

Committee	Cabinet
Date	3 August 2004
Report By	Director of Transport and Environment
Title of Report	The Highway Asset Management Plan
Purpose of Report	To report on progress with the development of the Plan.

RECOMMENDATIONS

The Cabinet is recommended to:

- 1. note the requirement for a highway asset management plan to be developed;**
 - 2. endorse the current plans for development of the Highway Asset Management Plan and its implementation;**
 - 3. agree to join the Chartered Institute of Public Finance and Accountancy (CIPFA) asset management support network to develop staff expertise; and**
 - 4. note the estimated minimum level of investment and timescale identified to bring road, footway and street lighting services up to an 'excellent' level as currently defined within the Comprehensive Performance Assessment (CPA) Environment block.**
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1 Financial Appraisal

1.1 There are no major financial implications arising as a direct result of accepting the recommendations of this report. However, it is recommended that the County Council join the national asset management support network for highways being set up by the Chartered Institute of Public Finance and Accountancy (CIPFA) in conjunction with the County Surveyors' Society (CSS). The CIPFA support network is similar to the one developed for property asset management and the annual subscription for this will be £925 per annum. This subscription can be met from the revenue budget for highway maintenance and will entitle the County Council to free places on the proposed regional training workshops and free access to the web-based support network.

1.2 The condition of local roads and footways is improving as measured by the recent national Best Value Performance Indicator (BVPI) figures. When fully developed, the Highway Asset Management Plan (HAMP) will enable costings to be made, with reasonable confidence, of investment needed to deliver maintenance programmes which address various service level options, linked to BVPIs, including the overall maintenance 'backlog'. Recent Best Value reviews of outsourced services and of transport have requested that the 'backlog' figure calculated manually on information available in 1999 be updated. This is addressed in this first outline HAMP on improved information, but data is still incomplete and calculation methods are still manually based. An Improvement Plan summarised in Appendix A addresses these issues.

2. Supporting Information

Introduction

2.1 The development of the HAMP will enable the County Council to meet the government's future requirements for financial planning for transport. A national Framework for Highway Asset Management was launched by the County Surveyors' Society (CSS) in June 2004. This has been endorsed by the Department for Transport (DfT). The DfT has indicated that it will wish to see progress being made in highway asset management planning as part of the guidance to be issued for the next round of Local Transport Plans.

CIPFA and CSS are collaborating to set up a series of annual regional workshops and a support network to develop key asset management topics, including more detailed guidance, particularly on asset valuation.

The first East Sussex Highway Asset Management Plan

2.2 The aim of the HAMP is to develop a strategic approach to the management, operation, preservation and enhancement of the County's highway infrastructure to meet national and local objectives and customer needs. It will be used to develop options for current and future service delivery, forward financial planning and investment and asset renewal programmes. A copy of the first outline Highway Asset Management Plan (HAMP) is available in the Members' room.

2.3 Currently, the County Council has well-developed service standards for highway management and good information on highway asset inventory and condition which have been developed over many years for roads, footways, verges, gullies, structures, signals and street lighting. However, this information is incomplete for a fully comprehensive costing exercise. In this first HAMP only the main components of roads, footways and street lighting have been costed using manual calculation methods with generalised unit repair cost formulae. In the future, up-to-date data management systems and software are crucial for the efficient and effective management of this process. The Plan identifies these gaps in the information and systems necessary to refine this process and suggests an Action Plan for implementation. The system and data management needs are being addressed as part of the current review of highway services for the new outsourced contract in 2005.

2.4 A key component of the HAMP is the development of costed options for different levels of highway maintenance service and investment linked to definitions of 'excellent', 'good' and 'poor' service ratings set out in the CPA Environment block.

2.5 The concept of the HAMP is that it is regularly reviewed, updated and improved through the input of performance monitoring data. To date, only Hertfordshire County Council has a published AMP. Generally, highway authorities consider that it will take up to three years to develop fully their HAMPs. It is envisaged that external consultancy help will be needed to assist in this process.

3 Conclusion and Reason for Recommendation

3.1 The County Council has set itself the target of being an 'excellent' authority by the CPA refresh in 2006. The Plan identifies minimum investment options to achieve this as well as other alternative levels of service delivery. There are gaps in the information and process systems that need to be addressed, particularly to enable comprehensive valuation and 'backlog' calculations to be made with more confidence in the future. These recommendations are included in an Action Plan

3.2 The development of the HAMP will enable the County Council to meet the government's future requirements for financial planning for transport. I recommend that Cabinet endorse the Plan and its development. Over the next year a key departmental target will be to make progress with the HAMP. An annual update on progress will be given in summer 2005.

