

REPORT TO: Executive Board

DATE: 7 April 2016

REPORTING OFFICER: Strategic Director, Community & Resources

PORTFOLIO: Transportation

SUBJECT: Highways Asset Management Plan

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek approval for the Policy, Strategy and Objectives of the Chapters 1 to 4 (attached) of the Draft Highway Asset Management Plan (HAMP). This will enable further development of the remaining Chapters which will cover the Operational Plan and Procedure.
- 1.2 The report was considered by the Environment and Urban Renewal Policy and Performance Board (E&UR PPB) on 13th January 2016, who supported the recommendation to endorse Chapters 1 to 4 of the HAMP and submit the report to the Executive Board for its consideration.

2.0 RECOMMENDATION: That

- 1) the Board approve Chapters 1 to 4 inclusive of the Draft Highway Asset Management Plan (attached as Appendix 1); and
- 2) the remaining chapters of the HAMP be brought to this Board for its consideration at the appropriate time.

3.0 SUPPORTING INFORMATION

3.1 What is and why do we need Highway Asset Management?

1. Highway asset management is a way of running the 'business' of operating a highway network. The 780 km highway network (593 km of roads plus 187km of independent footpaths) in Halton, comprises a number of diverse assets and all of these need managing (see Chapter 2, page 9, for more details on Halton's assets). An asset management approach will help the Council, as local highway authority, to understand the value of the highway asset and the costs linked with maintaining that asset to avoid further deterioration and, therefore, further building up of maintenance backlogs.
2. Highways are by far the most valuable asset the Council has (the WGA Gross Replacement Cost of this asset was estimated as £1.484 billion in 2014-15), and as such, managing the maintenance of this

asset is crucial. The highway network is used by, or on behalf of, every single member of the Community, often many times a day. One of the keys to improving value for money in highways maintenance is knowing and understanding when and how to intervene. By applying asset management principles and considering an asset over a whole life cycle, it is possible to select the best time to intervene. This will maintain condition and preserve the asset in an economically viable way.

3. Good asset management is about making best use of available funds. It also provides a clear evidence base to justify the need for investment in highway maintenance. Applying the principles of asset management will help the Council achieve a more structured long term approach to maintaining the network and to resist expensive, short-term actions.
4. Some of the potential benefits of adopting asset management practices are that it:
 - Formalises and documents standards and processes.
 - Helps us provide an informed response to budget pressures.
 - Records what assets we have and what condition they are in.
 - Allows us to understand how much infrastructure is aged and the risk associated with it.
 - Leads to consistency of practices.
 - Provides an audit trail.
 - Assists with managing public expectations.
 - Acknowledges that future spending requirements are not always the same as historical ones.

3.2 What is a Highway Asset Management Plan (HAMP)?

A Highway Asset Management Plan identifies the current assets and develops a **framework for asset management** to enhance existing good practices and improve the management of the network. A HAMP is a guidance document used by the Council's Highways service in managing the highway network as an asset and addressing maintenance challenges moving forward. In addition, the HAMP provides information regarding the highway asset base, its implications and identifies the need for funding that could be utilised in addressing maintenance issues. The HAMP also demonstrates to stakeholders how the Council manages highway assets and proposes to face the challenges of managing these assets in the future.

3.3 Why do we need a Highway Asset Management Plan?

1. The Highway Asset Management Plan supports an evidence based approach to maintaining the highway network and sets out how it can be maintained strategically and efficiently in order to protect the assets and provide the best possible service with the resources available. Its purpose is to identify and set out the maintenance requirements for the highway network within Halton, in a clear and consistent nationally recognised framework.
2. The All Party Parliamentary Report into Highways published in October 2013, recommended that it should be mandatory for each Local Highway Authority to produce a Highway Asset Management Plan in order to receive funding from Central Government. The Department for Transport (DfT) subsequently held roadshows in 2014 outlining how Central Government's **Highway Maintenance Funding** (through the DfT and the DCLG) is likely to be distributed in the future. It has now become clear that unless each LHA is actively committed to Asset Management and other Highways Maintenance Efficiency Programme (HMEP) principles then they could expect a cut in future funding of up to 15.5% by 2020/21, through what is known as the 'incentive element funding formula' (see 5.3 below for more information). This demonstrates more clearly than anything how important it is for the Council to develop and sustain its highway asset management capability.

