

**2023/24 Capital Investment in Highways
Infrastructure
Business Case**

Date: 29/07/22

Key Details

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Agreed Project Type: Investment in Highway Infrastructure

Programme Board Allocated:

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	

	Programme Delivery Board	Programme oversight	
	Capital Programme Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Corporate Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

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1.0 PROJECT DESCRIPTION

2.0 STRATEGIC CASE

The council estimates there is a backlog of £90m in highway carriageways with a further £85m in structures with further depreciation in footways, cycles, streetlighting, traffic management and street furniture. The condition of the network is such that the available Annual Plan and Forward Plan budgets are prioritised to minimising the impact of the deteriorating condition and pressures in the existing network on a Risk Based Approach. Due to the pressures, the areas identified in this bid would not reach the Annual Plan and as such we are seeking additional capital investment. (See appendix A)

2.1 Project aims and objectives

The condition of the various assets are such that the annual plan needs support to prevent the assets deteriorating.

The investment is to mitigate various assets such as carriage and structure (bridge) condition as well as invest in replacement outdate street lighting columns and drainage. In addition there is a number of local concerns around safety, the parishes have provided requests for support, and these will be reviewed and complimented with additional local funding through S106, PCC or Parish Funding.

The project will mitigate the immediate concerns in the various assets and will in turn will ensure the network is safe for all users.

2.2 Strategic Drivers

2.2.1 National and Regional

Under Section 41 of the Highways Act Herefordshire Council has a duty to maintain the highway. The council's Highways Asset Management Strategy is for:

- Major investment which started in 2014.
- To have sustained investment,
- Reduce the need for reactive temporary repairs
- Move resources to preventative rather than reactive.
- Provide the support that enables routine maintenance work to be delivered locally. Activities

The County Plan ambitions support the proposal as this bid is focused on maintaining the integrity of the network. The Economic and Community is connected by the Highway /Public Realm network, supporting the economy and strengthening communities, the programme of works will also maintain Herefordshire as a great Place to live.

The plan is invest in the assets whose condition is such that the consequence of not investing is such that highway safety can be compromised.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	C04, C00
Economy	✓	EC2, EC5
Environment	✓	EN3

Community and Economy: The project ensures localities remain connected, there is a risk of severance due to bridge or road failures, the project is to invest to maintain the network.

Environment: in maintaining the network, the invest will result in reduced reactive works which would add to the materials, transport and additional works in keeping the network safe. Minimising the risk of failure and closures will reduce the diversions needed for transport.

2.3 Background and Rationale in Project Mandate

The Public Realm is funded through the DfT, this is minimal in compared to the value of the asset. The pressures on the network are significant with the backlog in investment is recorded in Appendix A. There is a risk of significant failure of structures or roads which this bid seeks to reduce.

2.4 Scope

To improve the network condition and safety, the Public Realm condition is well recorded, the network is being managed but with the risk of deterioration.

Bridge and Road Structure element is to improve the condition and reduce the reported red condition in the network and grow the green condition.

Drainage issues are prevalent, this is to continue the investment and reduce the risk to flooding and highway safety.

Street lighting pole replacement is to ensure the asset is of good condition and not prone to failure.

Parish Safety Schemes are to address local concerns and support funding to deliver benefits in the locality.

2.4.1 In Scope

Works within the Public Realm

2.4.2 Out of Scope

Works not identified in the Bid and outside of the Public Realm.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

Backlog of maintenance to reduce and becomes manageable with the DfT funding.

2.5.2 Non-cashable benefits

Connectivity maintained, the network remains safe, minimal claims due to network condition. Safer environment due to key elements of the bid.

2.5.3 Dis-benefits

None

2.6 Risks

- Deliverability due to rising costs and available resources, these will be managed in line with the PRC with early sight of any issues.
- Demand outweighing available budget, this will be managed through design and delivery and assessment of future needs.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

County Plan delivery is dependent on the network being safe and available for use, this bid ensures this will be available.

This project depends on:

The Public Realm Contract and Contract Management Team to deliver and ensure Value for Money.

2.8 Stakeholders

Local communities, parish councils and local members are key stakeholders, they will be engaged directly through the Annual Plan programme, and a Comms Plan will be developed and delivered.

3.0 ECONOMIC CASE

3.1 Critical success factors

The project will be measured against the condition and change this will facilitate, number of structures repaired, the lengths of road treated, columns replaced and the parish council engagement.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Not to invest.	N	Deterioration of the network must be mitigated with a planned investment programme.
Increase investment to curtail the backlog over a number of years.	N	At this stage this is not deemed affordable, this doesn't preclude future major
To invest as set out in the BBLP submission, this would see a first year investment of £9.5 million and will minimise the risk to the public.	Y	Potential to address concerns
Invest in the network, roads, bridges, PROW structures, Parish Safety and Streetlighting.	Y	This will invest in the key infrastructure elements, addressing part of the pressures on the network and will complement the DfT investment. There will be an element of public satisfaction in the Parish and PROW investment.

