

<b>Mayor and Cabinet</b>		
<b>Report Title:</b>	ASSET MANAGEMENT STRATEGY (HIGHWAYS)	
<b>Key decision:</b>	Yes	
<b>Ward:</b>	All	
<b>Contributors:</b>	Executive Director for Regeneration and Resources	
<b>Class:</b>	Part 1	Date: 4 March 2015

## 1. Summary of the Report

- 1.1 The Council is responsible to ensure that the highway assets such as bridges, footpaths, carriageways and street furniture are fit for purpose and able to fulfil their functions in an efficient and sustainable manner. This responsibility extends to managing and maintaining the highway assets falling within its 392km of public road network and 10km of public footpaths. It is therefore proposed that the Council adopts asset management practices which is the approach endorsed by the Government, the Audit Commission and Highway Maintenance Efficiency Programme (HMEP, being a Department for Transport funded and sector led transformation programme).
- 1.2 Lewisham Council has teamed up with London Technical Advisory Group (LoTAG) South sector boroughs and their lead consultant (Metis) to develop a common approach towards asset management. This consortium has developed a base Asset Management Strategy which has been further developed by Metis and Lewisham officers. The developed Asset Management Strategy (Highways) for Lewisham borough is included in Appendix C of this report.
- 1.3 Maintaining highway assets to ensure that they are fit for purpose and able to fulfil their functions in an efficient and sustainable manner is essential for the economic and social health of Lewisham and the wider south east.
- 1.4 Recognising resources are limited, a prioritised maintenance strategy of the highway based on the associated risk is required, and by adopting this strategy available resources can be utilised at their optimum efficiency. In managing such assets the funding aims include that of proactive maintenance, long term investment and seeking funding to contribute towards improving the asset.
- 1.5 An up to date highways asset inventory and condition information is required to support the asset management strategy and this will enable informed decisions by the Council on highways maintenance and improvement proposals.
- 1.6 Appendix A includes a document by HMEP titled "Highways- Maintaining A Vital Asset. What Should Councillors Know About Asset Management?"

## 2. Structure of the Report

- Section 3** sets out the Purpose of the Report
- Section 4** sets out the Recommendation
- Section 5** provides the Policy Context
- Section 6** provides the Background

<b>Section 7</b>	provides Financial Implications
<b>Section 8</b>	provides the legal Implications
<b>Section 9</b>	provides the Equalities Implications
<b>Section 10</b>	provides the Environmental Implications
<b>Section 11</b>	provides Crime and Disorder Implications
<b>Section 12</b>	sets out the Conclusion

### **3 Purpose of Report**

- 3.1 This report includes a background to highways asset management, a summary of Lewisham's first Asset Management Strategy (Highways) and the Council's statutory duties. Asset Management is a best practice approach endorsed by the Government and the Audit Commission. Lewisham's proposed Asset Management Strategy (Highways) is appended to this report and formal approval is sought for this document.
- 3.2 Subsequent reporting of the delivery of the Policy and Objectives set out in the Asset Management Strategy (Highways) will be through an annual report "State of the Highways Infrastructure" along with any reflected updates to the Asset Management Strategy (Highways).

### **4 Recommendation**

It is recommended that the Mayor approves the Asset Management Strategy (Highways).

### **5 Policy Context**

- 5.1 Asset management is a best practice approach endorsed by the Government and the Audit Commission. Asset management promotes a business-like way to managing the highway network which involves taking a long-term view of the assets in a structured way that gives confidence to the decision makers on maintenance needs. Maintaining such valuable highway assets is essential for the economic and social health aspects within the Borough and the south east. In Lewisham this requires a pragmatic and focused investment to ensure the biggest benefit for the whole community is achieved.
- 5.2 Long-term investment is required to make best use of resources and ensure the right interventions are implemented at the most effective time, whether capital investment or reactive maintenance.
- 5.3 An Asset Management Strategy will ensure that the highways asset will be an effective driver for the choice of projects to be delivered through various funding sources including; the Capital and Revenue programme, the Council's Local Implementation Plan, development funded projects and other funding sources (TfL, DfT, GLA).
- 5.4 The contents of this report are consistent with the Council's policy framework. It supports the achievement of, the Lewisham's Sustainable Community Strategy which sets out the vision for Lewisham:

