budget (reductions in revenue tend to be for routine and reactive repairs)
- Decrease in capital grant but with additional funds for pothole repairs
- One-off fund injections with others continuing to bid for additional monies to support Council priorities

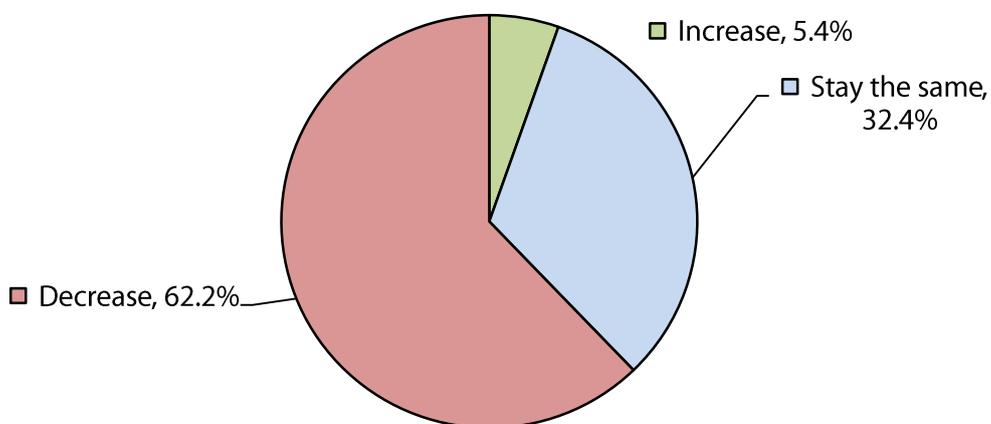
2. If your budget has decreased from 2015-16 to 2016-17, how much has it decreased by?

Less than 5%	5%	10%	15%	20%	More than 20%
12 (28.6%)	7 (16.7%)	11 (26.2%)	5 (11.9%)	2 (4.8%)	5 (11.9%)

For those who experienced budget decreases, they ranged from 1% to more than 20% (full breakdown above). Comments to this question showed that:

- Budget reductions are enabling the Council to operate within its finance structure
- Revenue budget reductions have resulted in staff redundancies
- This decrease is specific to certain budgets only (typically revenue budgets), and that pothole/footway repair budgets have not been reduced in that authority

3. How do you expect the budget for the highways service to change when allocated in 2017-18?



Answer Options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	2010 Number (%)	2009 Number (%)	% change 09-16
Increase	4 (5.4%)	5 (11.6%)	5 (12.8%)	5 (12.2%)	12 (16.4%)	16 (21.9%)	- 16.5%
Stay the same	24 (32.4%)	18 (41.9%)	12 (30.8%)	11 (26.8%)	27 (37.0%)	36 (49.3%)	- 16.9%
Decrease	46 (62.2%)	20 (46.5%)	22 (56.4%)	25 (61.0%)	34 (46.6%)	21 (28.8%)	+ 33.4%
Total	74	43	38	41	73	73	

When asked about the budget for 2017-18, the majority of respondents (46 of 74, 62.2%) are expecting their budget to decrease, with 24 (32.4%) expecting their budget to roughly stay the same and the remaining 4 (5.4%) expecting their budget to increase. Responses to this question highlight the causes of the expected decreases as the request for year-on-year efficiencies (Council reduction targets), the “impossible” budget savings imposed by Central Government and inflation and the rising cost of materials (a decrease in effect).

One respondent, who believe that roads budgets are targeted more heavily, said “reducing roads maintenance budgets comes across as an easy target as it is seen as less emotive than, perhaps, education, social work or health, and yet without good roads and footpaths these services are impacted as a consequence”.

4. To what extent will your 2016-17 budget for highways maintenance meet the need to fill potholes and resurface where necessary?

