

# WIRRAL COUNCIL

## CABINET

15<sup>TH</sup> MARCH 2012

<b>SUBJECT:</b>	<b>HIGHWAYS ASSET MANAGEMENT STRATEGY INCLUDING THE DRAFT HIGHWAYS ASSET MANAGEMENT PLAN (HAMP)</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF TECHNICAL SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CABINET MEMBER FOR STREETSCENE AND TRANSPORT SERVICES</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out a comprehensive review of the Council's approach to managing and maintaining highways and includes the draft Highways Asset Management Plan (HAMP) for the Council.

The proposed strategy, and the associated draft HAMP, will contribute to the corporate priorities for ensuring that Wirral *has a safe and well-maintained highway network for all users, and to reduce the running costs of the Council by improving the efficiency and value for money of Council services.*

In the medium term, the development of an asset management approach will bring about improved investment decision making based on whole life costs for a range of service level options; and resulting in less reactive maintenance and greater savings to the authority.

The maintenance of highways is a statutory duty for the Council under the Highways Act 1980 (as amended).

Cabinet is asked to approve the revised strategy and the draft HAMP.

### 2.0 BACKGROUND AND KEY ISSUES

#### Background

- 2.1 On 3<sup>rd</sup> September 2009, Cabinet endorsed the implementation of the Highway Asset Management Strategy [Minute 92 refers]. At that time government grant funding was available to assist in delivering the strategy and Members approved its use for that purpose.
- 2.2 A core part of the proposed strategy at that time was the procurement of a single software package as part of a new integrated Asset Management ICT system to store and manage data, and a procurement exercise was conducted in 2010.

Regrettably, the cost of the system proved unaffordable and purchase did not take place.

- 2.3 Accordingly, consideration of an alternative approach was required and Section 2.5 of the report sets out an alternative strategy based on utilisation and enhancement of existing, non-integrated systems.
- 2.4 There are a number of drivers for continuing to develop a stronger approach to asset management for highways; which are the Council's highest value asset, with a gross replacement cost presently estimated at £1.547 Billion:
- Reporting the value of highway assets is a requirement of the CIPFA accounting rules for local authorities who are highway authorities from 2012/13; as part of the Whole of Government Accounts;
  - Ensuring that the Council has comprehensive, accurate and up-to-date data about the highways assets, upon which to base its management and maintenance investment decisions;
  - Delivery of Corporate Plan objectives relating to safe and well maintained highways and to reduce the running costs of the Council by improving the efficiency and value for money of Council services;
  - Continuous improvement in meeting the duty to maintain highways, and in managing customer expectations about levels of service; and
  - Meeting Goal Six of the third Local Transport Plan for Merseyside 2011 - 2015, "*Maintaining our assets to a high standard*".

#### Highway Asset Management Strategy

2.5 In order to achieve the requirements set out in 2.4 above and taking into account the constraint that an integrated ICT system is currently unaffordable, the following are considered necessary:

- (a) **Publish a HAMP** prepared based on industry guidance and which provides a continually evolving framework within which to bring together all aspects of the management and maintenance of Wirral's highways;

Progress: The draft HAMP is provided in the Appendix. It is a work in progress, but within it, the additional work required to complete it is identified to achieve the long term management and service delivery objectives associated with the assets.

- (b) **Maintain and enhance existing asset inventories** to ensure that they allow effective use of data and information about the assets' condition and requirements, and provide timely and accurate information to meet asset valuation requirements;

Progress: The range of existing inventories, for each specialist asset (eg street lighting, bridges, footways) has been reviewed and the availability,

suitability or otherwise to meet all the needs of an asset management approach, including valuation requirements, has been determined.

- (c) **Review of highways management and maintenance policies** to ensure that not only do they continue to meet national guidance but that they reflect the desired asset management approach;

Progress: Enforcement and Parking policies have been reviewed and reports to this Cabinet are on the agenda. Highways Maintenance and Streetworks co-ordination policies will be reviewed during 2012/13.

- (d) Ensure that **asset data is reviewed and collected** for all changes to the asset and that where it can be efficiently achieved, collected for all existing assets. Data shall be collected and stored in such a way that it enables asset valuation to be carried out in accordance with national guidance and allows the best possible investment decision making for the asset.

Progress: The Draft HAMP in the Appendix describes the detail relating to asset data. Comprehensive inventories containing full details of asset components and condition are already held for assets such as street lighting and bridges, but much less detail is held for assets such as footways, for example.

As part of the Council's drive to ensure information is securely managed, Technical Services' Information Systems Strategy identifies Information Asset Owners (IAO) and all such officers will be provided with additional training to maintain compliance with corporate standards.

- (e) **Process reviews:** each specialist asset traditionally has its own processes and specialist practices, often for good reason (such as that concerned with electrical competence for lighting equipment), but it is important that they are reviewed to ensure that they contribute to asset management and in particular, data collection and investment decision making, to meet the needs of the draft HAMP. There is also benefit in ensuring that best practice within one specialist discipline is shared across other asset areas.

Progress: this work will be carried out as part of the development of full "lifecycle" plans for each asset, as part of the further development of the draft HAMP during 2012/13.

- (f) Officers from Finance and Technical Services need to **develop a process for Asset Valuation** which satisfies the CIPFA guidance for establishing Gross Replacement Cost and Depreciated Replacement Cost of the highways assets for annual reporting and contributes to whole life costing of assets. These two key CIPFA accounting terms are defined in the Draft HAMP attached in the Appendix.

Progress: the Group leading on the development of the strategy and the draft HAMP includes the appropriate representative from Finance, and common

understanding of the requirements of the CIPFA guidance has already led to the development of the asset component schedule within the Draft HAMP, which is consistent with that guidance.