3.4 Where we are and where we want to be

1. The Council published its first 'Transport Asset Management Plan' (TAMP) in 2007 at the Central Government's initiative and funding. This **TAMP** provided an overview of the authority's highway asset inventories, a gap analysis detailing what further data was required and an action plan for moving the authority towards a more asset management based approach to the delivery of highway services. This is now outdated. The decision to review, revise and publish a more up to date **HAMP** reflects the Council's recognition of the importance of a more robust asset management approach and processes that need to be adopted, as well as the need to integrate various significant improvements made over the last eight years.
2. This revised document has been condensed to include highway assets only (carriageways, footways, structures, street lighting, drainage etc.). The **Transportation** functions such as bus stop infrastructure, bus stations etc. are excluded at this stage whilst discussions continue as to whether these will be carried out under a joint arrangement within the recently formed Combined Authority (CA) which incorporates all six of the Merseyside Authorities (Liverpool City Region CA). If necessary, the transportation assets can be added to the Plan at a later date. This new HAMP document has been constructed around current Highway Maintenance Efficiency Programme (HMEP) guidance on asset management. It has evolved from our previous TAMP which was, in turn, based on the County

Surveyors Society's (now renamed The Association of Directors of Environment, Economy, Planning & Transport or ADEPT) original framework document for Highway Asset Management. This sets out what should be included in a highways asset management plan. It follows recommendations set out in the Audit Commission report (*Going the distance, Achieving better value for money in road maintenance*, May 2011). It also reflects the most current standards set out in the highway codes of practice, as well as taking into account local needs.

3. We are seeking approval for Chapters 1-4 as these set out the governance for the remainder of the document. Chapter 5 onwards will contain the Operational Plan whose aim will be to implement the Strategy and Policy as laid out in Chapters 1-4. Without the approval of Chapters 1-4, it would be uncertain what the Operational Plan was trying to achieve. Consequently, it was felt that we needed a two phase approval to ensure that the HAMP was produced as efficiently as possible and to avoid unnecessary re-writes of the Operational Plan.

4.0 POLICY IMPLICATIONS

- 4.1 The approval of Chapters 1-4 will set the structural basis of the HAMP which will become a Halton Borough Council Policy document once fully completed and subsequently approved and adopted in its entirety.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Halton Borough Council will understand the value and costs of its highway assets and the financial resources required to appropriately sustain these (short and long term). It will seek to make its decisions based on Total Whole Life Cycle costs and appropriate funding strategies that match its business needs and targeted levels of service. Halton Borough Council will link the condition index to customers' expectations, its financial capacity and its levels of service goals; (for example service levels for the high footfall pedestrianized town centres will have a higher rating than little used rural footpaths)
- 5.2 New Minister, Andrew Jones MP, Parliamentary Under Secretary of State for Transport has shown a strong interest in better local roads. This has also been reflected in his recent 'Better local roads' speech given 11 June 2015. The funding environment for councils will be changing and the use of a self assessment toolkit will become part of ongoing Capital funding.
- 5.3 Central Capital allocations for Highway funding will be divided between Needs, Incentive & Challenge Funds which, in the opinion of DfT, improve the funding mechanism. Incentive Funding will be based around a self-assessment analysis (22 questions signed off by the Section 151 Officer) which will categorise each Authority into 1 of 3 Bands. The table below shows how the Incentive element of the total funding available nationally for

Highway Maintenance will increase from £0m this year to £151m by 2018/19 where it is then projected to remain at the same level. If Halton remained in Band 1, where it currently is, over that 5 year period it would stand to lose £1.058m that it could have acquired if it had attained Band 3. Similarly, it could lose up to £0.579m if it only achieves Band 2. The importance of achieving Band 3 is, therefore, clear.

