

Agenda item:

Decision maker: Cabinet Member for Traffic & Transportation - 15 December 2016

Subject: Tertiary Highways Network Investment Policy and Programme 2017 - 2019.

Report by: Assistant Director of Contracts, Procurement and Commercial

Wards affected: All

Key decision (over £250k): No

1. Purpose of the report

To consider and approve the recommended Asset Management Strategy for Investment in the Council's Tertiary Network. To note the three year investment programme as a result of the selection Policy.

2. Recommendations

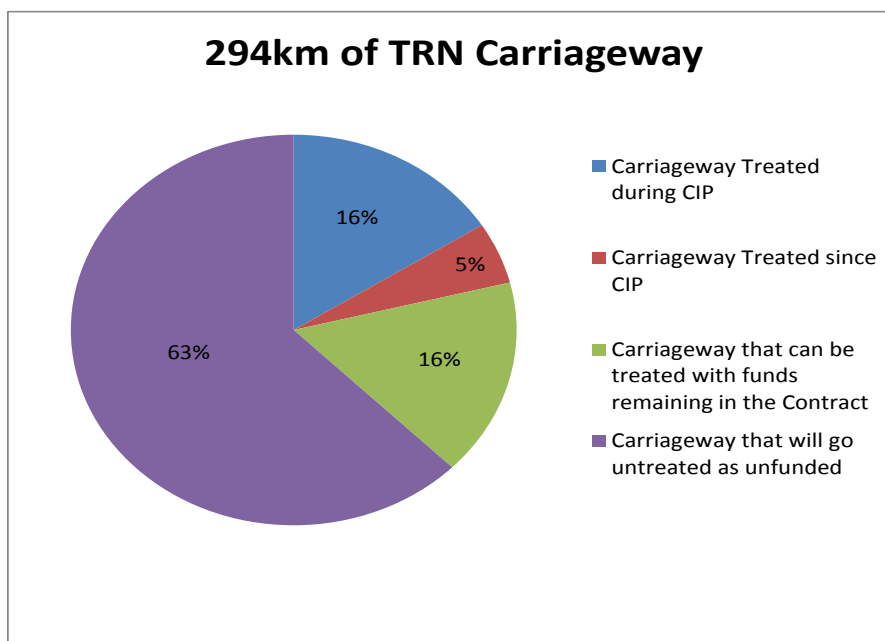
- 2.1 That the Strategy, Vision and Methodology for Tertiary Highways Network Scheme selection and treatment is approved.
- 2.2 That the proposed three year Tertiary Network Investment Programme is noted.

3. Background

- 3.1 The City Council entered in to a 25 year Highways Maintenance PFI Contract with the Service Company (Ensign Highways Ltd) in 2004. The purpose of this Contract was to provide investment in the Highways Network so that the overall condition of the Network was brought up to a specific condition. The Service Company is then required to maintain this standard throughout the life of the Contract for both the Primary and Secondary Network. This would be paid for by the Service Payment to the Service Company.
- 3.2 The Tertiary Network is treated slightly differently, however the Service Company are obliged to deposit £200,000 (indexed) into a specific joint bank account on an annual basis between years 6 and 20 of the Contract. The Contract specifies that this money can only be spent on providing Lifecycle Replacement to the Tertiary Network and that this money can only be used to commission the LCR work through the Service Company.

3.3 During the Core Investment Period (CIP) the Service Company invested £13m in the road upgrading 47km of Tertiary Network carriageway. Since CIP the Council have commissioned £1m from the Tertiary Network Fund covering 15km of carriageway. There is currently £1.1m in the Joint Tertiary Network Bank account and a further £2.1m to be received by 2024. Based on previous cost of works it is estimated with the remaining funds available, the Council would be able to treat a further 48km. This means during the term of the Contract 37% of the entire Tertiary Network would have been treated, this is demonstrated in figure 1 below.

Figure 1: % of TRN Carriageway treated/to be treated against entire TRN



3.4 To date the decision on which Road Sections Lengths to treat and the treatment applied has been driven by Ensign who have suggested a programme, however consideration of public and Member concerns and not using recognised engineering techniques had been the Council's methodology for either scheme selection or the treatment to be applied. This has led to roads that require treatment because they are in a poorer condition being left untreated or inappropriate treatments being applied.

