

Benefits of Valuing the Asset

A Case Study From Oldham



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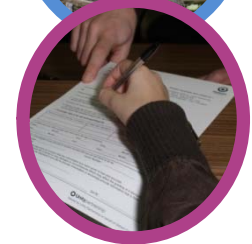
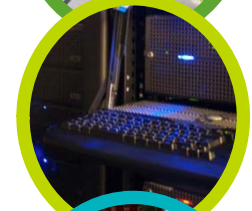
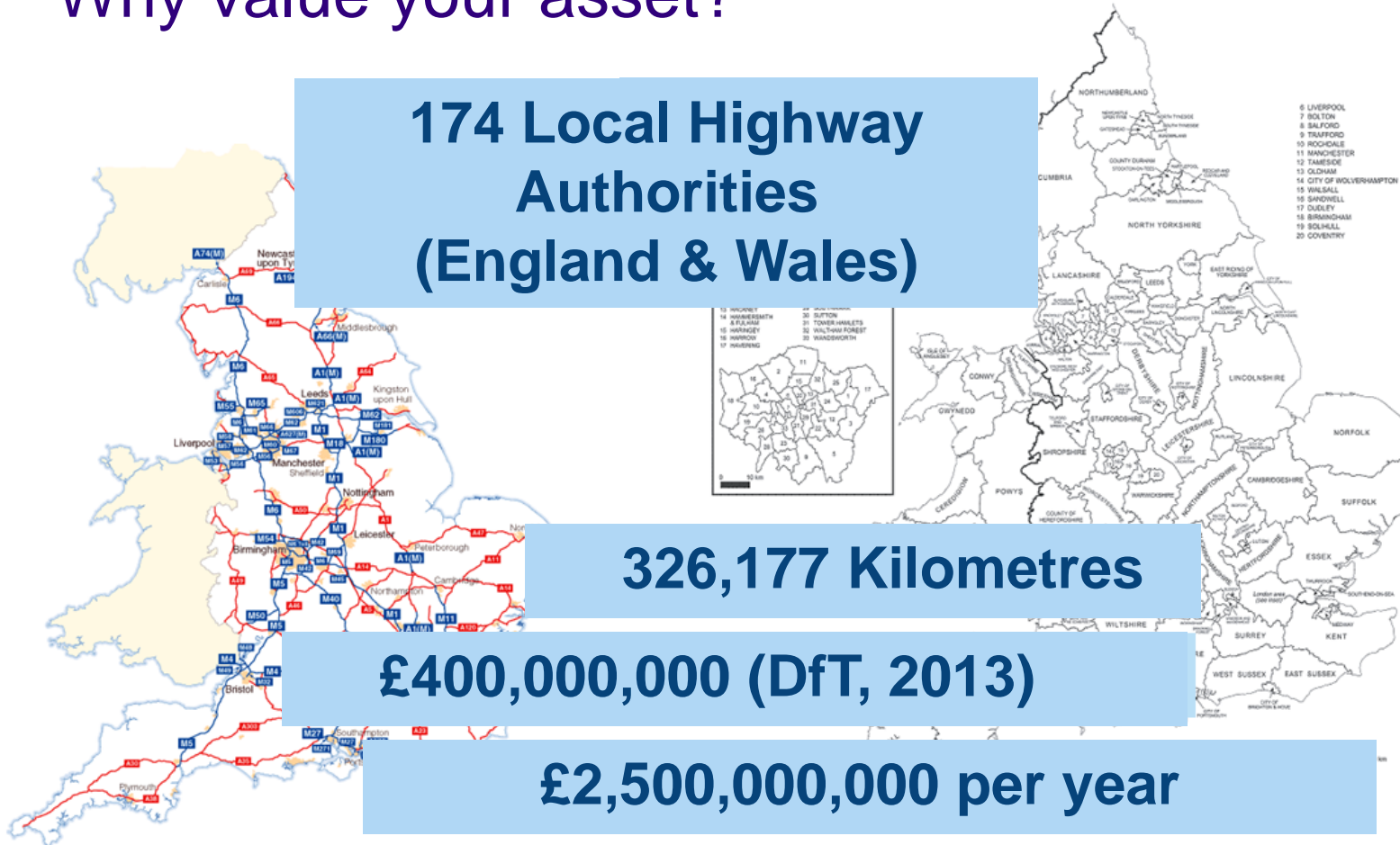
Why value your asset?

