

APPENDIX 1

Report of Scrutiny Panel A

Highways Approach to Asset Management Inquiry June to July 2010

Panel Membership:

Councillor Fitzgerald (Chair)
Councillor Mrs Damani
Councillor Kolker (Vice-Chair)
Councillor Morrell
Councillor Odgers
Councillor Turner
Councillor Willacy

Democratic Support Officer:

Sharon Pearson

Policy and Performance Analyst:

Dorota Goble

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INTRODUCTION

1. Scrutiny Panel A conducted the Highways Approach to Asset Management Inquiry between June and July 2010.
2. This inquiry focussed on how the programme of works to maintain Southampton's highways assets is prioritised by the council and how the council's policy and programme of works are consulted and communicated with others.
3. Evidence was gathered from the Highways Service on the approach to asset management through the Transport Asset Management Plan (TAMP) and the process of prioritising the programme of works through a non-political prioritisation matrix. The Service also outlined their processes for consulting and informing others on policy and works that will affect them. The impact of these on the state of the city's highways and footpaths and the perception of others was also discussed. In addition, the Cabinet Member for Environment and Transport introduced his issues, focus and priorities for the roads and footpaths of the city.
4. The Southampton Highways Service spent £14.7m in 2009/10 to keep the city moving through laying 17 miles of new black top, fixing 5,096 defects and potholes, whilst managing 13,500 road openings undertaken by utilities, as well as delivering a multitude of other general structural and reactive street maintenance works.
5. However, despite increased investment (in October 2007 Cabinet agreed to increase capital funding for roads from £3m to £6m) and an extensive programme of maintenance works each year, the panel were informed that the total infrastructure requiring repair or replacement has recently been estimated at approximately £58million. In broad terms it would take about 10 years to replace / repair all of the defects currently identified as needing capital funding using the existing capital funding level of £6m per year due to its own budgetary issues together with the national financial constraints. The panel understood that Southampton may never halt the decline of its highways assets without further significant funding above that which is currently affordable to the council, being available.
6. For decades Southampton has suffered underinvestment to a low quality network of roads, many of which were not built to withstand the high volume of traffic seen today. This is especially prevalent with the high level of freight traffic along the A35 Western Approach leading from the M271 through Redbridge to the docks, designated by Government as "a route of national importance".
7. Despite these challenges the panel recognises the extent of recent improvements to the highways in the city seeing principal roads in a poor overall condition reduced from 15% to 8% in 3 years, alongside an improvement from 9% to 7% of classified non-principal roads in a poor overall condition.
8. In addition, a recent MORI survey of residents showed the council's Highways Service to be the most improved authority amongst the 76 authorities that took part. The survey also identified that areas with the most scope to improve were the condition of highways and cycle routes. The communication of proposed highways

schemes and involvement in their development by business and the public was also an area where further improvement is required. Lessons can be learnt in keeping people affected by road works better informed.

9. The panel however believes there is much to be proud of in the way the highways assets, valued at £985m, are now managed; the introduction of the Transport Asset Management Plan (TAMP) in 2008 changed the city's approach to its highways investment for the better. The panel supports the non-political approach the TAMP adopts to prioritise the annual programme of works and the efforts to maximise the value of these assets.
10. The panel also acknowledged the work of the Night Time Economy Inquiry to identify and address the issues around transport and highways within the city centre at night. The panel understand the issues raised may not be easily resolved, however, they support the wider transport related recommendations therein.
11. The panel noted with regret that the city was not awarded a PFI highways contract despite achieving one for Street Lighting. Furthermore the panel recognised the alternative strategy of pursuing a strategic partnership as the next best option given the circumstances. They therefore look forward to seeing the benefits and improvements expected, briefly outlined later in this report, in the 10 year Highways Partnership signed with Balfour Beatty on 14th July 2010.
12. The panel wish to give praise to the strong Highways team that has driven a step change to the performance of Highways, supported the delivery of the TAMP and helped meet objectives in the Local Transport Plan. Their commitment to realise the best out of the city's highways can be demonstrated not only through the strategic direction that the service has so successfully pursued in recent years but also by the recent national award achieved for the London Road Scheme, the smooth transition to the Highways partnership and by the willingness of staff to make it work.
13. It was highlighted to the panel that although significant improvements to the highways assets have been achieved, the city needs much greater investment to realise further major improvement. There is still the potential for more improvements to service efficiency and the contract signed with Balfour Beatty for the next 10 years will maximise this to leave the city roads in a much better position than maintaining the status quo. The benefit of the Balfour Beatty contract will be in delivering 'more for the same money'.
14. The panel noted that the new partnership alone cannot solve the city's problems of a declining highways asset despite the present high level of investment. It is clear if the current trend continues there may come a time in the city's future when a more challenging policy direction is needed.
15. The panel acknowledged that officers will continue to be alert for new forms of funding or opportunities that would bring in the scale of investment required to move to a position of overall improvement of the condition of the City's roads, pavements and infrastructure.