3.5 Given the finite amount of money available to treat the Tertiary Network the Council needs to set out it's criteria for scheme selection and treatment, hence why the Policy document in appendix A has been developed.

3.6 When formulating this scheme selection and treatment policy the Council has had to consider the Council's corporate priorities, Local and Regional Local Transport Plans and it's own Asset Management Strategy. The policy sets out how this has been incorporated into the plan.

4. Reasons for the Recommendations.

Scheme Selection and Treatment Strategy

- 4.1 Council officers working with Ensign have devised a strategy for treating the Tertiary Network with a view to maximising the value for money of the financial resources it has available. This focuses on the following objectives:
- 4.1.1 To use a selection methodology that allows the Council to accurately assess the condition of the Tertiary Network which in turn allows the Council to treat those roads that are in the poorest condition.
 - 4.1.2 To ensure that a robust selection process is used so that those Road Section Lengths that support the Council's wider strategic goals are treated as a priority.
 - 4.1.3 To adopt an investment plan to ensure the appropriate validation and technically sound treatments are applied to the Tertiary Network.
 - 4.1.4 To ensure that Best Value is achieved through procuring the Tertiary Network works in the most beneficial terms to the Council so that the finite amount of money available can treat the maximum amount of roads within the confines of the Highways Maintenance Contract.
 - 4.1.5 To maximise the Services provided by the Service Company under the Highways Maintenance Contract to ensure that the Council only procures works that are not already covered by the Service Payment.
 - 4.1.6 To devise a forward looking Tertiary Network Plan by creating a three year indicative programme of works, allowing the Council to where able merge these works with others on the Network and gain efficiencies.
- 4.2 The scheme treatment selection process was previously not set out and it is felt that some treatments may have been applied to address aesthetic rather than structural issues; such as applying aesthetic surface treatments to roads with a concrete base, as such this utilised funds that could have been used to treat roads that had real structural defects. This new policy sets out the methodology for treatments of the specific road construction types and will only spend money on structural treatments.

3 Year TRN Programme

- 4.3 The Council previously commissioned Tertiary Network works on a piece meal basis the intention is to now provide a 3 year programme to the contractor, this enables the Council to improve it's management of the overall network and tie in with other road works and also take advantage of economies of scale by merging works with the Highways Maintenance contractor. It will also minimise disruption and aid proactive communication with the resident.

4.4 This will deliver a better value for money for the works carried out and crucially more availability on the Project Network.

4.5 The indicative three year programme and costs estimates are included at Appendix C.

6. Equality impact assessment (EIA)

6.1 An Equality Impact Assessment is not required for this report, as it will not disproportionately impact on protected characteristics under the Equality Act 2010, being about the methodology of selection and treatment of roads.

7. Legal Comments

7.1 The proposed works are in accordance with the Contractual provisions provided for within the Highways Maintenance Contract. The Council have an obligation to use the Tertiary Network Fund within a specified timeframe. In light of the above there are no legal implications arising from this report subject to a report on any possible risks to the City Solicitor and S.151 officer.

8. Finance Comments

8.1 Works carried out on the Tertiary Network detailed in this report will be met from the Contractual arrangements included within the Highways Maintenance Contract. If the Council chose to carry out Network enhancements that were greater than that provided within the Contract an alternative source of funding would need to be identified.

8.2 The funds available will not be enough to treat the entire network between now and 2029, however there is no evidence to suggest that this is required or that the Council has a funding shortfall at this moment in time.

8.3 The Council does however need to be mindful of the resources that it has available and therefore the treatments that are applied to the TRN need to be based on providing Value for money with the limited funds available.

8.4 Any funds that remain in the Tertiary Network Bank account in year 20 (2024), prior to handback will accrue to the Council, the contract does however state that the Council needs to use "Best Endeavours" to spend at least £500,000 (indexed) in a three year rolling period.

8.5 The indicative programme that is referred to in this report is likely to cost in the region of £613,000 over the next three years, this will be funded from the Tertiary Network fund as detailed in the report.

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Signed by Assistant Director of Contracts, Procurement and Commercial

Appendices:

Appendix A -Tertiary Network - Vision, Strategy and Methodology

Appendix B - Tertiary Network - 3 Year Programme

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by Cabinet Member for Traffic & Transportation