Answer Options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	% change 11-16
This year’s budget will meet 100% of maintenance needs	7 (10.0%)	2 (4.8%)	2 (5.1%)	6 (15.0%)	- 5.0%
75% to 100% of maintenance needs	16 (22.9%)	12 (28.6%)	13 (33.3%)	11 (27.5%)	- 4.6%
50% to 75% of maintenance needs	20 (28.6%)	14 (33.3%)	13 (33.3%)	14 (35.0%)	- 6.4%
25% to 50% of maintenance needs	18 (25.7%)	5 (11.9%)	8 (20.5%)	4 (10.0%)	+ 15.7%
0% to 25% of maintenance needs	9 (12.9%)	9 (21.4%)	3 (7.7%)	5 (12.5%)	+ 0.4%
Total	70	42	39	40	

Only 7 of 70 respondents to this question believe that their budget will meet 100% of their maintenance needs, but even among this group several respondents have noted that they do not believe they have what is required to carry out a permanent fix. Comments included: “repairs being undertaken are such that they are not a permanent fix providing 5

to 10 years life, the reduced funding restricts the type of work being carried out and so we are now undertaking what we can afford rather than what is required". Another said "our revenue budget will allow us to "make safe" defects, it will not allow for permanent repairs. The capital budget allows us to carry out works to maintain a "steady state" road condition." Other respondents noted that their reactive budgets would allow for the filling of potholes (with one person mentioning that they have protected their pothole budget), it was unlikely that there would be sufficient funds available for resurfacing works.

5. How are your highways services currently delivered?

Answer options	2016 Number (%)
In-house (combined service)	21 (28.0%)
In-house (client/contractor split)	11 (14.7%)
Externally provided	10 (13.3%)
Arms length organisation	2 (2.7%)
Joint venture company	1 (1.3%)
In-house but with some elements run by external contracts	30 (40.0%)
Total	75

The majority of respondents highways service are delivered in-house (62 of 75 – 82.7%), being split between a combined service (21 – 28.0%), a client/contractor split (11 – 14.7%) and with some elements run by external contracts (30 – 40.0%). Several respondents noted that their reactive works are done in-house but their planned maintenance (resurfacing, reconstruction, bridge repairs) was carried out by external contractors.

6. Do you expect the service to remain in-house over the next 12 months?

60 of 61 respondents to this question expected existing in-house service to remain so over the next 12 months.

7. Are you having trouble recruiting or retaining highways operatives or technical/managerial staff (over the past 12 months)?

Operatives							
Title	2016	2014	2012	2011	2010	2009	% change 12-16
Yes, trouble recruiting	8 (10.8%)	4 (9.8%)	2 (5.0%)	11 (10.0%)	21 (11.1%)	23 (13.7%)	+ 5.8%
Yes, trouble retaining	1 (1.4%)	0 (0.0%)	1 (3.0%)	7 (6.0%)	12 (6.3%)	7 (4.2%)	- 1.6%
Yes, trouble recruiting and retaining	8 (10.8%)	3 (7.3%)	1 (3.0%)	0 (0.0%)	12 (6.3%)	8 (4.8%)	+ 7.8%
Technical / Managerial Staff							
Title	2016	2014	2012	2011	2010	2009	% change 12-16
Yes, trouble recruiting	15 (20.3%)	9 (22.0%)	2 (5.0%)	7 (6.0%)	33 (17.5%)	33 (19.6%)	+ 15.3%
Yes, trouble retaining	3 (4.1%)	0 (0.0%)	2 (5.0%)	4 (4.0%)	10 (5.3%)	13 (7.7%)	- 0.9%
Yes, trouble recruiting and retaining	13 (17.6%)	4 (9.8%)	1 (3.0%)	2 (2.0%)	13 (6.9%)	22 (13.1%)	+ 14.6%
Overall							
Title	2016	2014	2012	2011	2010	2009	% change 12-16
We have not taken any staff on over the last 12 months	11 (14.9%)	8 (19.5%)	12 (32.0%)	N/A	N/A	N/A	- 17.1%
No, we have not experienced any problems	15 (20.3%)	13 (31.7%)	16 (43.0%)	77 (71.0%)	88 (46.6%)	62 (36.9%)	- 22.7%
Total	74	41	37	108*	189*	168*	

