

Meeting date: 29 NOVEMBER 2018
Report to: Cabinet Member for Transport & Highways



Subject/report title: **ASSET MANAGEMENT AND SERVICE PRIORITIES**

Report from: Head of Highway Services

Report author/lead Ashley Prior

contact officer: Tel: 0121 704 8558

Email: Ashley.Prior@solihull.gov.uk

Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph: Select an Exemption paragraph from the Quick Parts drop-down list

1. Purpose of Report

1.1 To provide the proposed Highway Services programme of works and expenditure for 2019/20.

2. Decision(s) recommended

2.1 Cabinet Member is asked to:

- (a) Approve the annual plan and service priorities as contained in Appendix A and Appendix B,
- (b) Receive similar reports on an annual basis.

3. What is the issue

- 3.1 Each year the highways service receives a budget and is required to maintain highway assets to best effect. This task has become increasingly difficult given the financial constraints of recent years. Traditionally, annual budgets have been reduced by a set percentage across the board to meet available funding. At the same time the inventory of highway assets is ever increasing, as are the costs involved to safeguard them.
- 3.2 To perform this service the Highways team utilises a Strategic Highways Contract (SHC) with our provider, Balfour Beatty, and also carries out some duties using our in-house team based at Moat Lane depot.
- 3.3 For the SHC we have to provide an annual plan which describes the anticipated work for the coming year, together with the value of expenditure through the contract.
- 3.4 Overarching all service areas are the Council objectives which are set for the medium term. To achieve these objectives each directorate and service area must have clear targets for teams and individuals. In balancing these priorities consideration must be given to the resources available to deliver services. The restructuring of highways services in 2016 reduced staff numbers to help achieve financial savings and this was contingent on being able to focus on agreed priorities and thereby manage increasing demands on the service.

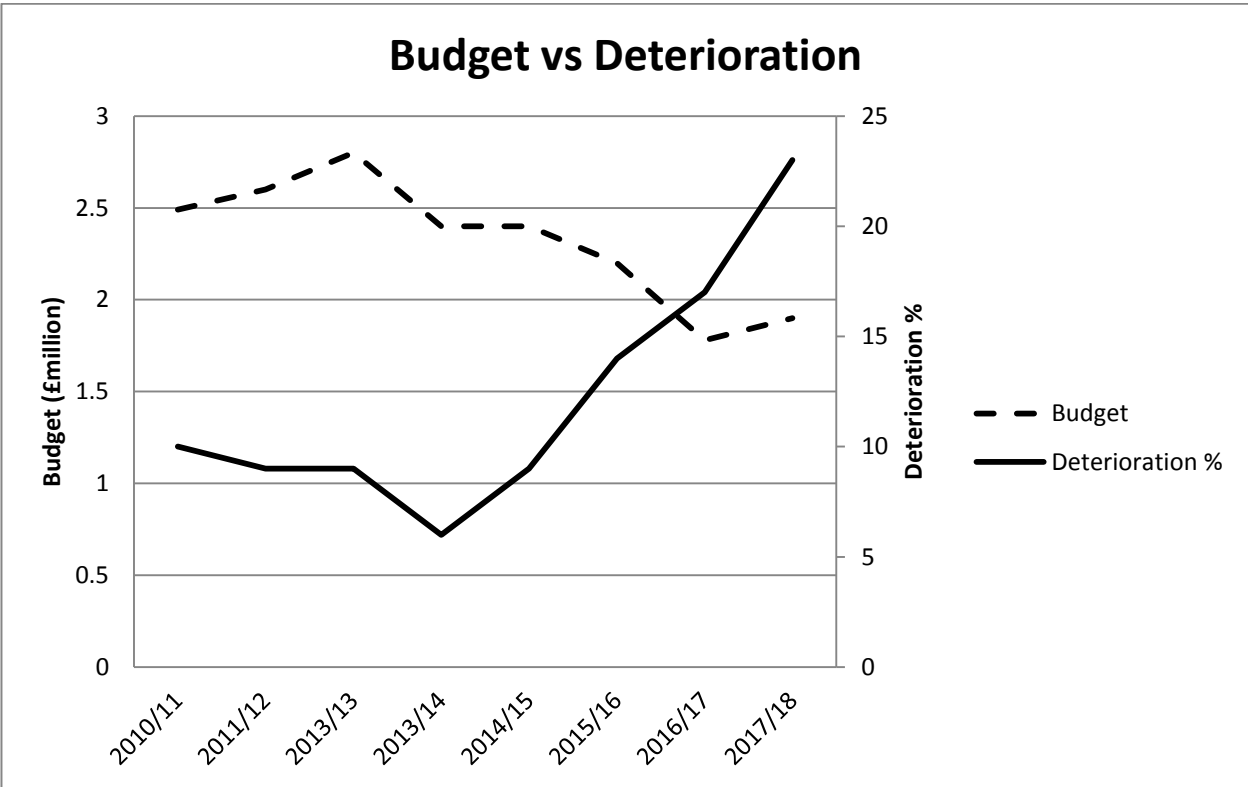
4. What options have been considered and what is the evidence telling us about them?