‘Together, we will make Lewisham the best place in London to live, work and learn’

- 5.5 The intelligent management and delivery of highways’ projects and maintenance as set out in the Asset Management Strategy will also contribute towards Lewisham’s Corporate Policies of:

**Clean, green and liveable** – environmental management, cleanliness and care of roads, pavements and a sustainable environment

**Inspiring efficiency, effectiveness and equity** – ensuring efficiency, effectiveness and equity in the delivery of excellent services to meet the needs of the community.

- 5.6 The Asset Management Strategy will plan for the effects of changing demand as required in the core strategy of “Regeneration” as detailed in the Local Development Framework. The Strategy aligns with the principles outlined in Lewisham’s Sustainable Community Strategy including that of :

- “Safer” - As an improved highway infrastructure should reduce the numbers of road accidents.
- “Dynamic and Prosperous” – Improved access through an improved public highway network.

- 5.7 LB Lewisham to provide a highway asset that delivers the policy aims through a strategy supported by objectives focused on what is important to the Council in managing its highway assets. Lewisham is committed to manage and maintain its highway assets to ensure that they are fit for purpose and able to fulfil their functions in an efficient and sustainable manner.

- 5.8 The Council’s Regeneration and Asset Management Division is actively bringing together strategic planning and operational delivery across corporate assets, highways and the public realm as a means of reducing costs and to help drive delivery of opportunities to align investment in our assets and the regeneration of Lewisham. The Asset Management Strategy (Highways) forms part of a set of documents setting out the Council’s approach to all its assets including in particular the Regeneration Strategy and the Strategic Asset Management Plan for the Council’s operational and commercial estate.

- 5.9 The Council, as Highway Authority, has a duty under Section 41 of the Highways Act 1980, to maintain the highway in a safe condition. Contractors are required to assist the LB of Lewisham (where applicable) to discharge its duties where possible.

## 6. Background

- 6.1 Roads are one of our country’s greatest assets. Last year, the highways sector kept England’s local roads moving for over 47 million users. The recognition and importance of a well-maintained road network to economic prosperity and

to local communities is higher than ever before. We all want roads that are fit for the future.

- 6.2 Better roads remain a key priority for Government, businesses and the whole community. The need to deliver improved roads more efficiently is set against a backdrop of tighter budgets, increased costs and greater demand from customers. Government are keen that all authorities have an up to date asset management strategy and are adopting efficiencies in their maintenance of the asset. Going into the Comprehensive Spending round 2015-21 asset management and demonstrable efficiency maybe rewarded with enhanced funding.
- 6.3 Lewisham's highway assets consist of carriageways, footways, footpaths including rights of way, bridges, retaining walls, culverts, traffic signs, street lighting, bollards, street name boards and other street furniture, all within its 392km of highway network and 10km of public footpaths. The Council is responsible to ensure that the highway assets are fit for purpose and able to fulfil their functions in an efficient and sustainable manner.
- 6.4 Lewisham doesn't have a highways Asset Management Strategy and Plan in place, thus the intention to adopt such asset management practices. This requires that the Council looks into long term investment to make best use of resources and ensure the right interventions are implemented whether these are capital or reactive maintenance. This will help to ensure a safe highway, which is a statutory requirement.
- 6.5 If adopted, this will be Lewisham's first Asset Management Strategy (Highways). This document has several supporting documents that include ; Standards for the Design and Construction of Roads in Lewisham, Asset Management Plan ( to be developed and focused to operational needs), Winter Service Operational Plan and Lewisham's Highway Maintenance - A Code of Good Practice. The "Highway Maintenance - A Code of Good Practice" follows national Code of Practice and is annually updated by officers. This Code describes how the Council will fulfil its obligations to maintain the highway, while ensuring that all repairs are carried out in an economic manner, with the minimum of disruption to users of the highway. The national Code of Practice is due to be changed towards the end of 2015 and thereafter Lewisham's Code will need to be amended to suit these changes.
- 6.6 The Council monitors the condition of its highway network primarily through twice yearly safety inspections, annual condition surveys of Principal Roads, course visual inspections of the remainder of the network done on a three year cycle, principal inspections of bridges every 6 years and general inspections of bridges every 2 years. The data is required to enable the Council to assess the condition of the network and identify immediate works and develop long term maintenance options and strategies.
- 6.7 Lewisham currently has a carriageway resurfacing priority list which is based on several factors including that of road hierarchy and condition. The intention is that a similar formulaic priority based approach will be developed for footways in 2015. The priority list will be referenced to in future Asset Management Plans.