THE ISSUES

Policy

16. The Highways network is key to enabling the economic vibrancy and smooth traffic flow through the city, receiving an annual investment of £14.7m maintenance budget in 2009/10. This included an extra allowance of £450,000 to repair road damage following successive severe winters which have a serious impact on road condition. Over the last few years this extra allowance has nearly trebled due to bad weather.
17. In addition, major works have been undertaken in the past 2 years to maintain the heavy freight transport link on the Western Approach (Redbridge Road link from the M271 to the docks) which has been officially designated by Government as a “route of major economic significance and national importance” linking the port to the south of England. These works have cost in the region of £6m to the flyovers and Milbrook roundabout, with a further estimated £5/6m required to be spent on the Redbridge roundabout. This latter scheme is still to be included in the future forward works programme, on top of other routine maintenance work.
18. The panel believe that as this route is of national importance it places an unfair burden on the council’s and residents’ purses, given its significance to the economic vitality of the south.

Recommendation 1: The Cabinet Member for Environment and Transport, in conjunction with the chair of Scrutiny Panel A and with cross-party support, to write to the Secretary of State to highlight the inadequate funding available for maintaining the Western Approach infrastructure asking them to propose a way forward. Should additional funding not be available, their view should be sought on taking the road into Government control.

19. The panel supports the intent of non-political approach to prioritisation of the highways programme through the priority matrix and Transport Asset Management Plan (TAMP) to develop a programme of works based on both technical engineering issues and council priorities.
20. The high number of ‘priorities’ on the matrix, however, have the potential to dilute its impact, and coupled with a low weighting score where links are identified, mean there is a limited impact on the final outcome of the programme of works.
21. The panel felt it would be better to concentrate on a more focussed annual programme of maintenance works to achieve a marked improvement in a key area of performance or location. The programme should aim to continue the intent of embracing non-political decisions agreed across party and for a fixed term to enable the works to have a demonstrable impact on performance.

Recommendation 2: Highways Service Partnership client team to ensure that members have an opportunity to influence the annual plan and that the priorities are reviewed annually with Members whilst also considering alternatives that will focus on clearer, more specific and non-political outcomes

22. The TAMP provides a framework for making more informed decisions under an agreed set of principles. It is a proven methodology for assessing complex data, placing it in various bandings so that asset managers are able to identify levels of deterioration and make value for money decisions on critical and preventative spend. This underpins our strategy for maintenance and is embedded within the Highways Service Partnership specification. Balfour Beatty is committed to using this approach and aims to provide greater prioritisation and focus for which areas are in need of maintenance.
23. The panel were advised that despite the investment to improve the state of the city's roads, and the potential benefits that the Highways partnership contract may yield, it is likely that we will never, at current rates of investment, arrest their decline. At best we can hope to fix the worst bits and extract the maximum value given the expected increase of traffic on our roads of decreasing value. The long-term vision for the city is led by the Local Transport Plan, which is determined and set by the council.
24. It is important that members are made aware of the arrangements within the Highways Service Partnership for an annual plan of works and that they are fully engaged in influencing policy that may effect the long-term vision for the city such as the Local Transport Plan.

Recommendation 3: SCC Transport Policy team to ensure that members are actively engaged in influencing the emerging Local Transport Plan to ensure an appropriate long-term Transport vision for the city.

