

PROJECT DOCUMENTATION

FULL BUSINESS CASE

Investment in the Highway Infrastructure and Fleet Asset

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1. Purpose of document

This full business case contains information that describes the justification for capital investment in the Highway Infrastructure and Fleet Asset project. The business case forms part of the capital programme 2020/21.

2. Project aims and objectives

The aim of the project is to provide sustained investment and support to an ongoing programme of works of targeted investment in the highway asset to manage and minimise the decline before a larger more costly investment is required.

The project amalgamates a number of pressures on the service, the investment will address in part and has been prioritised taking into account the impact of the winter service, the recent flooding events in October and November and the pressures on the network and service to maintain the infrastructure assets.

The project has identified key areas of service such as the Lea Flood Alleviation Scheme, drainage defects county wide, Winter Gritting Fleet, significant highway safety scheme, public rights of way structures, other structures, playground investment and footway works.

The corporate priorities set out that Public Places should be safe and enjoyable for all to use responsibly. Public places should also remain safe through all seasons of the year. The infrastructure that is vital to a functioning county should be resilient to the impact of weather and climate.

The highway asset should provide a network that facilitates the efficient and safe movement of people and goods whilst protecting the quality of life within communities.

Optimal asset management will enable the vital asset to be maintained for least whole life cost and with a lowest possible carbon footprint.

3. Background

The corporate plan sets out the ambition for Herefordshire in supporting the Community, Economy and Environment.

The project will continue the sustained investment in the network and support the council's corporate plan. The project will enable the asset to be maintained to the appropriate level providing a safe and usable network for communities and businesses. Public places will be safe and enjoyable for all to use responsibly.

The project will also minimise the impact of investment on the environment by using appropriate materials and methods such as lower temperature asphalts and protect the environment by ensuring drainage is sufficient to minimise the risk of pollutants and contamination.

3.1. Project Drivers and High Level Issues

The network is valued with a replacement cost of c£3.8 billion with an estimated backlog of maintenance value of c£87.8m.

The council has implemented the Highway Asset Management Strategy, which has the following components:

1. Major Investment
2. Sustained Investment
3. Reduce the need for reactive temporary pothole repairs
4. Shift our routine resources further towards preventative activities.
5. Provide the support that enables routine maintenance work to be delivered locally.

The aim of the strategy will reduce the cost of repairs such as potholes, reduce the whole life cost of maintenance and prevent over 386,000 potholes over the 34 year lifecycle of our roads.

The project enables the strategy to be implemented and has the potential to secure further investment in the network through the Local Highway Maintenance Challenge Fund.

Capital maintenance grants from central government are composed of three components, they are:

- The Formula Grant Allocation;
- The Incentive Fund;
- The Challenge Fund.

The formula grant allocation is largely dependent on the extent of the asset. This element was increased in 2014, but we will see it decline over time.

The shortfall in the decline in the formula allocation will (largely) be taken up by the Incentive Fund. This element will be awarded on the basis of each highway authority's proven ability as an efficient and effective asset manager.

There are 3 bands of performance, band 1 will only receive 90% of its allocation under this fund in 2016/17 and see this diminish to 0% by 2020/21; band 2 will receive 100% of its allocation under this fund in 2016/17 and see this diminish to 30% by 2020/21; and band 3 will receive 100% funding throughout.

As a result of Herefordshire's exemplary approach to the development and deployment of asset management we anticipate attaining and sustaining band 3 status.

The final element is the challenge fund; this is a bid process through which we have attracted an additional £5m of investment to date and further opportunity exists re this fund in this and the next financial year. A bid to the Challenge fund has been submitted; this will be match funded with c£1m which has been identified and approved for investment this financial year.

Revenue funding has been reduced and this has been enabled through a combination of delivery efficiencies and the reduction in demand for revenue based safety repairs as a consequence of major

capital investment in accordance with our asset management strategy. As sustained capital investment will curtail an escalation in revenue demand.

Lifecycle planning analysis suggests that sustained additional investment is required to optimise the maintenance regime and minimise whole life costs.

4. Scope

4.1. Included in Scope

The project scope is to invest in the highway network and fleet asset to support communities and businesses. The funding will invest in the network identified through the councils Asset Management Plan.

4.2. Out of scope

The project is to invest in the existing network, support the winter service fleet and does not include new infrastructure.

5. Stakeholders

The Assistant Director of Highways and Transport is the project sponsor who will be accountable for the operational decisions.

The key stakeholders will be the local members, parish and town councils which will be engaged through delivery through the Public Realm contract Annual and Foreword Plan. The additional investment will deliver a better environment and improved connectivity for the communities and a more efficient network which will support the economy and accessibility.

6. Constraints and dependencies

This project is not dependent on existing or future projects, this supports the challenge fund bid to the government. The project will support the local communities and businesses who will be engaged through the Public Realm contract annual and forward plan.

7. Budget provision

The project is not dependent on existing or future projects, the project is part of the Highway Asset Management Strategy in providing sustained investment in the highway infrastructure and service.

8. Detailed costs and assumptions on final recommendation

As resolved, item 42, minutes of the meeting of the council held on the 14th February, 2020, the capital programme for the 2020/21 as amended, Investment in Infrastructure Assets, £2million capital investment in the highway asset and infrastructure in the 2020/21 Public Realm:

- a. £380k Drainage contribution towards the Lea Flood Alleviation Scheme

- b. £300k Drainage invest in capital schemes to alleviate public realm flood sites and damaged / broken assets.
- c. £20k to improve signage at gauge boards at known flooding areas and diversion routes such as the A438 Letton.
- d.
- e. £500k Highway safety scheme
- f. £300k Investment in structures
- g. £100k Invest in the Public Rights of Way damaged infrastructure resulting in closed networks.
- h. £100k Playground investment
- i. £100k Footpath improvements

- j. £200k Winter fleet investment

The project will deliver schemes in the areas identified, this will be subject to review of Target Costs, programme and agreement with the client and contract management teams as part of the commission. A programme of Value for Money and Technical Audits is proposed, this will include a majority of the areas proposed for investment.

9. Benefits

The benefit of the project will be the in the improvement of the network and fleet in the areas identified which will alleviate some of the pressure in the condition reducing the backlog in the defects affecting the asset, the improved accessibility, enjoyment of the public and serviceability. The project will increase the resilience of the network which in turn will support the economy and accessibility for the people of Herefordshire.

9.1. Cashable benefits

The investment will invest in the assets reducing the risk of further costly interventions increasing the life of the asset. The investment will also reduce the risk of failure and potential claims to the authority.. The network will be safer with a reduced risk of road traffic collisions which in turn will reduce the cost to the community in respect to our partners such as the police, fire, ambulance and the health service.

9.2. Non-cashable benefits

Improved accessibility and enjoyment for local and visitor population as well as for the economy of the county.

10. Resources

The resources for delivery of the project will be resourced through the Public Realm Annual Plan, this will be specifically costed to the design supervision, project management and delivery of the specific projects, There will not be an increase in cost to the management of the contract.

11. Project timeline

The project will be delivered in the Public realm Annual Plan; if approved, the project will be allocated the appropriate resource including project management.

12. Risks

12.1. The key risks of not doing the project are:

- Increased backlog of defects in the network
- Potential for negative reputation
- Increase insurance claims
- Road network safety concerns
- Increased road closures
- Asset failure risk to the public and properties, flooding, structure failure,
- In regards to the winter fleet, aging assets not fit for purpose which could increase carbon foot print through inefficient vehicles.

12.2. The key project risks are:

- Non delivery but these will be managed within the Public Realm contract and the Annual Plan.

13. Appendices

None