- 6.8 Lewisham has teamed up with London Technical Advisory Group (LoTAG) South sector boroughs to develop a common understanding and approach towards asset management. This Consortium has prepared a module based Asset Management Strategy which individual Council members can develop. Lewisham, in working with the Consortium consultant, has developed this document and this is included as Appendix C of this Report.
- 6.9 An annual report will be presented to the Cabinet titled the “State of the Highway”. This report will detail the level of investment strategies that is required to the assets to improve the condition, maintain steady state or control the rate of deterioration. The report will draw upon progress, performance and investment impact and be linked into the Regeneration and Asset Management Business Report . The intention of the Business Report is to identify performance across the Division and set targets for delivery across the corporate estate, highways, public realm and delivery of capital programmes.
- 6.10 Funding from DfT now includes requirements on authorities to demonstrate that they use asset management tools and guidance issued through the Highways Maintenance Efficiency Programme. Such a recent reward for funding from the DfT include that from the pothole bid where Lewisham was awarded £229,092, which in London ranked the award value for Lewisham 21st out of the 33 boroughs.
- 6.11 The Government has announced that funding for highway authorities will be allocated to a needs based formula, with financial incentives for good asset management and efficiencies. At the time of writing this report, officers were informed that the future DfT and LiP settlements will be linked to the boroughs being able to demonstrate that they have an active Asset Management Plan (Strategy) in place.
- 6.12 The Whole Government Accounts (WGA) annual submission requires information on the gross replacement and depreciation costs of the highways infrastructure along with detail as to whether the authority has adopted an asset management strategy. In 2015 the methodology for the Council’s WGA submission will align with that used by the other boroughs in the LoTAG south sector consortium and that of CIPFA.
- 6.13 The investment to the highway assets will require the Council to maximise funding opportunities from new developments through S106s and Community Infrastructure Levy along with that of TfL funding and bids to Government agencies such as the Department for Transport.

## **7. Financial Implications**

- 7.1 There are no specific financial implications arising from this report. Any expenditure on the development and review of the Asset Management Strategy will be contained within highways budgets. The Asset Management Strategy will require officers to change some of the existing practice in the delivery of the highways service. The revenue cost of this will also be contained within highways budgets.

7.2 Any expenditure arising from implementing the Strategy will either be contained within highways budgets or will be subject to the agreement of the Executive Director of Resources and Regeneration or the Mayor & Cabinet. Existing budgets set aside for highways include circa £1.7m from revenue for planned maintenance and £3.5m annual capital funding for resurfacing works and footways. In addition Transport for London funding enables scheme specific works to take place. A “State of the Highways” Report will be presented to the Cabinet later this year which will outline funding required to deliver investment and maintenance strategies.

## **8. Legal Implications**

8.1 The Council, as Highway Authority, has a duty under Section 41 of the Highways Act 1980, to maintain a highway at the public expense, so that it is in a safe condition and fit for ordinary traffic.