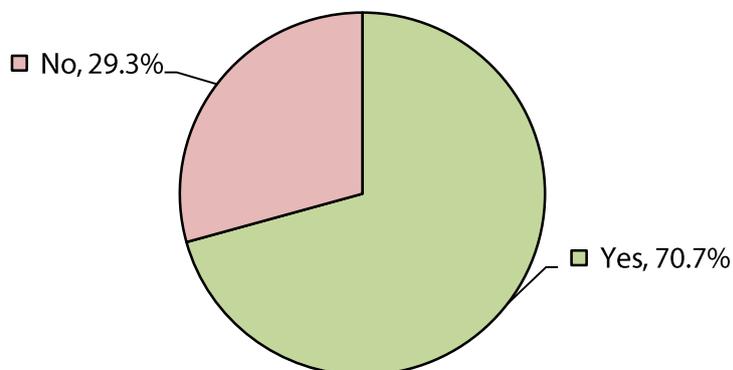
*** including highways and winter maintenance staff**

Previous year's figures (2009-2011) for this question (as noted in the above table) include street lighting and winter maintenance responses as well as highways maintenance.

The number of local authorities experiencing difficulties recruiting and retaining operatives and technical/managerial staff has generally risen over the past year, and has risen (in some cases) between 5.8% and 15.3% since 2012's survey. One respondent reported that the reason for this was that "adjacent authorities are offering better terms". From the results, it seems that only 20.3% of respondents are not experiencing any problems in this area, with one respondent having recently recruited a highway inspector and 2 highway design engineers without any issues.

14.9% of respondents have not taken on staff over the last 12 months (a decrease from 19.5% in 2014 and 32.0% in 2012) with some respondents reporting that they have a freeze on recruiting.

8. Do you personally feel staff absence levels are at an acceptable level?



53 of the 75 respondents to this question personally feel that staff absence levels are at an acceptable level. Those leaving comments were in general agreement that sickness and absence levels are generally good within highways services with one individual reporting that “the threat of redundancy has made people realise that the sickness benefits should not be used as perhaps they have historically”, with sickness being a key measure in redundancy scoring in many authorities. Other comments suggested that some authorities were either actively managing short-term sickness levels and/or reviewing their policies on the matter.

8. Do you run an apprenticeship scheme for the highways maintenance service?

Answer options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	2010 Number (%)	% change 10-16
Yes	45 (61.6%)	19 (45.2%)	23 (62.0%)	20 (54.1%)	16 (31.3%)	+ 30.3%
No	28 (38.4%)	23 (54.8%)	14 (38.0%)	17 (45.9%)	35 (68.6%)	- 30.2%
Total	73	42	37	37	51	

Apprenticeship schemes are offered by 45 of the 73 responding Councils, which is a 16.4% increase on the previous year. Of the 28 who do not currently provide an apprenticeship scheme, one reported that their “previous 4 apprentices have either been employed by the Council or taken up posts elsewhere”. The number of apprentices on schemes vary between 1 and 20.

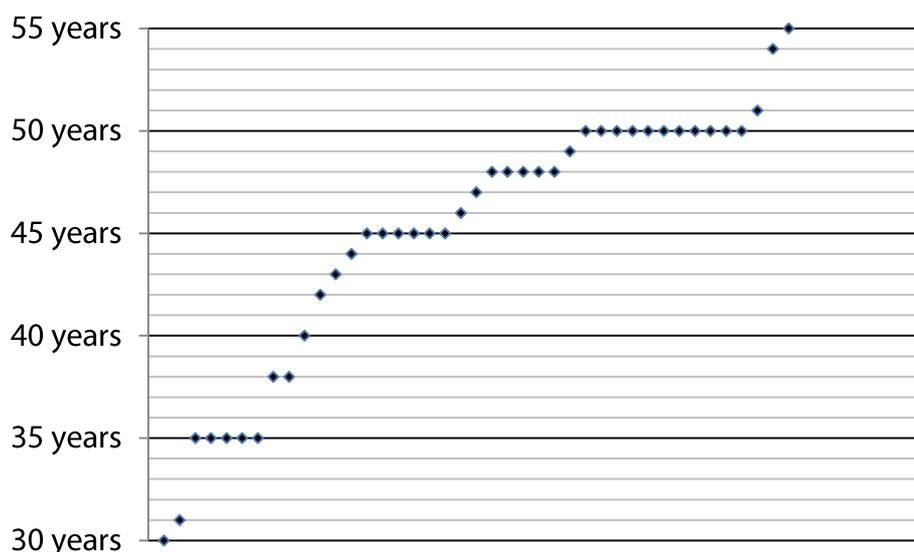
9. What has happened to your training budget over the past 12 months?