Communication

25. Considerable efforts have been made to consult with and inform a wide range of stakeholders on the investment and maintenance plans for the City as well as on individual Highways schemes. A comprehensive Communications Guidance document is in place which sets out how members, key users and local people are consulted and then informed of highways schemes in advance of commencement of works. In addition, one of the council's current corporate communications campaigns (Keeping the City Moving) is focussing on informing businesses, and the public about all the issues regarding highways and transport in the city with the aim of achieving an improved awareness of what actions the council is doing to "Keep the City Moving".
26. Work is currently underway to further develop better information on the council's website and linking to the interactive ROMANSE system (which supports good network management across the City). This enables people to view where road works are underway and where potential delays may be experienced across the city. The panel felt that consideration should be given to more effective signposting to this information. It should also be ensured that alternative methods of information are available to those not online and other ways should be sought to effectively signpost information within local communities. The panel heard that recent schemes such as Shirley High St have provided useful lessons as to how to improve communications related to major Highways schemes.

27. The panel felt that messages are still not always getting through to businesses affected by schemes and to members, who are an important link to the communities they serve. The panel believe that the Highways Service Partnership client team needs to work closely with Balfour Beatty to help ensure that residents, businesses and members affected by works are reached effectively through focussing on the most suitable methods of communication.

Recommendation 4: Balfour Beatty to communicate more effectively with the business community and residents on overall Highways investment and specific schemes through the Chamber of Commerce and other local/neighbourhood forums.

Recommendation 5: The Highways Service Partnership to work closely together to continue to develop mechanisms that ensure that ward members are consulted and kept informed of major schemes across the city and those in their wards.

Utilities

28. Although the number of utility companies undertaking works on the city's roads (13,500 in 2009/10) is lower than the England average this continues to cause unnecessary disruption to the flow of traffic through the city and does not always coordinate well with works underway to improve highways. Although general utility works following road resurfacing can be delayed for up to 2 years by the local authority, emergency work or new connections cannot be halted.

29. The panel heard that the New Roads and Street Works Act (NRSWA) 1991 places a duty on the undertaker to fully cooperate with the street authority's statutory duty to use its best endeavours to co-ordinate all types of works including its own. It is an offence if the undertaker does not comply and prosecution in the magistrate's court is an option. The council faces intervention from the Secretary of State for any failure to fulfil its duty. There is no scope to go outside of the legislation governing this aspect of street works.

30. The cause of these disruptions and restrictions caused by the utilities are not always communicated to the public and the panel noted that this may often lead to a lower stakeholder perception (ie public and business community) than is the reality in terms of how the council manages its highways works.

Recommendation 6: Balfour Beatty to develop an approach with utilities to encourage greater coordination with works planned in the year, to drive up quality of finished works and effectively communicate the reasons for delay more widely with stakeholders.

Improving overall performance

31. The panel heard that an annual survey is undertaken to assess public perception of key aspects of the highways service including safety, accessibility, transport, walking, cycling, congestion and maintenance. The panel was advised that Southampton residents' satisfaction has shown improvement for all areas of work.

Overall areas with the largest scope to improve were the condition of highways; local public transport information and cycle routes and facilities.

32. **Condition of Highways:** In the last few years, since the introduction of the TAMP, the quality of classified principal and non-principal roads has improved with principal roads in a poor overall condition reduced from 15% to 8% in 3 years, alongside an improvement from 9% to 7% of classified roads. Non-principal roads remain however in a poor overall condition. The new Highways Service Partnership with Balfour Beatty will aim to maximise the potential of the council's investment onto the Highways assets in the city.
33. **Cycle routes:** Key projects are underway to deliver improvements to cycle paths with potential to further increase the number and create a properly joined up set of cycle ways across the city in the future through contributions from developments.
34. **Good pavements and footpaths** were also considered by the public as one of the most important issues. The current system of prioritising schemes has limited scope for improvement to pavements and footpaths, especially in the current financial climate. The panel believe that the quality of finish from utility works to footpaths is therefore essential to ensure a sufficient standard is achieved.
35. The reinstatement of 'openings in the highway' by utilities is however governed by a national specification issued under regulation. All materials must be approved under a joint approval scheme. There are nationally set standards for reinstatements and any failure to comply results in a defect process with fines being levied. Repeated failure can lead to prosecution. There is no scope to go outside the legislation governing this aspect of street works.
36. The panel heard that the additional resources of the Highways partnership will mean they have greater capacity to ensure reinstatement standards are improved.