- (g) Similarly, **key partners in the delivery of the service must be involved in developing our approach to asset management**, most notably our term contractor.

Progress: Colas Ltd's are represented by their Contract Manager on the group leading the development of the strategy and draft HAMP, and whilst their most significant experience of asset management has been within the environment of a large PFI contract for highways management, that representative has successfully led a change within Wirral's drainage data capture and record keeping, using IT solutions, which will improve efficiency and contribute to improved asset records.

- (h) **Whole life costing of highway assets** for both asset valuation purposes and in investment decision making is key to longer term savings and to provide confidence for the Council in continuing to move towards greater planned maintenance with less reactive maintenance.

Progress: the development of the draft HAMP during 2012/13, and in particular the "lifecycle" planning and service level options will contribute to the change in culture from consideration primarily of the current cost of maintenance activity. Opportunity will be taken to learn from the experiences of other authorities that have progressed further in this respect.

- (i) Development of **whole-life maintenance strategies and long-term programmes** will build on the above aspects in future years. This will enable the Council to compare service level options for each asset, with long-term programmes adjusted to meet changes and the level of funding available. Investment decisions based on an **integrated asset management approach**, allowing officers to analyse and compare maintenance strategies for diverse asset types, would develop as the Council becomes more experienced, allowing objective choices to be made between, say, a programme for replacement lighting and a programme of footway reconstructions.
- (j) **Benchmarking** of the Council's achievements and measurable results relating to the highway network will continue, with learning in particular from other authorities' experiences in benchmarking in an asset management environment.
- (k) **A review of the affordability of an integrated Asset Management system** should be undertaken, compared against the benefits to be gained in the future. It is considered that the most appropriate timing for such a review is in parallel with that for the development of the highways service beyond the life of the current HESPE term maintenance contract, which is due to end in 2014.

It is important to note that this development work would also have been required if an integrated IT system for asset management had been purchased. An integrated system would make the processes for asset valuation and analysis of options for whole-life strategies more efficient but would still require the data and process reviews, and draft HAMP development to be effective.

### **3.0 RELEVANT RISKS**

- 3.1 Failure to develop the highway asset records will limit the Council's ability to provide asset valuation information in accordance with the CIPFA Guidance as part of its obligation to report on infrastructure assets for Whole of Government Accounts purposes.
- 3.2 Failure to develop an asset management approach for highway infrastructure will limit the opportunities for the Council to benefit from medium and long term savings arising from whole life costing in maintenance investment decision making.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Procurement of a commercially available integrated management system was undertaken as far as tendering, but the cost considerably exceeded budget provision and was considered at the time to be unaffordable.

### **5.0 CONSULTATION**

- 5.1 The Council's term maintenance contractor has been engaged in the Council's deliberation of future approaches to managing the highways assets, and are represented on the group leading on development of the strategy.
- 5.2 Through the development of the third Local Transport Plan, and in developing benchmarking relating to the performance of highway assets, officers at the partner districts on Merseyside have been consulted on the Council's proposals.
- 5.3 Prior to seeking approval for the completed draft HAMP, consultation will be carried out with key stakeholders including officers at Merseytravel, the Merseyside Districts and the Council's contractor.

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 There are no implications arising directly from this report.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 7.1 Financial – the continued development of the draft HAMP, data collection and management, policy reviews and asset valuation will be managed using existing revenue and capital resources as appropriate.
- 7.2 Financial – any future acquisition of an integrated management system is not likely to be able to be met from existing resources, and a report will be made to Members in due course advising on the outcome of the review.
- 7.3 Staffing – a temporary resource is providing support to existing resources in developing the draft HAMP and the asset management tools and documents, until

March 2013. A review of staff resource requirements will be carried out early in 2012/13, to determine whether this resource is sufficient and whether or not permanent support is required.

7.4 The implications for the highway infrastructure assets are set out comprehensively in the body of the report and in the accompanying draft HAMP in the Appendix.

## **8.0 LEGAL IMPLICATIONS**

8.1 The Council has a statutory duty to maintain highways, as highway authority.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 Continuing to improve the information held on street lighting and illuminated street furniture will contribute to continuing to monitor and reduce the Council's energy usage.

10.2 Information on the Council's entire highway infrastructure assets will assist in quantifying the Council's carbon usage in highway maintenance operations, and in the medium term future will enable service level and investment decisions to be taken based on carbon reduction as one of a number of influencing factors, if required.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are no implications arising directly from this report.

## **12.0 RECOMMENDATION/S**

12.1 Cabinet is requested:

- To approve the strategy for highways asset management as set out in the report;
- To note progress in developing the draft HAMP attached to the report, and provide any comments they may have; and
- Ask the Director of Technical Services to bring a further report to Cabinet in March 2013, reporting on progress in delivering the strategy and completing the draft HAMP, taking into account the views of key stakeholders following consultation.

## **13.0 REASON/S FOR RECOMMENDATION/S**

13.1 Endorsement by Members of the strategy proposed for the development the Council's approach to managing these vital highway infrastructure assets is crucial for its success.

13.2 The HAMP is still developing, and Members should receive a further report to understand the progress that is being made, and that matters raised by key partners during consultation are given consideration, and to ensure that this priority strategy is being delivered.

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## **APPENDICES**

Appendix – Draft HAMP

## **REFERENCE MATERIAL**

CIPFA Code of Practice on Transport Infrastructure Assets [The report author holds one copy]

The third Local Transport Plan for Merseyside 2011 – 2015 [Available from the Council's website]

Technical Services Department Information Systems Strategy 2011 – 2013 [Available from the report author]

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet – Acceptance of the Highway Asset Management Grant</b>	<b>3 September 2009</b>