Answer options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	% change 11-16
Increased	2 (2.8%)	2 (5.0%)	1 (2.9%)	1 (3.6%)	- 0.8%
Stayed the same	51 (70.8%)	27 (67.5%)	24 (70.6%)	16 (57.1%)	+ 13.7%
Decreased	19 (26.4%)	11 (27.5%)	9 (26.5%)	11 (39.3%)	- 12.9%
Total	72	40	34	28	

51 of 72 (70.8%) respondents pointed to a training budget which had remained the same whilst 2 (2.8%) reported this had increased and 19 (26.4%) had decreased. This split is broadly similar to the last 2 surveys conducted with the majority of respondents experiencing a roughly static training budget. Respondents reported some variance in the allocation of training including:

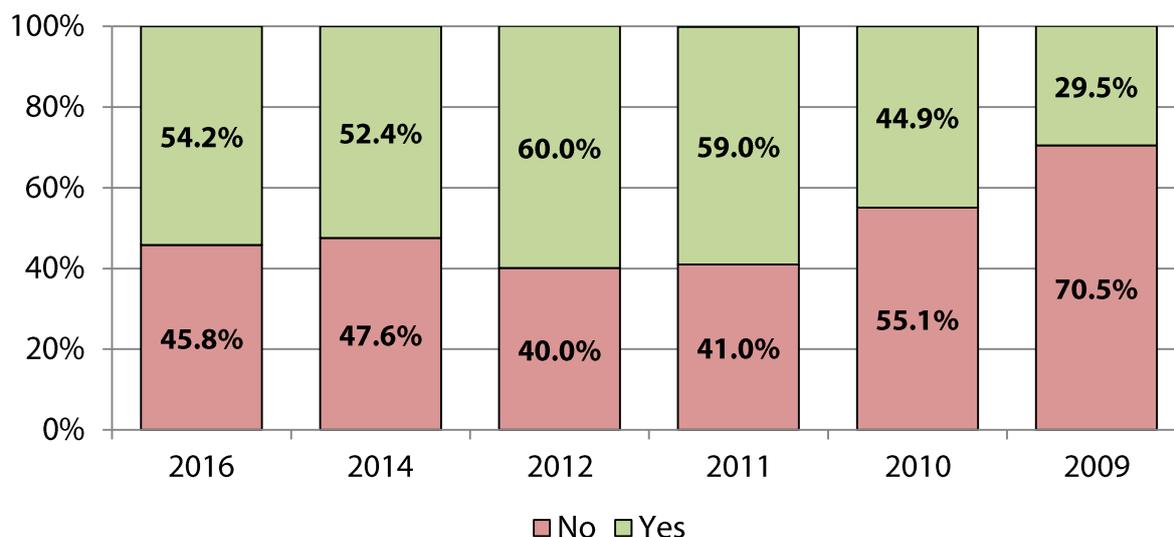
- there is no specific maintenance training budget - and this is allocated from the corporate budget based on need / comes out of any profit
- while a full training programme is maintained, any overspend is covered with additional income generation

10. What is the average age of your highways maintenance operational staff?



The average age of operational staff for highways services is approximately 45 years old. The lowest average age is 30 with the oldest being 55 years. 10 respondents identified the average age as being under 41, and 14 respondents identified the average as being 50 or over. The average age of 45 years old is a slight decrease from 2014's survey.