174 Local Highway Authorities (England & Wales)

326,177 Kilometres

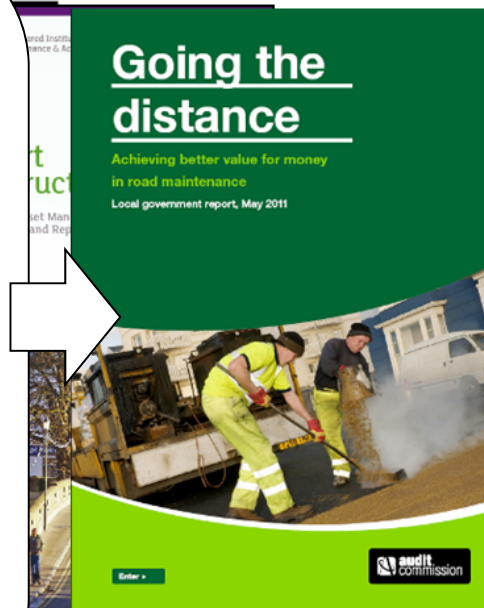
£400,000,000 (DfT, 2013)

£2,500,000,000 per year



Our guidance tells us we should...

“Councils must find a strategy to deliver road maintenance that balances growing service demands with reducing resources. Applying asset management principles will help councils to achieve value for money and resist expensive, short-term interventions.”



0

2011

3



Message re-inforced 2013

“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. Applying the principles of asset management will help local highway authorities achieve a more structured long term approach to maintaining their networks and assist them to resist expensive, short-term actions. “

2013



2014



We get a benefit...

CIPFA

**LOCAL AUTHORITY
TRANSPORT
INFRASTRUCTURE ASSETS**

**REVIEW OF ACCOUNTING,
MANAGEMENT AND FINANCE
MECHANISMS**

FINAL REPORT
Published - June 2008

- 1.13 Early findings from local government, combined with the greater experience in the water and rail industries, indicate that improved long term value for money from proper Asset Management Planning could be equivalent to at least 5% p.a (worth some £250m on the 2005/06 capital and revenue budget spent on roads maintenance). Improvements would come from more soundly based investment appraisals and consequent reductions in the long term whole life costs of the assets in question. It is important to avoid assuming these are 'cashable savings' that could ultimately be redirected to other service priorities (such as social care) or result in some reductions in council tax. That might be the case to some degree, but in reality the improvements in value for money are more likely be felt in equivalent reductions in existing sizeable maintenance backlogs.



Other ‘good reasons’ to value the asset

- Credibility with Decision Makers
 - *Coherent and persuasive argument*
- Engaging with Communities
 - *Explaining the ‘why?’*
- Making the case for investment
 - *Success delivers success*
- Driving innovation and new ways of thinking
 - *Becoming ‘core’ elements of the service through necessity*
- Motivating our Professionals.
 - *Pride and incentive*



Progress made – Position Statement

Where were we a few years ago;

- in 2009/10 we made a strategic decision to apply for funding to improve Oldham's Highway network.
- in 2010/11 as the result of two years of Poor winter weather the network was deteriorating quicker

Where are we now;

- strong data-sets
- 100% of our network surveyed and up to date
- deterioration modelling produced
- strategies being implemented and further refined



- 829,000m of Network
- 1,111,000m footway
- 449,100 m PROW
- 46,000 Gullies
- 8,400 Illuminated signs
- 44,783 Street/Traffic signs
- 167 Structures
- 310 Culverts
- 195,200 m Retaining walls

GRC £1,211,450,000

DRC £890,949,000



Case Study - Examined



Background....

