

<b>Subject:</b>	<b>Highway Asset Management Strategy</b>		
<b>Date of Meeting:</b>	<b>17 March 2015</b>		
<b>Report of:</b>	<b>Executive Director – Environment, Development and Housing</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Committee are asked to note progress on development of the Council's Highway Asset Management Plan including the investment strategy options for managing the Council's carriageways. Carriageways are the highest value highway asset, the standard of which impacts greatly on road users and the economy of the City.

**2. RECOMMENDATIONS:**

- 2.1 That Members support the ongoing development of the Council's Highway Asset Management Plan and instructs officers to explore financial models for determining investment levels that support and maintain carriageway assets at safe and appropriate levels of service.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Council's Highway Assets are valued at £1,646 million. They include: carriageways (£905m), footways and cycle ways (£166m), structures (£455m), street lighting (£76m), traffic management systems (£23m), street furniture (£21m).
- 3.2 Well maintained and accessible highway infrastructure is vital and fundamental to the economic, social and environmental well-being of the community. It provides access to business and communities, helps to shape the character and quality of the area, as well as the quality of life of the community and makes an important contribution to wider local authority priorities, including economic activity, regeneration, education, health and community safety. Local highways also provide access to the strategic road network and other transport hubs such as stations and the local airport.
- 3.3 Asset management has been widely accepted by central and local government as a means to deliver a more efficient and effective approach to management of

the highway infrastructure assets through longer term planning. Such an approach enables more efficient and effective use of resources, while fulfilling legal obligations, delivering stakeholder needs and safeguarding the engineering integrity of the network

3.4 Having a management strategy for highway assets achieves a number of outcomes, dependant on the chosen investment strategy and level of investment:

- Maintain and improve the condition of the public highway and support public safety
- Reinststate the structural integrity of roads and reduce the risk of winter damage
- Achieve more reliable journey times
- Improve ride quality and appearance of roads
- Enhance the City's reputation for good quality roads
- Deliver efficiencies by moving from a reactive maintenance service towards a planned maintenance service carrying out maintenance work at the most appropriate time to avoid higher long-term cost.

3.5 These outcomes support the Council's corporate priorities, in particular the desire to create a more sustainable City.

3.6 The need for having a robust approach to asset management is also recognised in the current Local Transport Plan (LTP3) as a critical element in the Council achieving its transport goals of:

1. Supporting economic growth
2. Reducing carbon emissions
3. Promoting equality and opportunity
4. Improving safety, security and health
5. Increasing quality of life.

3.7 The Council has been developing its approach to asset management using the Framework for Highway Asset Management guidance produced by the County Surveyors Society and Local Authority Transport Advisory Group in 2004. This work has included a survey of the highway network to ensure accurate asset data is held, undertaking regular condition surveys of assets and having a capital programme of preventative maintenance. This programme has been constrained by budget provision and the need to prioritise funding towards carriageway structural repairs and reconstruction of the sea-front arches.

3.8 In 2011 the Department for Transport (DfT) established and sponsored the Highway Maintenance and Efficiency Programme (HMEP). The HMEP is a sector-led transformation initiative whose aim is to maximise returns from investment and deliver efficiencies in highway maintenance services.

3.9 As part of their work HMEP produced a Highway Infrastructure Asset Management Guidance Document (May 2013) to assist Councils develop their asset management strategies. We have embraced the recommendations contained in the guidance and used the life cycle tool-kits produced by HMEP as

a means of modelling the deterioration of assets based on different levels of investment.

### FINANCING HIGHWAY MAINTENANCE

- 3.10 The cost of highway maintenance is funded through both capital and revenue allocations. The Council's Revenue allocation is used to finance safety maintenance work such as pot-hole repairs and minor maintenance of the network. Capital investment contributes towards maximising the life of the asset and is used for preventative maintenance, such as resurfacing and surface dressing of carriageways, and structural refurbishment. The Council receives Capital financing from the DfT through the Local Transport Plan (LTP) Block Maintenance Fund. This fund is then distributed internally, as determined by Members, to support the maintenance of all highway assets.
- 3.11 In 2014, DfT consulted on changes to the way highway maintenance is allocated. An announcement was made in December 2014 which increased the level of highway maintenance funding nationally for the 6 year period 2015/16 to 2020/21. Whilst the certainty of long term financing was welcome, changes to the calculation of the 'Needs Formula' for determining LTP Block Maintenance Funding has resulted in a reduction of funding to the City Council from £3.163m in 2014/15 to £2.623m in 2015/16, a reduction of £540k (17%). The Council has written to DfT asking that they mitigate the impact of the reduction through a transitional arrangement such as additional allocation over the next 6 years for those authorities affected by the new formula.
- 3.12 Funding allocation for the first 3 year tranche is as follows:

Allocation	2015/16 (£)	2016/17 (£)	2017/18 (£)
LTP Block Maintenance Funding	2,623,000	2,404,000	2,332,000

- 3.13 At the same time, DfT also announced details of a Challenge Fund against which Local authorities can bid for major maintenance schemes in the two categories of £5m - £20m and over £20m. A bid for the refurbishment of the Shelter Hall sea-front structure at £9m was submitted by the due date of 9<sup>th</sup> February 2015. At the time of writing this report the outcome is awaited.
- 3.14 A third funding stream, an 'Incentive Fund', will be introduced in 2016/17. To secure funding Councils will need to demonstrate they are introducing efficiencies in the way they manage their highway assets through: the adoption of a highway asset management strategy; collaborative working with construction partners; joint contracts and collaboration with other local authorities. Councils will be banded with those achieving greater efficiencies attracting more funding. Following a phased introduction over 3 years, 15.5% of total highway maintenance funding will be allocated through the Incentive Fund. It is critical, therefore, that the Council develops a strategic approach to asset management and involves members in the process to supplement the highway maintenance funding allocation detailed in 3.11 above.

## WHOLE GOVERNMENT ACCOUNTS

- 3.15 The Council is required to publish annually the value of its assets within the corporate Whole Government Accounts (WGA) return. From 2016/17 the value of highway assets will go 'on balance' for the first time forming part of the Council's asset base. This requires the Council to have an evidential basis for assessing the gross replacement cost of the assets and a means of assessing the deterioration replacement cost of the asset based on the level of depreciation of an asset within its life cycle. We are currently reviewing our inventory records of highway assets and condition inspection survey regimes to provide the most accurate data.

## CARRIAGEWAY MAINTENANCE STRATEGY

- 3.16 This report concentrates on a strategy for managing the carriageway, the highway asset with the highest value. Separate reports are being prepared for the management of sea-front structures and an invest-to-save bid for street lighting investment.
- 3.17 A number of maintenance strategies have been considered for the treatment of the carriageway asset. These include:
- i) Do minimum – safety maintenance only
  - ii) Maintain current spending levels (£1.4m per annum capital investment)
  - iii) Sustain the roads at current level of serviceability (steady state)
  - iv) Prioritise performance to improve targeted parts of the assets (for example, Principal roads)
  - v) Enhanced level of serviceability to meet specific performance targets
- 3.18 Annual condition surveys are carried on the Council's highway network. Inputting this data to the HMEP Lifecycle planning toolkit allows deterioration modelling of the carriageway to be carried out to demonstrate future performance and the budget requirement to meet the different strategy options.
- 3.19 There is a national situation recognised by Central Government that all UK Local Authorities need to investigate and develop a Highway Asset Management Plan approach to determine the condition of their highway assets and set an appropriate maintenance strategy given the likely availability of resources.
- 3.18 Several Councils have undertaken similar analysis and identified a need to invest in the network to prevent the cost of long-term neglect becoming excessive. Notably, Blackpool Council invested £30m over five years, using Prudential borrowing, having prepared a business case which demonstrated the economic benefit of investment to:
- avoid long-term costs of major maintenance
  - reduce safety maintenance costs
  - reduce accidents and third party insurance claims
  - provide economic, social and environmental benefits
  - reduce the risk of emergency disruption

It is intended to undertake a similar analysis for Brighton & Hove.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 There are several different maintenance strategies that can be followed. Further analysis needs to be done to identify the optimum strategy for Brighton & Hove and the investment required to support it.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The Council participates in the annual National Highway and Transportation survey. The results of the 2014 survey indicate 40% satisfaction with the condition of road surfaces in the City. This is a reduction in satisfaction levels from 43% in 2013. However, In comparison with other Unitary Authorities the Council fares well with average levels of satisfaction for Unitary Authorities being 26% (2014) for the condition of road surfaces.