8.2 In effectively managing its assets, the Council supports its statutory duties under the Highways Act 1980, the New Roads and Street Works Act 1991, The Transport Act 2000, The Environment Act 1990 and the Flood and Water Management Act 2010.

8.3 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.4 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

8.5 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

8.6 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have

statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

- 8.7 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty

- 8.8 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:
- <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

- 8.9 Any specific equalities implications will need to be addressed as part of the annual report which will be presented to the Cabinet titled the “State of the Highway”

## 9. Equalities Implications

- 9.1 Our vision and ambition for our borough is that :

***“Together we will make Lewisham the best place in London to live work and learn.”***

This is underpinned by hard-edged principles for:

- **reducing inequality** – narrowing the gap in outcomes for citizens
- **delivering together efficiently, effectively and equitably** - ensuring that all citizens have appropriate access to and choice of high quality local services

- 9.2 Lewisham's Comprehensive Equalities Scheme (CES) 2012-16 describes the Council's commitment to equality for all citizens, service users and employees. The CES is underpinned by a set of high level strategic objectives which incorporate the requirements of the Equality Act 2010 and the Public Sector Equality Duty. The Council's Comprehensive Equality Scheme (CES) for 2012-16 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010.

The Council equality objectives through the CES include:

- **improve** access to services;  
Take reasonable steps to ensure that services are inclusive; responsive to risk; physically accessible and provided through the most efficient and effective channels available.
- **close** the gap in outcomes for citizens;  
Take reasonable steps to improve life chances for citizens by reducing outcome gaps that may exist within the borough as well as those that may exist between the borough and elsewhere.

## 10. Environmental Implications

- 10.1 There are no specific environmental implication arising from this report. However, sustainability is a core consideration for the Council's in Asset Management. Asset Management will maximise Lewisham's contribution to a sustainable future by tackling waste and making effective use of available resources.
- 10.2 The Council's environmental objectives are addressed in contract documents for the award of any works on the public highway and are used as part of the criteria in any tender evaluation.
- 10.3 F M Conway, the incumbent term maintenance contractor, has an Environmental Management System to ISO14001 in place and they are committed to recycling 95% of their materials to minimise the environmental impact of their work.

## 11. Crime and Disorder Implications

- 11.1 There are no specific crime and disorder implications resulting from this report.

## 12 Conclusion

- 12.1 Approval of the Asset Management Strategy (Highways), in Appendix C, for 2015-16

## BACKGROUND PAPERS

Short Title of Document	Date	File Location	File Ref.	Contact Officer	Exempt Information
Highway Infrastructure Investment Programme 2013-14	May 2013	5th Floor Laurence House		Tom Henry	



If there are any queries on this report, please contact Tom Henry on 020 8314 2562 or Kishorechandra Vora on 020 8314 2591.

## **Appendix A**

### **Highways- Maintaining A Vital Asset. What Should Councillors Know About Asset Management?**

#### **How asset management can support better highway maintenance**

**Strong leadership and commitment from elected councillors and their chief officers is vital in maintaining our highways. This leaflet explains how asset management can help councils to improve highway maintenance, by ensuring best use of available funds and demonstrating need for investment.**

#### **What is the challenge?**

Managing our highways is now a **critical challenge** to local councils, who have to manage an ageing network with high public expectations for **safe, reliable and comfortable travel**.

At the same time, resources are reducing, with less funding available, increased pressure for other local government services and skills shortages.

Highways are increasingly fragile and less resilient to damage from wear and tear, ageing, increasing traffic and severe weather.

This regularly results in visible defects like potholes, damaged road signs, defective street lights and in extreme cases, damage to bridges. These defects are seen and felt by all, including your electorate, and often put you and your council in the media spotlight.

It is clear that something must be done if our highways are going to continue to provide the service for which they were built. The approach to highway maintenance must change to make the best possible use of available funding.