- In early 2010, recognised increasingly rapid decline of highways asset condition.
- Developed a Business Case to propose accelerated expenditure to address deterioration pace – approved by Cabinet July 2010
- Creation of Highways Improvement Programme (HIP)
 - £10M to be spent on targeted roads over 4 year period
 - In addition to continuing £1.7M pa on programmed maintenance works



Oldham's Corporate Objectives

- A Productive Place to Invest
where business and enterprise thrive
- Confident Communities
where everyone does their bit
- A co-operative council
creating responsive and high quality services

... the challenge – to align highways asset services to achievement of Oldham's Goals; &

... to maximise the benefit for every pound invested in the asset.



Our approach....

- The Social Network – we recognised the value of the highways asset to Oldham – by far the most expensive with the potential to create added value when utilised effectively
- Working collaboratively with key Supply Chain partners and external stakeholders (e.g Metrolink, neighbouring GM boroughs) to contribute to Oldham objectives
- Include focus on targeted response to highway claims (improve repudiation rates)
- Focus on strategic corridors



Our approach....

- We have:
 - Managed HIP to completion (2014) with reduced resource to optimise efficiency gains for Oldham
 - Implemented Asset Protection Programme across Oldham district
 - Further developed deterioration modelling to support future fund submissions
 - Invested in R&D to prolong pavement life and decelerate deterioration



Prioritising the investment

- Basis for funding submission came from condition surveys undertaken – SCANNER and Coarse Visual Inspection results determined the Red, Amber, Green network sections
- Prioritisation largely based around these technical and engineering criteria for selection and programming of improvement schemes.
- Slice of funding available for `Local` schemes where core criteria apply. Supporting our Communities.



What have we achieved?

- Over £17m invested over four years
- More than 5,000 potholes re-instated.
- Effective deterioration modelling developed and used (adopting HMEP products)
- Investment in R&D to prolong pavement life and decelerate deterioration
- Significantly increased value for money
- Reduced impact on our communities.
- Protection of key strategic corridors
- Significant improvement in Performance Indicators (NI168 & NI169)
- Improved forward visibility for planning purposes

----- Despite two of the coldest and wettest years -----



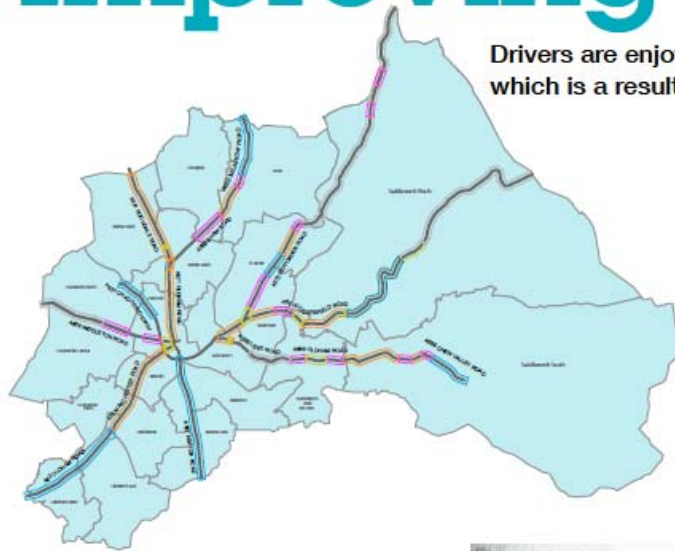
Key Benefits

1. Up to 75% reduction in total maintenance cost over the next ten years in treated areas.
2. Reduction in our cost per pot-hole by 50%, we are now a third of the national average.
3. Reduced time on site by up to 80%.
4. Significant reduction in lane closures, road closures.
5. A determination to reduce this further – continuing the use of HMEP guidance and products to assist.
6. Political support
7. Job creation
8. Productive partnerships – technical, Utilities etc.