#### **6. CONCLUSION**

- 6.1 There is a need to invest in highway assets to avoid deterioration of the network and the impact that will have on the economic, social and environmental well-being of the community.
- 6.2 The case for adopting a positive approach to Highway Asset Management has been identified by DfT with case studies showing that savings can be realised through more efficient work planning. DfT have provided inducement to adopt asset management practices by introducing an Incentive Fund to be awarded to Councils following this approach.
- 6.3 Public satisfaction with the condition of road surfaces in the City and elsewhere across the UK is falling. To arrest this decline investment is required.
- 6.4 It is proposed, subject to further work on investment strategies, that the Council should aim to at least maintain the current condition of road surfaces, and, if funding permits, target improvement at key parts of the network.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 7.1 As mentioned in the main body of the report, the cost of highway maintenance is currently funded through both capital funding and existing revenue allocations. The capital contribution is largely funded from DfT Local Transport Plan (LTP) Block Maintenance Fund grant. Agreed Block Maintenance Funding grant allocation for the next three years is as follows:

Allocation	2015/16 (£)	2016/17 (£)	2017/18 (£)
LTP Block Maintenance Funding	2,623,000	2,404,000	2,332,000

- 7.2 The Council's Local Transport Plan for the 2014/15 financial year has allocated £0.050m for the development and of the Highway Asset Management Plan strategy and priorities. Future capital allocations require approval from Policy and Resources Committee. Revenue costs, such as officer time, associated to the development of the Highways Asset Management Plan have been funded from existing budgets within the Transport service.
- 7.3 It is anticipated that the Highways Asset Management Plan will identify investment strategies which will require significant capital investment. The financial implications and business case for any required investment will be developed and reported to Committee at a later date. It is anticipated that the development of the Highways Asset Management Plan will support bids to central government and other bodies for additional highways funding.

*Finance Officer Consulted: Steven Bedford*

*Date: 10/02/15*

Legal Implications:

- 7.4 The Highways Act 1980 sets out the main statutory duties of highway authorities.
- 7.5 The Council, as highway authority, has a duty under Section 41 of the Highways Act to maintain adopted highways to safe and serviceable standards. Officers have to protect the rights of the public to the use and enjoyment of such highways.
- 7.6 There is also a duty under the Traffic Management Act 2004 to secure the expeditious movement of traffic on the authority's road network.
- 7.7 There are a number of legal requirements on authorities around maintaining a safe network as described in the Code of Practice 'Well-maintained Highways' (Section 7.7).

*Lawyer Consulted:*

*Katie Matthews*

*Date: 09/02/2015*

Equalities Implications:

- 7.8 An Equalities Impact Assessment will be undertaken when producing a Business Case for future investment.
- 7.9 When undertaking specific maintenance schemes the needs of the local community are considered from the outset to ensure accessibility for all.

Sustainability Implications:

7.10 When undertaking specific maintenance schemes opportunity is taken to make improvements which support sustainable travel with a focus on improving walking and cycling.

7.11 Sustainable techniques are also used during construction such as using recycling materials. Contractors on the Councils framework are appointed on the basis of their contribution towards achieving the Council's One Planet Living targets.

Any Other Significant Implications:

7.12 These are set out in Appendix 1.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Other Significant Report Implications

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. Local Transport Plan (LTP3) - 2011

Crime & Disorder Implications:

- 1.1 When undertaking specific maintenance schemes opportunity is taken to improve the physical environment and help people feel safer through appropriate design and maintenance of public spaces and streetscapes. The positive use of spaces is encouraged to ensure that crime and antisocial behaviour is discouraged. These actions contribute to the Community Safety and Crime Reduction Strategy 2014-17.

Risk and Opportunity Management Implications:

- 1.1 Having a well maintained highway network creates the opportunity to attract investment to the City and the employment benefits that brings.
- 1.2 A deteriorating highway network increases the risk of public dissatisfaction, accidents and subsequent claims against the Council

Public Health Implications:

- 1.3 Transport and travel are critical to delivering the city's public health objectives as they contribute significantly to some of today's greatest challenges to public health, including road traffic injuries, physical inactivity, the adverse effect of traffic on social cohesiveness and the impact on outdoor air and noise pollution. Advanced planning of maintenance work through an asset management strategy reduces the need for emergency work and the potential for increased air and noise pollution. Opportunities are taken to use road surface products that minimise the risk of traffic accidents.

Corporate / Citywide Implications:

- 1.4 The need for adopting a highway asset management strategy is included in the current Local Transport Plan (LTP3) and will be an important part of the new LTP, the framework for which was recently endorsed by this Committee. The review of the LTP is identified within the 'Creating a Sustainable City' section of the Council's 2011-2015 Corporate Plan.