#### **Why invest in highway maintenance?**

Highways are your council's most valuable asset. They are vital to the economic, social and environmental well being of your area. They provide access for business and communities, as well as contribute to the area's local character and your electorate's quality of life. Highways really do matter to people. Public opinion surveys continually highlight dissatisfaction with the condition of local roads and the way they are managed.

#### **HIGHWAYS - MAINTAINING A VITAL ASSET**

The current tough economic climate poses big challenges to councils to make the best use of limited resources in providing an acceptable highway service to the public, yet critically to maintain the integrity of our highways for future generations.

Public pressure can result in just short-term fixes, to potholes for example, rather than properly planned and implemented longer-term solutions. Short-term repairs provide poor value for money and often undermine the structural integrity of the asset.

#### **How can asset management help to improve highway maintenance?**

Asset management promotes a business-like way to highway maintenance. It makes better use of limited resources and delivers efficient and effective highway maintenance. It takes a long term view of how highways may be managed, focusing on outcomes by ensuring that funds are spent on activities that prevent expensive short-term repairs. This makes the best use of public money whilst minimising the risk involved in investing in highway maintenance.

But good asset management is not just about making best use of existing funds. It also provides a clear evidence base to justify the need for investment in highway maintenance, for example through prudential borrowing.

Many councils understand the potential benefits to them of good asset management, but often cite a lack of resource as the main reason for not adopting good practice, resulting in a short term, reactive approach being used. This is inefficient, allows more defects to develop and is more costly in the longer term. Research has shown that reactive repairs are four times more costly than preventative treatments.

Highway infrastructure asset management is an established and widely recommended approach both in the UK and internationally. Where it has been adopted for highways, **savings of at least 5% on budget** have been reported. It also supports decision-makers in reconciling short-term problems with long-term priorities. In other public services sectors such as the water industry, asset management has been well established for some years, and has produced **savings of up to 15%**.

What Should Councillors Know About Asset Management?

### **What is good practice in asset management?**

The Highway Infrastructure Asset Management Guidance, published in 2013 by the UK Roads Liaison Group (UKRLG), with the support of the Highways Maintenance Efficiency Programme (HMEP), provides comprehensive advice to enable the successful implementation of good asset management practices.

The Guidance includes 14 recommendations that should be adopted if councils are to achieve the full benefits of asset management and make better use of their scarce resources. It also introduces a flexible framework that is designed to support councils in developing an approach to highway maintenance that matches their strategic priorities and meets efficiency requirements and stakeholder expectations.

### **What next?**

Strong leadership and commitment from councillors and chief officers is required now in order to implement the principles of asset management. You need to empower and support officers to implement a maintenance strategy that is based on the right principles. Those on the front line can then monitor highway maintenance in the context of asset management to ensure that value for money is achieved.

### **Further information**

The Guidance and other information on maintaining highways is available from:

<http://www.dft.gov.uk/hmep/> and <http://www.ukroadsliaisongroup.org/>.

**HIGHWAYS - MAINTAINING A VITAL ASSET**

**Appendix B**  
**Executive Summary Asset Management Strategy (Highways) 2015-16**

**AMS (HIGHWAYS) MODULE I – EXECUTIVE SUMMARY**

**Overview...** Lewisham as a Highway Authority is responsible for the managing and maintaining of the highway assets falling within its 392km of public road network. It is responsible to ensure the highway assets are fit for purpose and able to fulfil their functions in an efficient and sustainable manner.

*Shaping our future*, Lewisham's Sustainable Community Strategy for 2008-2020, sets out a vision for Lewisham;-

**'Together, we will make Lewisham the best place in London to live, work and learn'**

*Shaping our future* includes the priority outcomes:-

- **Safer** – where people feel safe and are able to live free from crime, anti-social behaviour and abuse
- **Empowered and responsible** – where people can be actively involved in their local area and contribute to supportive communities
- **Clean, green and liveable** – where people live in high quality housing and can care for and enjoy their environment
- **Healthy, active and enjoyable** – where people can actively participate in maintaining and improving their health and well-being
- **Dynamic and prosperous** – where people are part of vibrant localities and town centres well-connected to London and beyond

To support these priorities an Asset Management Strategy supported by objectives to ensure focus on managing the highway network.