3.2.2 Short-list of options

Option 1 – Detail	
Cost	23/24 £9.5m first year, £7.5m for next 2 years.
Benefits	Increased resilience on the network keeping communities and businesses connected.
Deliverability	Achievable
Pros	Minimises the risk on the network
Cons	Doesn't not address other concerns on the network.
Recommendation	Further consideration required to include in future bids.

Option 2 – Detail	
Cost	23/24 £3.9m for first 2 years, overall investment over 5 years = £20m.
Benefits	Sustainable investment in line with the asset management strategy.
Deliverability	Deliverable
Pros	Sustained investment across the highway assets.
Cons	Not the sustained investment required to abate the issues concerns but sustainable.
Observations	Sustained investment will extend past the current PRC contract, the investment will ensure continued improved condition.
Recommendation	This option taken forward as preferred.

3.2.3 The preferred option

Option 2 To invest over a 5 year period in the key elements, carriageway, structures and streetlighting columns, this will be complimented with investment in Parish safety Schemes and PRoW infrastructure..

3.3 Supplier appraisals

The proposal is to utilise the Public Realm Contract and Contract management Team for delivery and to ensure value for money.

3.3.1 The Procurement process

The procurement will be in the delivery of the Annual and Forward programme.

3.3.2 Preferred supplier

The Public Realm service provider is the preferred supplier, the councils Contract Management Team will support the commission and ensure Value for Money.

4.0 COMMERCIAL CASE

4.1 Required services

Investment in the network infrastructure

4.2 Potential/Agreed risk transfer

Risk is with the service provider and the council in so far as condition of the network and available funding. The bid addresses concerns about the shortfall in investment and managing the network.

The scheme risks are with the service provider.

4.3 Proposed/Agreed charging mechanism

Parish Safety Schemes

4.4 Proposed/Agreed contract lengths

Delivered through the Public Realm Contract, Annual and Forward Plans

4.5 Proposed/Agreed key contractual clauses

Value for money is the key driver, the Public Realm Contract

4.6 Personnel implications (including TUPE)

N/A

4.7 Procurement Strategy and implementation timescales

Procurement with the PRC, looking at alternative options if delivery through the PRC doesn't provide the VFM confidence.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
<i>Carriageway Investment</i>	1500	1500	1500	3000	7500
<i>Structures</i>	1500	1500	1500	3000	7500
<i>Drainage</i>	500	500	500	1000	2500
<i>Parish Safety Schemes</i>	100	100			200
<i>Streetlighting</i>	200	200	200	400	1000

<i>PRoW Structures</i>	100	100	100		300
Project Management Fees (est. 10% project value)	185	185	185	370	925
TOTAL	4085	4085	3985	7770	19925

Funding streams (Indicate revenue or capital funding requirement)	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
<i>Capital Funding Investment</i>	3900	3900	3800	7400	18700
<i>PMO</i>	185	185	185	370	925
TOTAL	4085	4085	3985	7770	19925

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2023/24	2024/25	2025/26	Future Years	Total
	£000	£000	£000	£000	£000
<i>note any impact on revenue budget, good or bad</i>					
TOTAL					

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Contract Management Team will manage the procurement, for info, the CMT are implementing a Contract Improvement Plan to ensure appropriate management of the contract and to ensure VFM.

6.2 Use of Consultants

None

6.3 Arrangements for benefits realisation

Through the PRC, managing the network and liaising with key stakeholders.

6.4 Arrangements for post project evaluation

Monitoring the network through performance and risk management through the PRC.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	<i>Insert Date</i>	
Stage 1 - Outline business case completed	<i>Insert Date</i>	
Stage 2 - Full business case completed	<i>1/8/2022</i>	
Full Council approval	<i>Feb 2023</i>	
Approval to spend obtained	<i>Feb 2023</i>	
Stage 3 - Delivery	<i>April 2023</i>	
<i>Insert key milestone</i>	<i>Annual Plan development 1st April each year</i>	
<i>Insert key milestone</i>		
Stage 4 – Handover		
<i>Insert key milestone</i>		
Stage 5 - Project Closure	<i>31/32028</i>	

7.0 THE ENVIRONMENTAL CASE

The delivery will minimise the impact on the Environment by reducing the need for reactive maintenance, closure of routes will be minimised and ensure connectivity. This will prevent unnecessary vehicle movements and allow for shortest time journeys which will also open up active travel routes. Specific schemes will review the Environmental Issues and where necessary, mitigate through design and delivery.

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

The are no implications, the projects are to enable access for all and to include all.

10.0 HEALTH & SAFETY IMPLICATIONS

Managed through the contract, scheme specific risks will be managed through procurement.

11.0 SOCIAL VALUE IMPLICATIONS

The Parish and local member engagement will benchmark the benefits and ensure the value is provided.

APPENDICES - SUPPORTING EVIDENCE

Appendix A

Highway Maintenance Backlog



Maintenance Backlog
Supporting informati

Appendix B

BBLP Briefing Not on Structures



Briefing Note - 2023
HC Capital Funding Pr

Appendix C

BBLP Briefing Note on Carriageways



Briefing Note - 2023
HC Capital Funding Pr