Recommendation 7: Balfour Beatty to ensure that the reinstatement standards for utility companies meet the regulated national specification and that any failures to comply are dealt with firmly in line with legislation.

RECOMMENDED ACTIONS	SCC Lead	Balfour Beatty lead	Highways partnership Client team & Balfour Beatty joint	Measurement	Timescale
Recommendation 1: The Cabinet Member for Environment and Transport, in conjunction with the chair of Scrutiny Panel A and with cross-party support, to write to the Secretary of State to highlight the inadequate funding available for maintaining the Western Approach infrastructure asking them to propose a way forward. Should additional funding not be available, their view should be sought on taking the road into Government control.	✓ Planning, Transport			Letter sent and response received	Sept 2010
Recommendation 2: Highways Service Partnership client team to ensure that members have an opportunity to influence the annual plan and that the priorities are reviewed annually with Members whilst also considering alternatives that will focus on clearer, more specific and non-political outcomes	✓ HSP Client team			Members involvement in the annual plan	Annually
Recommendation 3: SCC Planning to ensure that members are actively engaged in influencing the emerging Local Transport Plan to ensure a long-term vision for the city.	✓ Planning, Transport			Member involvement in LTP and other regional strategies	Ongoing
Recommendation 4: Balfour Beatty to communicate more effectively with the business community and residents on overall Highways investment and specific schemes through the Chamber of Commerce and other local/neighbourhood forums.		✓		Increased awareness, communication and satisfaction	Ongoing
Recommendation 5: The Highways Service Partnership to work closely together to continue to develop mechanisms that ensure that ward members are consulted and kept informed of major schemes across the city and those in their wards.			✓	Mechanisms in place Members feel more informed	Ongoing

RECOMMENDED ACTIONS	SCC Lead	Balfour Beatty lead	Joint HSP Client team/ Balfour Beatty lead	Measurement	Timescale
Recommendation 6: Balfour Beatty to develop an approach with utilities to encourage greater coordination with works planned in the year, to drive up quality of finished works and effectively communicate the reasons for delay more widely with stakeholders.		✓		Improved public perception of closures	2011/12 Ongoing
Recommendation 7: Balfour Beatty to ensure that the reinstatement standards for utility companies meet the regulated national specification and that any failures to comply are dealt with firmly in line with legislation.		✓		Improved quality of utility openings	Ongoing

Development and projected impact on the issue

37. Given the challenges faced by the Highways Service the council was hoping that new funding would be available through a PFI scheme to buck the trend of a declining asset. However, there was only a limited pot of money and promises by Government of a further round of PFI funding did not materialise.
38. An alternative option was therefore sought that would squeeze the maximum value from our highways assets. Following strategic and outline business cases it was agreed to opt for a full Highways strategic partnership to deliver significant efficiency savings, which could be reinvested in the network, whilst also improving service performance.
39. The Highways Service Partnership, signed with Balfour Beatty on 14th July 2010, will see all highways services transferred except the ROMANSE system and street lighting on 4th October.
40. The panel were advised that around 100 council staff will TUPE across with the partnership realising many benefits for the city's highways including:
- Up to 20% increase in output from current levels of expenditure than would be delivered under the current service delivery arrangements.
 - Increased service performance levels
 - Inefficiencies driven out from service delivery to be reinvested back into the highways network
 - Investment in the service delivery infrastructure
 - Increased capacity and resources
 - Improved customer focus
 - 60 Apprenticeships and graduates employed
 - Engagement with Wheatsheaf Trust on employment opportunities for local people
 - 98% of all Highways structural waste material recycled
41. In particular, officers and the Cabinet Member for Environment and Transport stressed to the panel that they were confident that Balfour Beatty were committed to delivering an improved service and that the Council would realise the intended benefits of the contract, seeing real improvements for the city's highways over the next 10 years.