- 4.1 Last year rather than continuing to reduce budgets by set percentages, we produced the first annual plan following a review of our assets and their condition. We have detailed asset information on carriageways, footways, street lighting, drainage and structures. Moving forward we are gathering more information on assets including street furniture, road signs and road markings. The value of our known assets stands at £1.346bn and this figure is reported to Department for Transport each year. The recommended asset management approach should relate revenue expenditure to the value of assets.
- 4.2 For Local Authorities, the on-going austerity measures have been in force for many years; there is a risk that continuing reductions in funding will result in an inability to maintain and improve assets. From 2015/16 – 2018/19 savings of £1.202m have been delivered from the service. For the remainder of the existing MTFS period (to 2020/21), there are a further £1.189m of savings that need to be delivered. This means that over the 6 year period, Transport and Highways will have delivered £2.391m of savings towards the MTFS.
- 4.3 To help offset this risk we try to maximise the outputs from increasing capital funding. Carriageway resurfacing budgets have been augmented over recent years with DfT challenge funds, linked to good asset management, and additional pothole funding.
- 4.4 There have been recent government funding announcements that we may be able to access, such as:

- Increased National Productivity Investment Fund from £31bn to £37bn
- £28.8bn for a new National Roads Fund
- £420m for 2018/19 additional pothole funding
- £150m National Productivity Investment Fund for 'small improvement projects'

4.5 Additionally, through the wider UK Central Programme, SMBC has been successful in securing £300,000 to complete a Business Case for Local Network Strategic Resilience. The team are holding a brainstorming session with colleagues to explore wide ranging options which will inform the business case. Measures may include intelligent traffic signals, communication of network traffic status, enhanced diversion routes and strengthened roads and bridges linked to development sites, all of which could secure a total of £16m from the Combined Authority and greatly assist the efficient operation and future resilience of the highway network.

4.6 We have used recent capital injections to carry out extensive road resurfacing to maintain good road condition and to prevent the formation of potholes. This funding is welcome but is not guaranteed indefinitely and so the risk remains. It is also limited to work on classified roads, so the condition of the unclassified network continues to deteriorate (see graph below). The focus on classified roads is aligned with the regional objective of providing a well maintained Key Route Network (KRN).



4.7 Appendix A shows the work priorities for 2019/20 and the associated proposed budgets. This constitutes the Annual Plan which will be issued to Balfour Beatty if agreed by the Cabinet Member. The columns show how the budgets are constructed and how we have tried to supplement revenue funding with funding from the combined authority and how we have flexed the LTP funding to relieve the revenue budget.

- 4.8 To further support the overall budget position new ways of generating income are being explored from additional services. In 2019/20, it is planned to launch a new travel planning service which, through the planning process, has the potential to support new businesses and developers encourage travel behaviour changes and to bring in much needed income.
- 4.9 Customer engagement is crucial to highway services and schemes, and we are constantly striving to improve our communications. To this end we are seeking to develop our ICT systems so that we can receive enquiries from customers and seamlessly investigate and report back to the customer within defined timescales.
- 4.10 Looking to the future and the extensive development that is planned for the region, we are involved in major projects like HS2, Metro, Sprint, EV charging infrastructure and UKC developments. The challenge for the highways team is to influence the design and construction of new assets and to ensure that they will enhance the public realm yet not create excessive strain on diminishing revenue budgets.
- 4.11 **Service Priorities**
- 4.12 To help define the service priorities we review the Council objectives and try to align our team and individual targets. Numerous statutory duties are conferred on local authorities and these must form the basis of the operational strategy for the highways department.
- 4.13 Key to these are functions which ensure safety and movement of traffic like highways inspections, traffic regulation orders and licensing of items on the highway. Abandoned vehicles are a new statutory service for the highways team this year. Additional services like car parks and independent travel training bring invaluable income for the authority. Highway permitting is a change to our Streetworks statutory function which allows us to recover all associated costs and has therefore become a top priority for the current and future years.
- 4.14 Appendix B shows the range of our current service priorities and highlights statutory functions. When considering council objectives and future budget savings this chart will inform our options and it is therefore vital that it is reviewed on an annual basis.

5. Reasons for recommending preferred option

- 5.1 This is the second year where we have taken an asset management approach. It has worked well so far and has driven improvements across the service. The plan provokes discussion across the teams and ensures that we focus on the right things at the right time, which helps to manage risks.
- 5.2 Our asset intelligence is developing thorough collection of asset inventory and through the removal of surplus assets as part of the decluttering policy, and we are in a position to direct funding to where it is required.
- 5.3 There are great benefits from providing the Annual Plan in terms of contract performance where Balfour Beatty can organise their resources to meet the challenges of each year. The approval of the plan in November allows both teams

time to prepare for the new financial year in April 2019.

- 5.4 By reviewing costs and funding streams with finance we can utilise the various inputs to maximise outcomes and to reduce service vulnerabilities.

6. Implications and Considerations

- 6.1 How will the options/proposals in this report contribute to the delivery of Council Priorities (*select which priority/priorities and also specify which key programme/s*):

- The Council's priorities have been taken into consideration when making the recommendations contained within this report.

6.2 Implications for children and young people, vulnerable groups and particular communities:

- 6.2.1 Specific risks are mitigated through the annual asset management review process.

6.3 Consultation and Scrutiny:

- 6.3.1 N/a

6.4 Financial implications:

- 6.4.1 The annual plan set out in Appendix B has been considered in conjunction with the financial team and is in line with MTFS.

6.5 Legal implications:

- 6.5.1 None as a consequence of this report.

6.6 Risk implications:

- 6.6.1 The Corporate Risk Management Approach has been complied with to identify and assess the significant risk associated with this decision/project. This includes (but is not limited to), financial, political, legislation and reputation risks.

The Approach is not intended to eliminate all risks and not all the risks identified can be managed all of the time. Also, risks will still exist that have not been identified.

However, based on the information provided, no significant risks have been identified.

6.7 Statutory Equality Duty:

- 6.7.1 None as a consequence of this report.

7. List of appendices referred to

- 7.1 Appendix A – Highway Services Annual Plan 2019/20

Appendix B – Service Priorities 2019/20

8. Background papers used to compile this report

8.1 N/a