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Director of Transport and Environment

27 July 2004

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BACKGROUND DOCUMENTS

The CIPFA Prudential Code for Capital Financing in Local Authorities.

CSS Framework for Asset Management Planning.

SUMMARY OF THE EAST SUSSEX HIGHWAY ASSET MANAGEMENT PLAN

A national Framework for Highway Asset Management was launched by the County Surveyors' Society (CSS) in June 2004. This has been endorsed by the DfT which has indicated that it will wish to see progress being made in highway asset management planning as part of the guidance to be issued for the next round of Local Transport Plans.

WHAT WILL THE PLAN DO?

This initial Plan will develop preliminary costed options for different levels of highway maintenance services and investment including various timescales for achievement and performance measurement. It will identify the gaps in the information and systems necessary to refine the process and suggest an Action Plan for implementation.

THE PLAN

The key elements of the East Sussex Plan are:

- National and local goals and objectives
- The highway asset and information held.
- Identification of gaps in the information.
- Determination of levels of service
- Customer expectations
- Service level options
- Lifecycle planning
- Risk assessment
- Option identification and costings
- Performance measurement
- Improvement Plan.
- Forward programmes

SCOPE

The Plan will cover all the aspects of the highway asset, roads, footways, bridges and other structures, signals, street lighting, signs etc. However, at this stage, only roads footways and street lighting have been assessed because not all the information has been collected yet.

SERVICE LEVELS

The first outline Plan identifies preliminary costed options for different levels of highway maintenance service and investment. The service levels are linked to definitions of 'excellent', 'good' and 'poor' service ratings set out in the Comprehensive Performance Assessment (CPA) Environment block.

METHODOLOGY

Whilst considerable improvements have been made in the quantity and quality of highway asset information held there are still significant gaps. There are three key components to the manual cost modelling:

- the estimated cost of 'defectiveness' (the cost to repair the asset to a certain 'service' level – 'excellent', 'good' and 'poor');
- the estimated cost of annual deterioration, and
- the current level of investment, (Local transport Plan funding etc).

The cost analyses are based on the known asset details, (lengths, areas, condition factors, average unit costs for repair etc); the annual cost of deterioration is currently based on empirical data on asset life. This has been assessed at between £5 million to £7 million per annum depending on 'wear and tear', mainly traffic and weather.

The current estimated level of the maintenance 'backlog' for a certain level of service is:

'Backlog' = Current estimated 'defectiveness' cost + annual deterioration cost – current annual level of investment.

COSTING

It must be stressed that in the first outline plan data is incomplete and cost assessments are based on general unit rates and have been undertaken by manual calculation. Removal of the maintenance backlog, completely, would involve an extremely high level of expenditure (probably in excess of £100m), therefore an approach which aims at a more realistic target is being considered by a number of Highway Authorities. The Asset Management Plan will therefore identify various service level options and associated costings. In order to give a level of service for highway, footway and street lighting maintenance that aspires to 'excellent' under current CPA Environment block definitions, the one-off additional investment is calculated to be at least £16 million. Since it is estimated that even with general (revenue funded) maintenance activities the asset deteriorates, on average, at around £6 million per annum, at the current rate of investment of about £7.5 million per annum for structural maintenance, it would take about ten years to reach the CPA 'excellent' status for road and footway conditions. However, it should be appreciated that the excellent status position may well move as other authorities address their own maintenance 'backlogs'.

CURRENT PERFORMANCE

The condition of local roads and footways is improving as measured by the recent national Best Value Performance Indicator (BVPI) figures. The Audit Commission's staged inspection of transport services carried out in July 2004 will indicate the overall rating of the services delivered as far as the County Council's current CPA is concerned. The current key goal is to deliver the highway maintenance PSA by 2006.

ACTION PLAN

In order to develop the Asset Management Plan to give future cost models with reasonable confidence, the following gaps in current asset management need to be actioned:

- The gaps in the asset inventory and condition data need to be collected.
- A suitable comprehensive data management system needs to be procured.
- All data needs to be transferred to the new system.
- Annual customer satisfaction surveys need to be undertaken.
- Customer interface and service information needs to be improved.
- Gaps in service policy and operation need to be addressed.
- A Pavement Management System (PMS) needs to be procured in conjunction with the data management system for cost modelling.
- Local Performance Indicators need to be developed.