	2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		Totals
Needs Based formula	£901M	£2.228M	£826M	£2.043M	£801M	£1.981M	£725M	£1.793M	£725M	£1.793M	£725M	£1.793M	£11.631M
Incentive Formula	£0M	£0.000M	£50M	£0.124M	£75M	£0.185M	£151M	£0.373M	£151M	£0.373M	£151M	£0.373M	£1.429M
Band 1	100%	£0.000M	90%	£0.111M	60%	£0.111M	30%	£0.112M	10%	£0.037M	0%	£0.000M	£1.058M
Band 2	100%	£0.000M	100%	£0.124M	90%	£0.167M	70%	£0.261M	50%	£0.187M	30%	£0.112M	£0.579M
Band 3	100%	£0.000M	100%	£0.124M	100%	£0.185M	100%	£0.373M	100%	£0.373M	100%	£0.373M	£0.000M

- 5.4 DfT state that this self-assessment questionnaire should be shared with the Executive of the Council and made public. If the questionnaire is not completed then DfT will not release any Capital Funds. Some of the key questions are as follows:-
 Q1. Does (Halton) have an Asset Management Policy and Strategy?
 Q2. Has (Halton) communicated its approach to Highway Infrastructure Asset Management (HIAM)?
 Q5. Is (Halton) undertaking lifecycle planning as part of its HIAM?
 Q6. Is (Halton) able to demonstrate leadership and commitment from senior decision makers in taking forward its HIAM approach?
- 5.5 Based on a draft questionnaire that is currently available and against which officers have scored Halton, it would find itself in Band 1 and so would receive 90% of the Incentive Fund allocation next Financial Year 2016/17. In order to ensure we maximise our potential funding, we need to work together to ensure we successfully progress from Band 1 to Band 2 next year and Band 3 as soon as possible or otherwise we will be subjected to significant cuts.
- 5.6 Aligned with this process, is a desire from the DfT and Treasury for Local Authorities to create and agree a forward looking 3 year programme of highway maintenance works with committed funding resource. This extends to also having a further longer term programme of future highway works. This will also covered in the final questionnaire which is due to be published in January 2016.
- 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**
- 6.1 **Children & Young People in Halton**
 The Highway network is utilised and relied upon by Children and Young people in similar ways to any other demographic of the population.
- 6.2 **Employment, Learning & Skills in Halton**
 It is recognised that a good transport network is essential for a successful economy and for the efficient and effective movement of people and goods in and through Halton.

6.3 A Healthy Halton

Provision of safe, reliable and accessible routes to all destinations by walking and cycling is vital to the future of Halton’s residents and the quality of its environment.

6.4 A Safer Halton

Our highways provide safe and reliable access to jobs, services, schools, get goods to the shops and allow us to make the most of our free time.

6.5 Halton’s Urban Renewal

Highway asset management will help meet the Council’s aims and objectives for positively shaping Halton’s future.

7.0 RISK ANALYSIS

7.1 As the status of the HAMP is one of the main questions which determine our Banding, without an agreed and published HAMP, we will not receive our full allocation of Capital Funding.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are not any equality and diversity issues in relation to this report.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
All Party Parliamentary Group on Highway Maintenance – Managing a valuable asset: improving local road condition	Municipal Buildings	Ian Jones
Transport Asset Management Plan - 2007	Municipal Buildings	Ian Jones
Draft Self Assessment Questionnaire - DfT	Municipal Buildings	Ian Jones
“Better Local Roads” speech, Andrew Jones MP	Municipal Buildings	Ian Jones
“Going the distance, Achieving better value for money in road maintenance,” Audit Commission, May 2011	Municipal Buildings	Ian Jones
Highway Asset Management Plan – Report to E&UR PPB 13 th January 2016	Municipal Buildings	Ian Jones