

REPORT TO: Executive Board

DATE: 16 March 2017

REPORTING OFFICER: Strategic Director, Enterprise, Community & Resources

PORTFOLIO: Transportation

SUBJECT: Highways Asset Management Plan

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 To seek Executive Board approval of the completed 'Highway Asset Management Plan' (HAMP). This will enable the adoption and publication of this document.
- 1.2 The Plan was considered and endorsed by the Environment and Urban Renewal Policy and Performance Board on 8 February 2017 and it is recommended that it now be approved by the Executive Board.

2.0 **RECOMMENDATION: That the Board approve The Highway Asset Management Plan, following the endorsement by the Environment and Urban Renewal Policy & Performance Board on the 8th February 2017.**

3.0 SUPPORTING INFORMATION

- 3.1 At its meeting of the 7th April 2016, Executive Board gave approval to Part 1, Chapters 1-4, of the Highway Asset Management Plan (HAMP). In that report, the importance of asset management and the maintenance of the highway network were emphasised, as was the need for a Highway Asset Management Plan that has the support of the Council's senior management and Executive Board. They set out the governance/organisational arrangements for highway maintenance as well as the overarching strategy and policies. The remaining chapters of the Plan (Chapters 5 – 14) were to be completed and brought back to the Board for its consideration once the overall strategy and policies set out in Chapters 1-4 had been approved.

Chapters 5-14 and appendices are now complete and have been endorsed by the Environment and Urban Renewal Policy & Performance Board. Approval to these Chapters and to the HAMP as a whole is now sought from the Executive Board.

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.
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 has 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 (LHA) to produce a Highway Asset Management Plan in order to receive funding from Central Government. 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.
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 and could be added to the Plan at a later date.

3. Part 1, Chapters 1-4 of the HAMP were approved by the Executive Board on 7th April 2016. Part 2 (Chapters 5-14) is now presented for approval by Executive Board following endorsement by the Policy and Performance Board. This will enable the Council to publish the completed document and provide the necessary evidence to demonstrate as part of the Highways Asset Management Self-Assessment Questionnaire (outlined in sections 5.3 and 5.4 below) that Halton is able to demonstrate “leadership and commitment from senior decision makers” to Highways Asset Management and has adopted its own Highways Asset Management Plan, enabling the key questions to be evaluated as achieving Band 2.

The ratification of the HAMP will serve as a foundation for other detailed plans and strategies based on the principles and objectives of the HAMP.

3.5 **Part 2** contains the following Chapters:

5. **Inventory & Condition** - this chapter looks at what highway assets the Council is responsible for and what condition they are in. It describes the processes by which they are categorised into hierarchies of use and how their condition is attained from survey processes.
6. **Valuation and Whole of Government Accounts** - In order to derive a valuation for the highway network a monetary value needs to be placed upon it. This is done by using a process of Whole of Government Accountancy, whose objectives are to promote greater accountability, transparency and improved stewardship of public finances.
7. **Levels of Service** – details how customer research and expectations are used and the legislation and duties of the highway Authority.
8. **Future Network Changes** – the likely changes to the highway are described with the creation of the Liverpool City Region and the completion of the Mersey Gateway.
9. **Maintenance Processes** – looks at how the main highway assets are maintained and the different types of maintenance applied to them.
10. **Risk Management** – introduces the process that make up the various types of risk affecting the highway operations and the Highway Authorities responsibilities.
11. **Life Cycle Planning** – is the long term strategy for managing the assets, with the aim of minimising the whole life costs and providing the required level of service.

12. **Funding** – details some of the changes to highway funding and details the Incentive funding element of the Highway allocation.

13. **Performance Monitoring** – shows the indicators used to report on how the highway authority is performing.

14. **Current situation** - describes Halton's position and the challenges that it faces.

4.0 **POLICY IMPLICATIONS**

4.1 The approval of the HAMP will allow the Council to be compliant with the requirements of government guidance, and answer the first key questions of the self-assessment funding questionnaire.

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 Andrew Jones MP, Parliamentary Under Secretary of State for Transport has shown a strong interest in better local roads. This was reflected in his 'Better local roads' speech on 11 June 2015.

5.3 The funding environment for councils has changed and the use of a self-assessment toolkit has now become part of ongoing Capital funding. 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 is now based around a self-assessment analysis (22 questions which have to be answered and 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 increases from £0m in 2015/16 to £151m by 2018/19, where it is then projected to remain at the same level. If Halton were to be in Band 1, where it was this time last year, 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, in theory, lose up to £0.579m if it stays in Band 2, where it currently is (however, see 5.5 below). 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 Across the country, all Local Authorities who were signed up as part of a Combined Authority have been awarded a Band 3 status. Consequently, Halton and the other Authorities within Liverpool City Region currently receive funding at a Band 3 level. However, it must be emphasised that this status is dependent on all Authorities within the City Region (CR) continually working to gain Band 3 accreditation in their own right. DfT reserve the right to remove this status and down grade all districts within the CR if one or more districts do not show progress and commitment to improvement. DfT has indicated that authorities can be audited to prove that they are actually working towards achieving Band 3 status and hence it is important that this Council continue its push towards this goal.

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 be consistent with a Level 3 banding and this may jeopardise the Combined Authority rating and future 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
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
Executive Board Thursday, 7 th April 2016 Transportation Portfolio 147. Highway Asset Management Plan	Halton Borough Council web site.	Ian Jones