11. Do you currently sell your services to organisations external to the council?

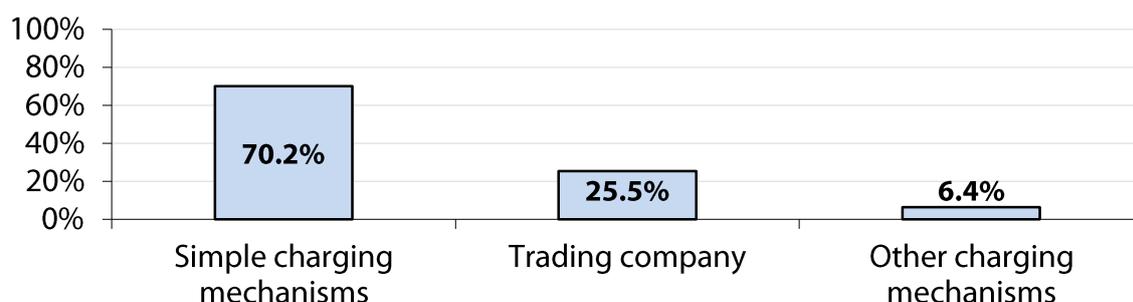


Answer options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	2010 Number (%)	2009 Number (%)	% change 09-16
No and not considering for the near future	17 (23.6%)	10 (23.8%)	10 (28.6%)	9 (23.1%)	22 (44.9%)	22 (50.0%)	- 26.4%
No, considering as option in near future	14 (19.4%)	9 (21.4%)	3 (8.6%)	7 (17.9%)	5 (10.2%)	8 (18.2%)	+ 1.2%
No, likely to start doing it in the near future	2 (2.8%)	1 (2.4%)	1 (2.9%)	0 (0.0%)	0 (0.0%)	1 (2.3%)	+ 0.5%
Yes and expecting to continue	38 (52.8%)	20 (47.6%)	18 (51.4%)	21 (53.8%)	21 (42.9%)	12 (27.3%)	+ 25.5%
Yes, not expecting to continue long term	1 (1.4%)	2 (4.8%)	3 (8.6%)	2 (5.1%)	1 (2.0%)	1 (2.3%)	- 0.9%
No (overall)	45.8%	47.6%	40.0%	41.0%	44.9%	70.5%	- 24.7%
Yes (overall)	54.2%	52.4%	60.0%	59.0%	55.1%	29.5%	+ 24.7%
Total	72	42	35	39	49	44	

The results to this question have stayed broadly static since last year with a slight decrease of 2.0% in those answering “no, considering as option in the near future” and an increase of 5.2% in those answering “yes and expecting to continue”, likely as a result of those authorities in the first option transitioning into commercial operations. From the results in

2009, the overall percentage of respondents answering “Yes” has risen by 24.7%. This is unsurprising with many local authorities embracing the different available income streams as a means of safeguarding services from budget pressures. APSE recently introduced a [local authorities commercialisation, income and trading network](#) as part of its round of advisory group meetings. Members can attend these meetings free of charge.

12. If you do currently sell your services to organisations external to the council, do you use:



33 of the 47 respondents (70.2%) that do currently sell their services externally use simple charging mechanisms, while 12 (25.5%) have a trading company and other responses to this question include a “statutory trading account” and a “schedule of pre-tendered rates”.

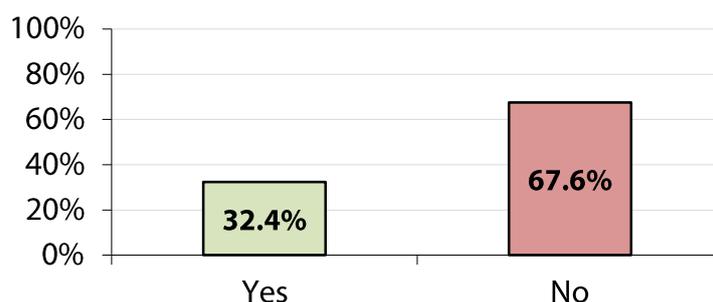
13. Has your authority experienced any of the following:-

Answer options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	% change 11-16
Excessive ‘freeze-thaw’ damaging road surfaces	28 (49.1%)	23 (59.0%)	29 (90.6%)	35 (85.4%)	- 36.3%
Increase in demand for urgent highways repair	50 (87.7%)	29 (74.4%)	25 (78.1%)	32 (78.0%)	+ 9.7%
Increase in damage to street furniture / signs / traffic lights	20 (35.1%)	6 (15.4%)	6 (18.8%)	4 (9.8%)	+ 25.3%
Increase in legal claims for slips, trips and falls	17 (44.7%)	12 (30.8%)	9 (28.1%)	23 (67.6%)	- 22.9%
Increase in claims of vehicle damage as a result of highways condition	34 (89.5%)	23 (59.0%)	22 (68.7%)	N/A	+ 20.8% (2012-16)
Total	57	39	32	41	

The number of authorities experiencing excessive ‘freeze-thaw’ has dropped since 2014 by 9.9% and by 36.3% since 2011, most likely as a result of recent milder winters, although this has not led to a decrease in the demand for urgent highways repairs, with 87.7% of respondents reporting an increased demand (a 13.3% increase since 2014). There has also been a marked increase in damage to street furniture / signs / traffic lights with a 19.7% increase since the previous year.

