

HIGHWAY ASSET MANAGEMENT PLAN UPDATE

REPORT OF THE DIRECTOR OF DEVELOPMENT AND REGENERATION

**Strategic Priorities: Attractive and Inclusive City and Prosperous City
Corporate Performance Objectives CI01**

1. PURPOSE OF THE REPORT

1.1 The purpose of the report is to:

- 1) inform the Committee of the necessity to develop a Highway Asset Management Plan for Sunderland and how this links to other strategies and plans.
- 2) update the Committee on the progress in developing a Highway Asset Management Plan (HAMP) and on the tasks still to be completed.

2. BACKGROUND

2.1 Local Authorities are required to demonstrate that they are making best use of their property and other assets through asset management plans. In compliance with Government guidance relating to local transport planning, this requirement has now been extended to the preparation of an asset management plan for transport related assets including the highway. Asset management is a strategic approach that identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure to meet the needs of current and future customers. Given the importance of the highway network to the economic, social and environmental well-being of the community the Department for Transport (DfT) has encouraged local authorities to develop an asset management approach to managing that network. Highway Authorities are expected to introduce and embed asset management principles in their organisations to ensure that budgets are based on clearly identified service standards and spending is need and outcome based.

2.2 Authorities were required in the second Local Transport Plan(LTP2) 2006-2011 to include a statement on their progress in preparing a Transport Asset Management Plan (TAMP). The main difference between a HAMP and a TAMP is that the TAMP would include other transport assets such as the public transport infrastructure. Sunderland City Council has collaborated with the other Tyne and Wear authorities in developing HAMPs. The HAMP is the first phase in the development of a TAMP.

2.3 Along with the development of the TAMP/HAMP the government also requires a valuation of highway assets in preparation for the introduction of Whole Government Accounting. The government has now indicated

that a valuation will need to be complete by 2011/12 and that a provisional valuation will be required for 2010/11. The Chartered Institute of Public Finance and Accountancy (CIPFA) produced a report in June 2008 on a 'Review of accounting, management and financing mechanisms for local authority transport infrastructure assets'. This report is expected to form the basis of a new code of practice for the valuation of highway assets which CIPFA have been working on along with the DfT and local authorities. This is expected to be issued by August 2009.

- 2.4 In order to maximize the outcome of available resources Sunderland City Council in partnership with Gateshead Council and South Tyneside Council appointed OPUS consultants to assist in the production of a Highway Asset Management Plan for each authority.
- 2.5 In December 2008 the DfT invited applications from all highway authorities to bid for DfT funding in order to collect information regarding the highway assets. Sunderland council was successful in being awarded £78,000 in capital funding and £50,000 in revenue funding. This funding has been allocated for a video survey of highway assets and digitization of drainage assets.

3.0 CURRENT POSITION

- 3.1 The development of the HAMP is ongoing and has involved collecting information from the relevant asset managers from different Directorates. Further work on lifecycle planning, levels of service and valuation are required. This is detailed below.
- 3.2 Video survey work is expected to start and to be completed this financial year. The survey is undertaken using specialist camera and technical equipment.
- 3.3 The council has procured software that will enable it to manage its highway assets more efficiently and effectively in accordance with best practice. The information on highway assets that is analysed from the video survey will be transferred onto the new software system.
- 3.4 The Comprehensive Area Assessment (CAA) includes a score for 'Managing other resources' specifically Asset Management. Guidance issued by CIPFA indicates that the Audit Commission will focus on examining the strategy for asset management, performance management and value for money.
- 3.5 CIPFA is producing a new code of practice, 'Guidance on Financial Information to support Transport Asset Management, Financial Planning and Reporting'. Once this guidance is published, the council will calculate the value of its highway assets in accordance with the government's requirements. The City Treasurer is involved in this process.

4.0 NEXT STEPS

4.1 The proposed work flow plan is as follows:

- a) Identify the assets involved, what data is available on those assets, what data is needed and what the quality of the data is.
- b) Establish levels of service in terms of asset condition and the performance requirements of the asset.
- c) Identify performance gaps and the reasons for those gaps
- d) Develop lifecycle plans for individual asset groups.
- e) Identify optimal regime for the operation and maintenance of the network including consideration of desired levels of service, budgets, organisational constraints and analysis of risk .
- f) Establish a 3 year forward works programme and review service delivery methods and contracts. A projected maintenance programme for the next 10 years will be formulated.
- g) Develop a performance measurement and reporting regime to monitor achievements and identify improvements.
- h) Complete a valuation of the highway asset inventory in accordance with the guidance and timescales set down by government and CIPFA.

4.2 In addition to 4.1 above, OPUS produced a draft structure of the HAMP (Appendix A) and this will be used as a basis for the final plan.

4.3 The next target date is September 2009 when the final draft HAMP should have been completed. It is proposed that the final document is submitted to this Review Committee and then, Cabinet for approval.

4.4 In order to finalise the HAMP, consultation will be undertaken with key stakeholders for certain sections such as 'levels of service'. All members will be invited to comment on the full draft plan, and supplied with access to the draft plan.

5.0 CONCLUSION

5.1 The Committee are requested to note the contents of the report and the progress in preparing a HAMP and TAMP for Sunderland.

6.0 BACKGROUND PAPERS

6.1 Framework for Highway Asset Management – CSS.

6.2 Guidance Document for Highway Infrastructure Asset Valuation – CSS/TAG

6.3 CIPFA report - 'Review of accounting, management and financing mechanisms for local authority transport infrastructure assets'.

Appendix A

DRAFT STRUCTURE OF HAMP

Glossary of Terms

Abbreviations

1 EXECUTIVE SUMMARY

2 INTRODUCTION

- 2.1 Definition
- 2.2 Purpose of This Plan
- 2.3 Assets Covered In This Plan
- 2.4 Key Stakeholders
- 2.5 Asset Management Team

3 ASSET MANAGEMENT FRAMEWORK

4 GOALS, OBJECTIVES AND POLICIES

- 4.1 Objectives of Asset Ownerships
- 4.2 Sunderland's Strategic objectives
- 4.3 Sunderland's Transport Objectives
- 4.4 National Objectives
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5 INVENTORY AND CONDITION ASSESSMENT

6 LEVELS OF SERVICE

- 6.1 Introduction
- 6.2 Why Levels of Service
- 6.3 Development of Level of Service
- 6.4 Legislative Requirements
- 6.5 Customer Expectations
- 6.6 Council Objectives
- 6.7 Best Practice Guidelines
- 6.8 Comprehensive Performance Assessment
- 6.9 Service Options

7 LIFECYCLE OPTION APPRAISAL

- 7.1 Performance Gaps
- 7.2 Lifecycle Planning

8 DECISION MAKING

- 8.1 Optimisation
- 8.2 Asset Valuation
- 8.3 Budget Consideration
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9 RISK MANAGEMENT

- 9.1 Definition of Risk
- 9.2 Application of risk management
- 9.3 Risk Management Process

10 FORWARD WORK PROGRAMME

10.1 Introduction

10.2 Current Practice

11 PHYSICAL WORKS & SERVICE DELIVERY

12 PERFORMANCE MONITORING

13 IMPROVEMENT ACTIONS