Lewisham has adopted asset management practices to ensure the biggest benefit for the whole community is achieved. Asset management best practices require a look into long-term investments to make best use of resources and ensure right interventions are implemented at the most effective time to ensure the statutory requirements of a safe highway.

Lewisham is working in partnership with London Technical Advisory Group (LoTAG ) south sector boroughs to develop a common understanding and approach towards asset management. This Consortium reviews guidance and tools available and assesses how best asset management should be implemented to meet the community's needs. Moreover, the Consortium enables Lewisham to benchmark against the other authorities to provide challenges in the way it operates and delivers its services.

**Overall performance...** Lewisham manages its network performance through performance indicators, which align and contribute towards achieving the Council's strategic vision and the objectives set out in the Mayor's Transport Strategy. Performance management contributes to effective use of the Council's budgets.

Lewisham's 2013/14 performance is as shown in Error! Reference source not found. Error! Reference source not found..

**Investment...** In 2014/15, Lewisham has a total budget of £5.7 million ( exclusive of lighting PFI , lighting electricity costs, precepts to TfL signals and for the Lorry ban), of which the Council expenditure was £4million Capital and £1.7million Revenue maintenance.

Through Whole of Government Accounts valuation, Lewisham has determined that the current condition of the highway assets creates a GRC of £436 million and a DRC of £296 million, inducing a 32% depreciation of -£140 million.

**Engagement...** Lewisham engages with a number of key stakeholders to inform its decision processes. This ensures the social and economic benefit of the use of the road network is recognised. Such consultations help establish and prioritise an annual works programme based on the community's needs taking into account the stakeholder's most important considerations.

**Progress...** Lewisham is to an implementation and improvement plan to develop and deliver a continuous improvement programme to enhance its asset management processes, systems and data, and support effective delivery of its desired asset management outcomes. These outcomes will be reported annually in the "State of the Highway" report to draw together progress, performance and investment impact.

**Table i1: Lewisham's performance dashboard.**

Asset Group	Performance Indicators	Performance			
	Description	In need of repair	Current (2013/14)	Target (2015/16)	Target (Long term)
Carriage-ways	% of Principal roads where maintenance should be considered	Red	6.6%	6%	6%
		Amber	28.1%	24.0%	20.0%
	% of Non-Principal Classified roads where maintenance should be considered	Red	6.7%	6%	6%
		Amber	27.8%	24.0%	20.0%
	% of Unclassified roads where maintenance should be considered	Red	24.5%	22.0%	18.0%
		Amber	49.5%	45.0%	40.0%
% of roads SCRIM surveyed (31.1km) in current year above investigatory level			91.0%	90.0%	90.0%
Footways	% of 1 and 2 footways where maintenance should be considered	To be developed			
	% of 3 and 4 footways where maintenance should be considered				
Structures	% of bridges meeting the required carrying capacity		97.4%	98.0%	99.0%
Street Lighting	% of lighting points working as planned		99.3%	99.0%	99.0%
	% of lighting column stock that is beyond its design life		*	0%	0%
	% of structural failures for those street lighting columns tested		0%	0%	0%
	Average annual electricity consumption per street light		352kwh	350kw h	350kw h

\* % lighting columns that are beyond their design life is currently unknown due to the ongoing replacement programme. Proposal is that the whole of the Lewisham lighting stock will be replaced under this programme by September 2015

**Appendix C**

**London Borough of Lewisham**

**Asset Management Strategy ( Highways)**

**2015-16**

**Supporting appendices may be viewed at:**

**<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=3501>**