Improving your roads

Drivers are enjoying an improved driving experience around the Borough which is a result of the Gateway Corridor Improvement Programme.



As you can see from these before and after photos of Ripponden Road (A672) the carriageway is now looking in a lot better condition than it did before after resurfacing work was carried out.






The work is part of our campaign to improve our gateways and corridors – the priority routes and carriageways (A roads) – to ensure they are in first class condition.

We are not just concentrating on the road surface, the programme includes improvements to signage, road markings and street furniture. Basic maintenance like painting and replacing damaged sections will also be carried out on the Gateways which are the Oldham Road (A62) and the Chadderton Way (A672).

Other corridors which have seen improvement work include Middleton Road (A669); Oldham Road (A660); Huddersfield Road (A62) and Ashton Road (A627).

As part of this programme of works we are making a pledge to residents – if you see a problem on one of the routes ring the telephone helpline on 0161 770 4325 and we will repair the defect within 24 hours.

This key shows what resurfacing work, including the type of material used, that the council has already carried out on our gateways and corridors. It also outlines the programme of works until 2018

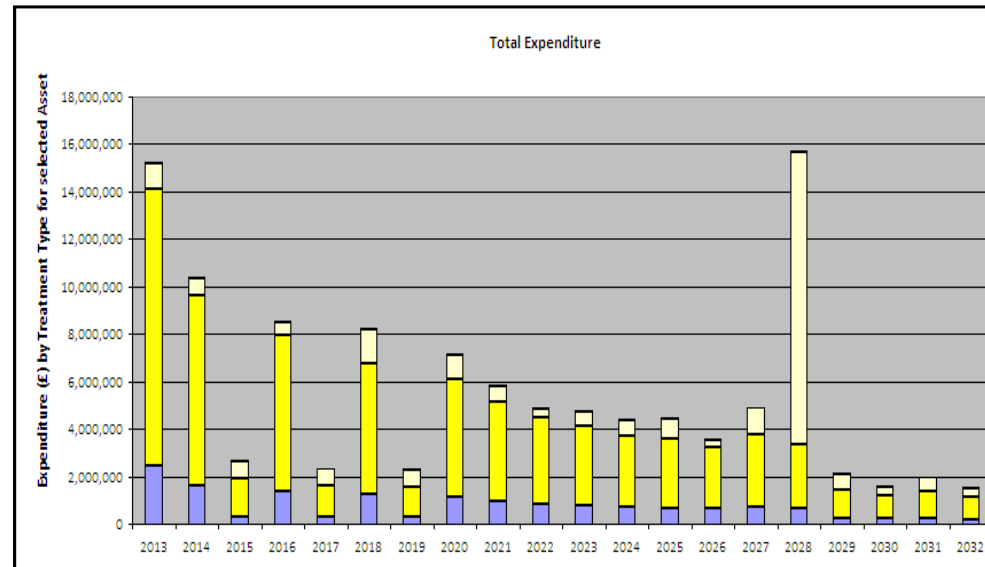
-  HIP standard resurfacing completion 2013-2014
-  HIP and LTP Microasphalt in 2013-2014
-  Standard surfacing required completion 2013-2014
-  Microasphalt 2014-2015
-  Microasphalt in 2016-2017
-  Microasphalt in 2017-2018



