

CYNGOR SIR POWYS COUNTY COUNCIL.

PORTFOLIO HOLDER DELEGATED DECISION

By

COUNTY COUNCILLOR Liam Fitzpatrick

(PORTFOLIO HOLDER FOR HIGHWAYS

July 2017

REPORT AUTHOR **Head of Highways, Transport & Recycling**

SUBJECT: **Highways Asset Management Plan (HAMP)**

REPORT FOR: **Decision**

1.0 Summary

1.1 This report outlines the strategy for the continued development of the Highways Asset Management Plan (HAMP)

2.0 Proposal

2.1 To adopt a strategic approach to the management of the highway asset valued at £4.366 billion and incorporating 5,800 km of road and 1,600 bridges based on the HAMP model being developed with the County Surveyors Society Wales (CSSW) through core documents including:

- Policy Statement;
- Highways Asset Management Plan (HAMP);
- Annual Status and Options Reports (ASOR) for key asset types;
- Road Maintenance Manual.

3.0 Options Considered/Available

3.1 Update the existing HAMP (2007) format

The HAMP was approved in 2007 with a financial update in 2009. It was successful in supporting Local Government Borrowing Initiative (LGBI) funding bids which attracted over £14million of grant for road maintenance between 2012 and 2015. The structure of the document is not considered to align with current best practice.

3.2 Collaborate with Welsh Authorities through CSSW to develop a revised HAMP

Since 2007 CSSW and all Welsh Authorities have continued to develop and enhance the original HAMP suite of documents with support from external consultants that specialise in highway asset management. This has latterly been in collaboration with the Scottish equivalent of CSSW, the Society of Chief Officers for Transportation in Scotland (SCOTS). This has produced a new document framework and asset management toolkit. This includes condition/cost models that provide a comparative

assessment of different funding strategies for key asset groups as well on guidance for assessing asset condition. CSSW are proposing to continue with a further three year development programme to ensure that HAMPs reflect best practice and the pressures on highway budgets.

3.3 Produce an autonomous HAMP

An individual style HAMP could be developed in-house. External consultants could be used to support the process where needed which would require a separate formal commissioning strategy outside of the CSSW procurement arrangement.

4.0 Preferred Choice and Reasons

- 4.1 The preferred choice is option 3.2, to collaborate with Welsh Authorities through CSSW to develop a revised HAMP. This will complement the Medium Term Financial Strategy (MTFS) Project Support funding of £195k between 2015 and 2018 which includes an element for development of a HAMP.
- 4.2 Information from recent reports and publications (summarised below) demonstrate the condition of and pressures on roads throughout Powys, These support the principle that a new HAMP is required to ensure appropriate information is available to inform service decisions that will assist in targeting funding appropriately and provide a liability defence.
- 4.3 The latest Welsh Government Statistical Bulletin SB 9/2017 on Road Lengths and Conditions, 2015-16 shows that Powys has the highest percentage of Welsh local authority road network in need of further investigation at 19% compared with the next highest Council at 13.2% and Welsh average of 11.2%.
- 4.4 “Powys 2020: Vision for the future” recognises that:
We [Powys County Council] will need to reduce our expenditure on Highways significantly over the next few years as our budgets reduce. More targeted maintenance work and increased efficiencies will be required but we will not be in a position to maintain our network to the same standard.
- 4.5 The Powys Public Services Board Well-being Assessment 2016 (Draft) analysed 33 situations to identify which have the most detrimental and most favourable impact on the seven wellbeing goals in Powys. Whilst most assessments only affected one or two wellbeing goals, there was one particular goal, ‘Travelling around Powys’, which has a direct negative impact on four of the wellbeing goals (Prosperous, Resilient, Cohesive and Vibrant Wales). If there is no intervention then the potential negative effects in the medium-term are anticipated to extend to a further two of the wellbeing goals Healthier and Equal Wales). The only wellbeing goal not having an identified impact is a Responsible Wales.

- 4.6 The existing CSSW/SCOTS arrangement to support HAMP development has reached a conclusion and a new contract will be set up with CSSW and an external highways asset management specialist. Indications are that all Welsh Authorities are interested in participating.
- 4.7 The key benefits of such an arrangement are:
- Potential for all Welsh Authorities to work to a common theme including a joint approach to managing liabilities and legal conformity;
 - Authorities in direct control of the direction of travel;
 - Procurement of specialist asset management services through a lead Welsh authority;
 - Range of workshops to help develop asset management understanding, principles, documentation, modelling tools;
 - Opportunities to share best practice;
 - Focus on Welsh issues and connections with Welsh Government;
 - Access to future Welsh Government funding opportunities;
 - Potential for lower costs with group procurement and development.
- 4.8 There have been a number of key changes since the 2007 HAMP was produced. The two principle ones are: a change of accounting methodology to the Whole of Government Accounts system; the publication of new guidance on highway asset management. Both will impact on the way that highways are managed in the future.
- 4.9 Whole of Government Accounts (WoGA) is based on CIPFA developed methodology that has changed the way the value of authority assets are determined. This places greater demands on asset inventory data to ensure it is to an appropriate standard. This may require future investment to collate and record additional Powys data. Whilst it has little direct impact on day to day highway asset management at this time it offers Welsh Government the potential to allocate future funding on a different, potentially needs driven, basis. The WoGA valuation for highway assets in Powys is £4.366 billion with carriageways (roads) accounting for £3.92bn and structures (predominantly bridges) being the next highest category valued at £0.288bn. These values exclude land costs.
- 4.10 The UK Roads Liaison Group (UKRLG) have published new guidance to replace the previous Well Maintained Highways suite of publications. Whilst not legally binding the new publication, [Well-managed Highway Infrastructure - A Code of Practice](#) published in October 2016, represents industry best practice guidance and offers a new risk-based approach. Welsh authorities are proposing to jointly assess the recommendations of the document through a CSS working group in an effort to provide a consistent Welsh approach. It is recommended that authorities seek to assess and implement the recommendations of the code within 2 years of publication. Failure to do this could expose the council to additional liabilities and potential increase in insurance premiums and settlements.

