

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Executive Lead Member for Economy, Transport and Environment
Date:	12 May 2022
Title:	The Impact of Inflationary Pressures on the Delivery of the Highway Maintenance Service
Report From:	Director of Economy, Transport and Environment

Contact name: Peter Rooney

Tel: 0370 779 4628

Email: peter.rooney@hants.gov.uk

1. The decision:

- 1.1. That the Executive Lead Member for Economy, Transport and Environment notes the increasing inflationary pressures and associated impacts on the costs of planned and reactive highways maintenance works in 2022/23, principally as a consequence of the current global situation.
- 1.2. That the Executive Lead Member for Economy, Transport and Environment approves the re-direction of up to £3.5million of revenue funding from the additional £7million that was agreed by the County Council in November 2021, to cover the additional costs anticipated in delivering the planned 2022/23 Structural Maintenance Programme, as a one-off single year revision to the annual spend programme that was agreed in March 2022, as part of the Highway Network Recovery Strategy.

2. Reason for the decision:

- 2.1. In March 2022 the Executive Lead Member for Economy, Transport and Environment approved the Highway Network Recovery Strategy, which outlined how the highways budget for 2022/23 and beyond would be allocated, including the additional £7million revenue funding approved in November 2021. Since the approval in March, the current situation in eastern Europe, and the impact on energy and materials costs, has led to a rapid increase in construction inflation. This report highlights the evolving impacts, including how this is affecting the price, cost and availability of materials, particularly those that are oil-based, and specifically bituminous products. In response the report also proposes a one-off revision to the annual spend programme for the additional £7million in order to support the delivery in full of the planned carriageway surface treatment programme in 2022/3.

3. Other options considered and rejected:

3.1. To reduce costs, and consequently financial risk, by limiting the scope of work delivered on the network and deferring those maintenance activities most affected by inflationary pressures until the situation stabilises. This was rejected due to the detrimental impact that a late change in the planned programme of work would have on the condition of the network and the disruption and additional costs which would arise from changing and reducing the programme, including additional communications activity. There is also an associated contractual risk as deferment of major elements of activity could expose the County Council to significant compensation events if there is a material change to the expected scope of work at short notice.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker: None

4.2. Conflicts of interest declared by other Executive Members consulted: n/a

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

12 May 2022

**Executive Lead Member for Economy, Transport and Environment
Councillor Rob Humby**