The number of claims reported have also seen significant rises, with the increase in legal claims for slips, trips and falls increasing by 13.9% (although this is 22.9% less than the peak figure of 67.6% in 2011) and the increase in claims of vehicle damage as a result of highways condition has risen by 30.5% since 2014. In terms of personal claims, one respondent felt that this increase “might not be specifically related to the weather but just a more claims conscious culture”, and another reported “increased personal injury claims from staff (for HAVS, manual handling, etc)”. It is also important to note that an increase in the number of claims does not necessarily mean there has been an increase in the amount of money paid out to successful claimants each year.

14. Have you recently taken a more aggressive approach to defending claims?



Only 22 of the 68 respondents (32.4%) reported taking a more aggressive approach to defending legal claims, although many reported that they rigorously defend any and all claims, and there has not necessarily been any recent change in this approach. Many respondents reported that they have high repudiation rates and their defence to claims are based on their strong inspection strategies, investment programmes, policies and detailed investigations. One respondent noted that their claims handling is administered by a neighbouring authority who have a robust approach to the process, so this is obviously an area where any authority experiencing issues should seek guidance from other authorities on and learn from any best practice.

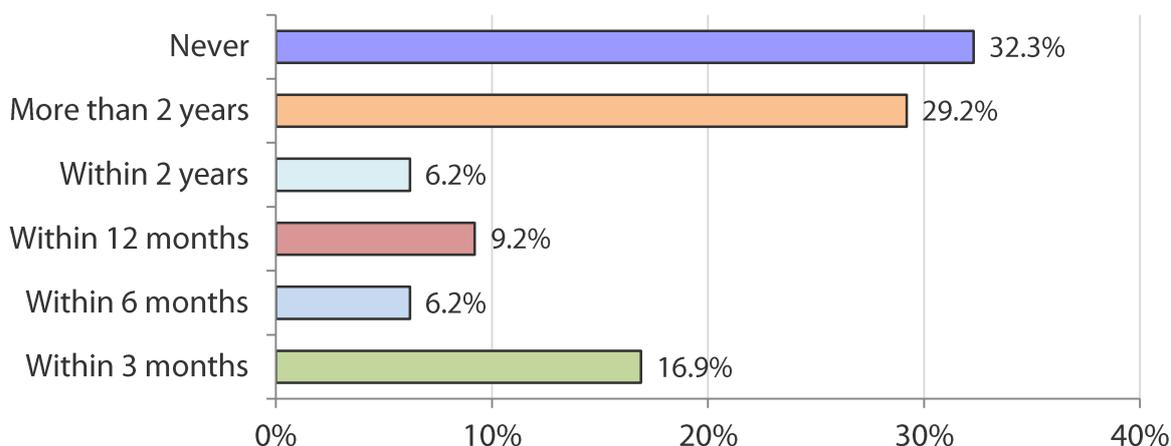
15. What will be the likely estimated cost of repairing potholes which have been identified in your council area?

Answer options	2016 Number (%)	2014 Number (%)	2012 Number (%)	2011 Number (%)	% change 11-16
No expected additional costs	3 (4.8%)	N/A	N/A	N/A	N/A
Less than £50,000	2 (3.2%)	0 (0.0%)	1 (3.4%)	0 (0.0%)	+ 3.2%
£50,000 to £100,000	1 (1.6%)	3 (8.8%)	1 (3.4%)	2 (5.9%)	- 4.3%
£101,000 to £250,000	10 (15.9%)	5 (14.7%)	2 (6.9%)	6 (17.6%)	- 1.7%
£251,000 to £500,000	11 (17.5%)	6 (17.6%)	5 (17.2%)	8 (23.5%)	- 6.0%
£501,000 to £1 million	19 (30.2%)	6 (17.6%)	11 (37.9%)	12 (35.3%)	- 5.1%
£1 million to £3 million	14 (22.2%)	8 (23.5%)	6 (20.7%)	4 (11.8%)	+ 10.4%
£3 million to £5 million	2 (3.2%)	4 (11.8%)	3 (10.3%)	1 (2.9%)	+ 0.3%
In excess of £5 million	1 (1.6%)	2 (5.9%)	0 (0.0%)	1 (2.9%)	- 1.3%
Total	63	34	29	34	