- 4.11 Sample HAMP documents are included as addendums to this report as follows:

4.11.1 HAMP Policy Statement (Addendum 1)

A high level overarching document to set the scene and show commitment in the application of asset management principles.

4.11.2 Highways Asset Management Plan (HAMP) (Addendum 2)

A key document setting out the proposed level of service and investment for the current period. The plan would focus on managing existing assets and liabilities. It may be used to inform decisions on new assets and the potential future costs of maintenance. The document will be within corporate policies and budget allocations.

4.11.3 Annual Status and Options Report (ASOR) (Addendums 3a & 3b)

This will be a suite of documents covering each of the key asset types with examples for carriageways (roads) and structures (bridges etc) included. They will be factual containing information such as spend, condition, customer demand & satisfaction and key risks. Options will be included for different levels of service. As factual information documents they are intended to inform service/budget decisions.

Carriageways represent the largest value element of the highway asset (see para 4.9 above). The example ASOR for carriageways provides sample output based on Powys data in support of the approved Capital funding bid of £11.85 million over 3 years as approved by Council on 23rd February 2017.

4.11.4 Maintenance Manual (Addendum 4)

This will offer guidance or detail on how certain tasks will be carried out e.g. highway inspections will be undertaken at pre-determined intervals with guidance as to what will be looked at and how identified problems will be managed. This is because range of permutations and outcomes that could be presented will vary depending on location and other factors. The manual will require Portfolio Holder approval.

- 4.12 A Single Integrated Impact Assessment (SIIA) for the HAMP development strategy has been undertaken and is included as Addendum 5. This concludes that the highway asset provides indirect support to many other service areas and therefore strategic decisions may impact on a number of service areas. The update of the HAMP to reflect current best practice and strategic direction will ensure that the council is able to direct investment in an appropriate manner and will provide a robust defence for litigious challenges. Further assessment may be required as elements of the HAMP strategy are developed.
- 4.13 Place Scrutiny Committee may wish to review the HAMP during the course of its development.

5.0 Impact Assessment

5.1 Is an impact assessment required? Yes/~~No~~

5.2 If yes is it attached? Yes/~~No~~

6. Corporate Improvement Plan

6.1 The Plan sets out the vision, values and principles for the Council and provides a framework for the developing HAMP to support.

6.2 The plan's guiding principles are based on the well-being of future generations. The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of the nation. The draft Well-being assessment 2016 demonstrates the significance the HAMP will play in supporting the plan (paragraph 4.5 above refers).

7.0 Local Member(s)

7.1 Local Members have the opportunity to raise matters and discuss progress on schemes through the regular area liaison meetings.

8.0 Other Front Line Services

8.1 Does the recommendation impact on other services run by the Council or on behalf of the Council? ~~Yes~~/No.

8.2 There are no overarching impacts at this time. Issues may be identified as the HAMP documents are developed that could impact on operational practice.

9.0 Communications

9.1 Have Communications seen a copy of this report Yes/~~No~~?

9.2 Have they made a comment? Yes/~~No~~?

If Yes insert here:

No proactive communication action required at this stage.

10.0 Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 The Highways and Enforcement Solicitor is content with the proposal. Further Legal input will be required as the specific parts of the HAMP develop.

10.2 The Capital and Financial Planning Accountant notes that the CSSW toolkit will become a prime financial system for the authority. Assurance will be required for the Strategic Director Resources and Wales Audit

Office that the systems are robust and have adequate controls in place to safeguard the information. The financial year that the valuation change will take place is being determined by CIPFA and may well be 2017/18. This will change the way the Highway Network Assets are valued from historic cost to Depreciated Replacement Cost and bring the £4.366 billion mentioned in paragraph 4.9 into the accounts and the balance sheet.

11.0 Scrutiny

- 11.1 Has this report been scrutinised? ~~Yes~~ / No?
- 11.2 If Yes what version or date of report has been scrutinised?
Please insert the comments.
What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

12.0 Statutory Officers

- 12.1 The Strategic Director Resources (Section 151 Officer) notes the comments made by Finance.
- 12.2 The Assistant Solicitor to the Council (Assistant Monitoring Officer) has no further comment on the paper.

13.0 Members' Interests

- 13.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
1. To approve the Highways Asset Management Plan (HAMP) Policy Statement.	To provide commitment to the use of asset management principles.
2. To approve the adoption of a new HAMP format to be developed in collaboration with other Welsh authorities through the County Surveyors Society (Wales) and for the new format HAMP to be approved in due course by the Portfolio Holder for Highways	To ensure the HAMP remains fit for purpose.
4. To retain the existing approved HAMP until the new document is approved.	To continue provision of structured asset management.
5. To approve a review of Well-managed Highway Infrastructure - A Code of Practice to assess potential impacts on best practice in association with CSSW.	To ensure best practice within highway asset management in Powys and reduce liabilities.

Relevant Policy (ies):	Corporate Improvement Plan		
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	n/a
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Person(s) To Implement Decision:	Head of Highways, Transport and Recycling
Date By When Decision To Be Implemented:	On-going

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Background Papers used to prepare Report:

- [1] Welsh Government Statistical Bulletin SB 9/2017
Road Lengths and Conditions, 2015-16
- [2] One Powys Plan 2014-2017
- [3] Powys 2020: Vision for the future
- [4] Powys Public Services Board Well-being Assessment 2016 (Draft)
- [5] Powys County Council Budget book