Resourcing the actions

42. It was noted that the total overall capital funding for Highways and Transport works funded by the council was £17.727m for 2009/10 and £21.172m for 2010/11. Within this Capital funding £7,337m was available in 2009/10 and 5.053m in 2010/11 for road resurfacing and pavements.
43. The recommendations from this inquiry do not have any additional financial implications on the Council and its partners. The panel believe that the recommendations within the report could be progressed by re-focussing council officer and partner's time and existing work programmes.

Measuring the impact of change

44. The potential impact of the work already underway and implementation of the emerging recommendations of this inquiry aim to achieve:
- An improvement in the overall quality of the council's highways assets
 - Increased satisfaction and more informed residents and businesses with the condition of the roads/highways.
 - More effective engagement of members and businesses in the major schemes and works that affect them across the city
 - Greater clarity and focus for the improvement of the highways
 - Improved understanding, co-ordination and quality of utility works.

**HIGHWAYS APPROACH TO ASSET MANAGEMENT INQUIRY –
TERMS OF REFERENCE AND INQUIRY PLAN**

1. **Scrutiny Inquiry Panel:** Scrutiny Panel A
2. **Membership:** Councillor Fitzgerald (Chair); Councillor Mrs Damani; Councillor Kolker (Vice-Chair); Councillor Morrell; Councillor Odgers; Councillor Turner; Councillor Willacy.
3. **Purpose:** To understand how we assess the state of the roads and pavements in the city, with a focus on how the council prioritises road and pavement repairs, allocates resources to manage the asset accordingly and keeps people and communities informed.
4. **Objectives:**
 - a. To understand the Transport Asset Management Plan and the approach to asset management through its implementation, as well as consider its effectiveness in achieving improved allocation of resources and improved service performance.
 - b. To examine the key issues for maintaining the city's roads and pavements
 - c. To review the elements and weighting of criteria in the Priority Rating Matrix and understand how a schemes final rating represents how well it meets the overall objectives, not simply how it ranks in technical terms (condition / deterioration)
 - d. To assess the impact of the highways communication toolkit and consider additional and/ or alternative options to identifying public needs and delivering the message of the capital programme and improvements.
5. **Methodology and Consultation:**
 - a. Undertake desktop research, including Home Office reports and national organisations undertaking work on this issue
 - b. Identify best practice
 - c. Seek stakeholder views
 - d. Conduct interviews with Cabinet Members leading on issues related to Highways, Executive Director for Environment, Policy Co-ordinator, Heads of Services and other relevant officers.
6. **Proposed Timetable:** 2 meetings in June and July 2010 and report to the OSMC in September 2010.
7. **Inquiry Plan**

Meeting 1:

Introduction & Context to Highways repair – the local and national perspectives

- Delivering the Transport Asset Management Plan
- An understanding of Priority Rating Matrix

Presented by:

Cllr Matt Dean

Jane Richards

Rowan Sheppard

Cabinet Member for the Environment

Transformation and Performance Manager

Asset Manager

Meeting 2:

- Performance measures and issues
- Communication Toolkit and the community perspective
- To receive any outstanding information/issues
- Agree Recommendations

Presented by:

John Harvey

Jane Richards

Public Realm Manager

Transformation and Performance Manager

8. **Timescales:** The Inquiry will be undertaken by the Scrutiny Panel A from June to July 2010.

SUMMARY OF EVIDENCE

ANNEXE B

1. Cabinet Report 30th June 2008 – Transport Asset Management Plan – Proposal for a City Framework
2. Linkages and Relationships – What is an Asset Management Plan
3. Transport Asset Management Plan *Lite*
4. Asset Management Process – Flow Chart
5. Prioritisation Matrix July 2009 Update
6. Customer Consultation and Satisfaction Framework
7. Communications of Scheme – Points for Consideration
8. Scheme communications Grading Document
9. Stakeholder Matrix
10. Highways Improvements 2010-11 (Web Extract)
11. Annual Local Authority Road Maintenance (ALARM) Survey 2010
12. Results of the National Highways and Transport Public Satisfaction Survey 2009 (MORI)
13. Action plan in response to the MORI survey.
14. Directorate Communications Campaign – ‘Keep the City Moving’

