

**Report to Audit and Governance Committee 21<sup>st</sup> January on actions taken in relation to key recommendations made in the audit report relating to the audit of Traffic Signal Asset Management**

**Lead Officer: Philip Williams (Lead Commissioner Community Infrastructure)**

**Presenting officer (if different to above)**

**Summary of Audit Area**

The Council has 184 signalised junctions and 200 signalised crossings incorporating thousands of individual signal units across the County. As roads get busier and people need to move around the county efficiently and effectively, there is a need to ensure that the traffic signals provide for this by being well maintained and replaced when necessary.

There are also non-signalised junctions that may be better managed if they have a traffic signal and also infrastructure developments within the County that may require signalling to be installed.

The above requires a robust approach to existing asset maintenance and also the need to be aware of all developments in advance. There has been an increase in signals in the last few years and signals are not normally, if ever, decommissioned. This results in an ever-increasing traffic signal asset infrastructure to be managed.

Austerity budgets in previous years has resulted in underinvestment in assets which are now ageing and also reduced management and staffing capacity.

### **Summary Terms of Reference of the Audit**

This audit reviewed and evaluated the adequacy and effectiveness of the asset management and replacement programme put in place by the Council to ensure this critical part of the Highways infrastructure remains fit for purpose.

The audit specifically examined and evaluated the following:

Objective One – Traffic signal assets are documented, locations known, and condition surveys of existing stock are regularly undertaken;

Objective Two – An inspection, maintenance and replacement programme / plan is in place and being adhered to with resources adequate to undertake the tasks;

Objective Three – Traffic signal maintenance (revenue) budgets and capital funding are maintained and adequate;

Objective Four – There are adequate and appropriate staff resources and IT systems to support the operation and overall management of the traffic signals infrastructure. Third party expertise is obtained as required.

### **Risks**

- Lack of management information results in unknown positions, faults extending beyond acceptable timescales and progress not being adequately monitored.
- Potential for assets to be held on the Council's balance sheet and a write down charge being applied after they have been disposed of.
- Increased signal failures causing motor and pedestrian disruption;
- potential accident risk;
- additional emergency repair costs; and
- Increased costs of parts when maintaining older equipment.
- Financial waste and inefficient use of assets causing: -
  - Assets to be replaced unnecessarily;
  - Capital expenditure that is not properly justified;
  - Increasing maintenance (revenue expenditure) cost.

## Key Findings

There is a well understood and properly operating system of financial management and control for both capital and revenue expenditure; these budgets and spend to date, along with out-turn projections are reported and closely monitored. However, the capital budget is being reported internally as inadequate to meet end of life replacement expectations but there is no evidence of the extent of the real problem. Replacing traffic signal assets that are working well simply because they are at, approaching, or beyond a theoretical end of life, may be inappropriate. There is also a disparity in respect of the expected or assumed asset life between Finance and the operational area.

Staff resources within GCC and the IT systems used to administer the activity in-house are reasonable. External specialists have been appointed to provide the field expertise as required, both for repairs and for inspections. From our testing and the evidence provided, it is considered that the processes in place for fault reporting and remediation are adequate and working as intended and within the parameters of the KPIs.

The inspection process was not operating as expected at the time of the audit, although the position improved during the course of our work. It was not clear from evidence provided whether or how the performance of the contractor is being challenged, what remedial actions were being taken, or whether any performance penalties were appropriate and had been imposed. Formal management reporting to the Lead Commissioner that would provide a clear picture of the issues and with progress from period to period is absent.

The issues around the inspection programme (as at the audit field work date) may hinder the accurate assessment of the current condition of traffic signals. The lack of formal management reporting could result in poor decision making around asset replacement, repair, and end of life.

### **Action taken as at the 17<sup>th</sup> December 2021**

The Internal Audit report raised five recommendations as follows:

#### **Recommendation 1 (High Priority):**

A more formal and challenging contractor management process should be implemented. This should include assessment against the contracted service levels and documenting the contractor's responses to performance failures and their proposals for remedial action.

- The current position on inspections against targets and likely out turn position against expected;
- Movements in-period on inspections (improvement or deterioration since last report);
- Commentary on position including contractor performance & resourcing;
- barriers to service delivery and outlines corrective actions being taken;
- Successes or failures to meet KPIs on fault repairs;

Actions being taken or proposed to correct the position where it is failing.

Original management response:

Restart four monthly progress meetings (stopped due to covid). A new engineer has recently started covering Gloucestershire, this has improved the Periodic Inspections (he used to work in this area before).

Periodic Inspections from 1<sup>st</sup> April to be entered on Imtrac and emailed to Traffic Signals as they are completed – this will ensure all issues are addressed as soon as they are found. Prior to this, Engineers email/call when they find issues on site following an inspection.

Chargeable works - once a chargeable call has been logged on Tramms, Telent have 10 days to carry out the repairs unless a specific programme of works has been agreed with GCC. Once the work is complete the Tramms call will be closed and invoiced. Monthly report to show which chargeable works have not been completed.

All periodic inspections to take place annually. The results from the inspection are to be entered onto the Imtrac system from site after completion.

Telent will provide a schedule of when each site is to be inspected during the year. Quarterly reports stating how many periodic inspections have been completed and show how many are outstanding.

This action was completed during the course of the audit.

#### **Recommendation 2 (High Priority):**

The life expectancy of the traffic signals assets should be aligned so that both Highways and Finance are working to the same time-span.

Original management response:

We will inform Finance of the correct life span.

Management update as at December 2021

Finance has been informed via email of the correct life span.

**Recommendation 3 (High Priority):**

The current situation in respect of the level of life expired signal equipment and the capital cost of replacement (in full and over a reasonable period) should be re-evaluated. This is in light of the asset expected life discrepancy and the additional data required (as suggested in recommendation 4 below). This should be brought to the attention of the Senior Leadership Team and the Cabinet as soon as possible and an equitable funding solution identified and agreed.

Original management response:

Asset Management Information to be brought to the attention of the Senior Leadership Team.

This action was completed during the audit as part of 'state of nation' review.

**Recommendation 4 (High Priority):**

Detailed investigation and analyses should be undertaken (or database extracts if the information is now available) that clearly shows the following: -

- the threshold by asset type above which it is uneconomical to maintain;
- increases in maintenance costs of life expired assets year on year and the cost/benefit of maintenance against replacement;
- age of all assets;
- years beyond life cycle expectation;
- maintenance spend per asset type;
- ongoing viability and expected total life of asset;
- number of emergency repairs per asset type – and in particular those that are currently life expired; and
- asset failures (by number) and also where there has been any incident or accident caused by a failed asset that is life expired.

Which then leads to quality management information provision such as how long an asset's life can actually be extended (known as asset sweating) to increase value for money and return on investment.

Original management response:

The data is now contained within Imtrac, we are working with the provider to extract the information and analyse it.

**Management update as at December 2021**

Work on this continues and we expect to complete this action in line with the end of March deadline.

**Recommendation 5 (High Priority):**

Introduce a formal management report for the Lead Commissioner which summarises the monthly performance position of the contractor(s) against the contracts service criteria. This report should be at least quarterly but whilst problems are being managed, then monthly would be more appropriate given the contractor performance issues.

Original management response:

Monthly KPIs to be sent to Lead Commissioner summarising monthly performance against Telent.

Completed during the course of the audit.