Responses to this question were estimates based on current conditions and available information and are an attempt to provide an overview of the financial resources needed to address the pothole problem and the wider condition of the network.

While the individual circumstances of Councils in terms of size, age/condition of network, etc will have an impact on the estimated cost of repairing potholes, it is clear that this is an issue that many local authorities are unable to solve in the short-term, with the majority of respondents to the following question on when they estimate the existing damage to roads to be repaired to an acceptable standard answering either more than 2 years (29.2%) or never (32.3%).

16. When do you estimate the existing damage to roads in your council area will be repaired to an acceptable standard by?



Again, this question highlights the varying condition of the network and the differences in timescales to bring council roads up to an acceptable standard. While the majority of respondents answered 'never' (32.3%) or 'more than 2 years' (29.2%), an encouraging number answered 'within 3 months' (16.9%) although the agreement of what constitutes an acceptable standard is a much debated topic.

Respondents pointed to the limits placed on their services to properly carry out works by current funding levels, with many highways assets in a state of continual deterioration and managed decline (e.g. green roads becoming orange).

17. Where do you see growth areas for the service over the next 12 months?

Clearly there will be differing opinions in relation to this question, with some respondents reported that they did not foresee any opportunities for growth for their service in the next 12 months. Areas of growth that were noted included:

- Income generation from internal departments using in-house services
- Contracting for other local authorities and external commercial contracts (external income)
- Collaboration with other roads authorities and shared services
- Highways improvement projects funded by LFG through LEP programmes
- Additional external works (e.g. Section 278)
- Apprenticeships
- Increase in drainage and flooding works
- Potholes and resurfacing needs
- Preventative maintenance

18. Where do you see areas where work may decrease for the service over the next 12 months?

Again, this question had many differing responses and opinions with many claiming that there would be no reductions in work for their services over the next year. Areas of expected decrease included:

- Capital spend and revenue funded works
- Internal works to the Council
- Non-statutory duties (only statutory functions may be carried out)
- Carriageway surfacing works / traditional surfacing works / major resurfacing and construction works / surface dressing
- Fluctuations in the external market / Revenue workstreams
- Reactive maintenance (although others noted that reactive maintenance would increase while planned maintenance reduces)
- Planned maintenance / Routine cyclic maintenance work (e.g. gully cleansing)
- Staffing – particularly back room staff
- Day-to-day maintenance of signs, nameplates, etc

Conclusions

The survey covers a range of questions and provides a lot of opinions and information. While many common issues are apparent like delivering a quality service that maintains highways to an acceptable standard against a backdrop of reducing budgets, an increasingly vocal and claims-focused public, with issues recruiting and retaining the experienced staff that Councils need, local authorities seem to be at many different stages in that process with their own individual problems. For instance, some have reported highways service budget increases, have reported that their budget will cover 100% of their maintenance needs, have stated that they aren't experiencing recruitment problems, have no additional expected costs for pothole repairs and only see growth areas for their service over the next 12 months. What is important is that those authorities who are finding success are vocal about their methods and experiences to ensure that any best practice is passed on to others.

The Association for Public Service Excellence

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email enquiries@apse.org.uk.

Our national advisory groups include:-

- Building cleaning
- Catering
- Housing, construction and building maintenance
- Local authorities commercialisation, income and trading network
- Parks, horticultural and ground maintenance
- Renewables and climate change
- Roads, highways and street lighting
- Service delivery models
- Service transformation and performance management
- Sports and leisure management
- Vehicle maintenance and transport
- Waste management, refuse collection and street cleansing