All presentations and notes on witness evidence available on request

HIGHWAYS KEY PERFORMANCE MEASURES ANNEXE Ci

	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>Notes</u>
Category 1, 1a & 2 footways	31% (BV187)	11% (BV187)	13% (BV187)	The footway survey data is based on assessment of half of the footway network annually. The condition of each half of the network varies considerably so the PI for consecutive years can be different and does make trends difficult to analyse. In 2009/10 the same area of network was assessed as was surveyed in 2008/09 hence the similarities in the figures. The 2010/11 target will revert to the other 50% of the network.
Principal roads	15% (BV223)	11% (NI168)	8% (NI168)	The NI for Principal and Classified roads is defined as the proportion of the network that is in poor overall condition and is likely to require maintenance. The city's condition is good and improving.
Non-principal roads (classified)	9% (BV224a)	8% (NI169)	7% (NI169)	
Unclassified roads	13% (BV 224b)	22% (BV224b)	21% (BV224b)	Best Value Indicator 224b – the rules and parameters for this indicator were adjusted in 2007 resulting in a variance between consecutive years.

SOUTHAMPTON (SCC) ALARM SURVEY RESULTS 2010

ANNEXE Cii

No.	Alarm Survey Observation	SCC	England	London	Wales	Rural	Urban					
Road Maintenance Budgets												
1a	Overall road maintenance budget 2009/10	£14.7m	£22.52 m	£7.79 m	£8.49m	-	-	Average per authority				
Structural Maintenance Budget												
1b	Proportion of Budget spent on Structural Maintenance 2009/10	54%	£7.9m	39%	£8.8m	42%	£3.3m	34%	£2.9m	-	-	Average % of budget spent on carriageway, per authority
Level of Spending												
2a & 2b	Proportion spent of structural maintenance budget 2008/09	96.50%	91%	100%	88%	-	-	Spent all of budget				
Reactive Maintenance												
3a & 3b	Proportion of budget spent on reactive maintenance 2008/09	20%	24%	28%	29%	-	-	Average per authority				
Budget Shortfall												
4	Shortfall in carriageway maintenance budget 2009/10	66% #	£4.1m Shortfall	61% #	£5.6m Shortfall	68% #	£1.5m Shortfall	43% #	£3.9m Shortfall	-	-	# - of required budget received
	Total budget required	£12m	£14.4m	£4.8m	£6.8m	-	-	Average per authority				
Addressing the Shortfall												
6b	One-off investment to clear carriageway maintenance backlog	£85m	£63.5m	£35.6m	£33.8m	-	-	Average per authority				
Road Condition - Maintenance Backlog												
6a	Time needed to clear carriageway maintenance backlog	10 years	11.5 years	8.6 years	14.9 years	-	-					
Road Surfacing Frequency												

8a	Average length of time before roads are resurfaced	Principal Roads	30 years	31.6 years	20.1 years	42.6 years	28.8 years	20.4 years	
		Non-Principal Roads	50 years	60.0 years	30.6 years	81.2 years	97.9 years	33.6 years	
Unclassified Roads*		80 years	86.7 years	42.0 years	90.5 years	115.8 years	48.9 years	* - these roads form the highest proportion of local authority roads	
8b		All road classes	53.3 years	58.4 years	34.2 years	91.8 years	68.6 years		45.6 years

Structural Maintenance

9	Increase in need for structural maintenance over 10 years	25%	35.8%	34.8%	71.4%	-	-	Average increase
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Visual Defects

10	Increase in number of visual defects over 10 years	25%	39.5%	20.9%	126.5%	-	-	Average per authority
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Potholes

13c	Average cost of filling one pothole	£80	£78	£68	£46	£72	£71	Average per authority
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Utility Company Road Openings

15a	Number of utility openings	13,500	16,727	10,786	8,718	-	-	Average number per authority
15b	Average of reinstatements found to be of unacceptable quality	20%	20%			-	-	On average

Road User Compensation Claims

20	Increase in number of compensation claims in past 10 years	16%* (decrease)	63%	67%	22%	-	-	* - total no. of claims received (inc. footways)
								Average increase per authority
21	Amount paid in compensation over the past 12 months	£118,639	£140,000	£169,000	£305,000	-	-	Average per authority (not including footways)