Lifecycle Planning – example output

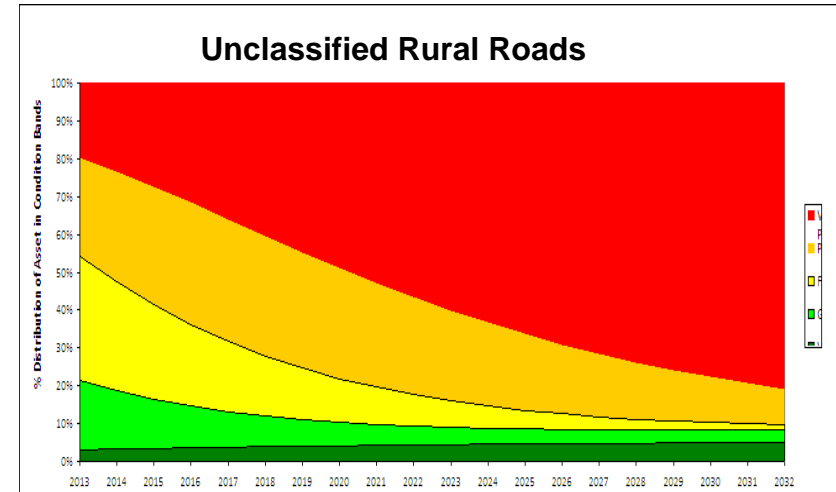
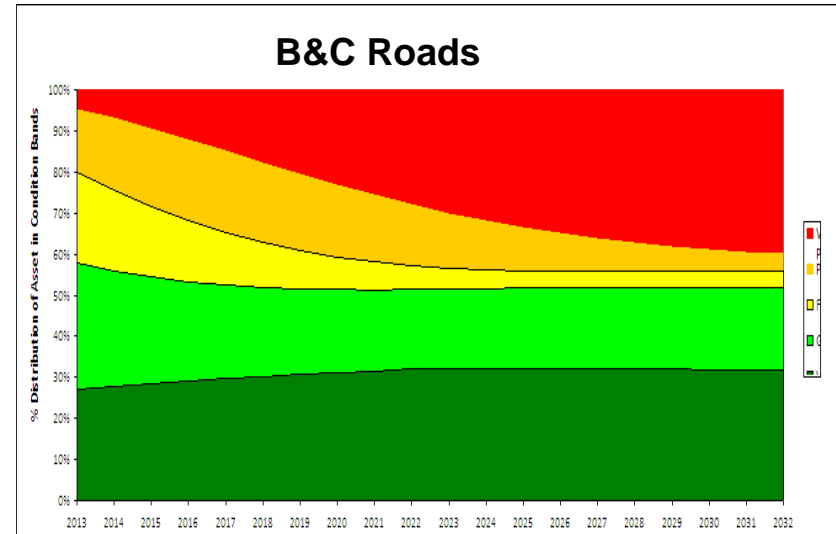
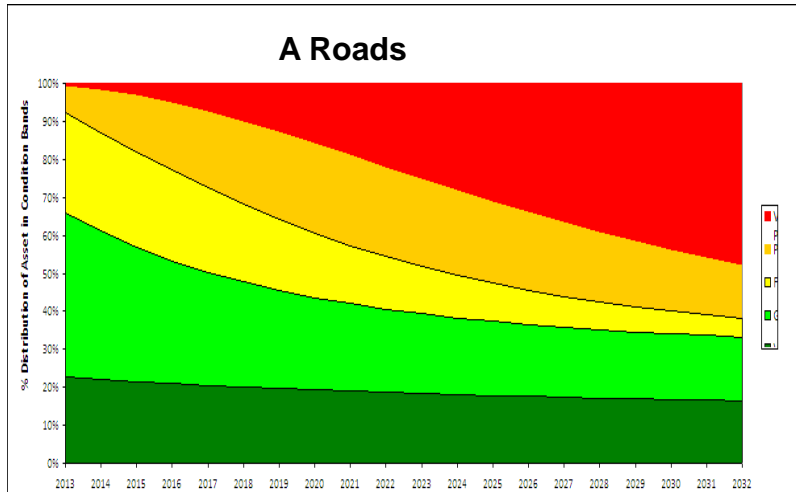
Condition Target Scenario

	VP+P
A Roads (HRA)	2.7%
A Roads (TSCS)	2.7%
B&C Roads (HRA)	15.0%
B&C Roads (TSCS)	15.0%
Rural Unclassified	38.0%
Urban Unclassified	38.0%

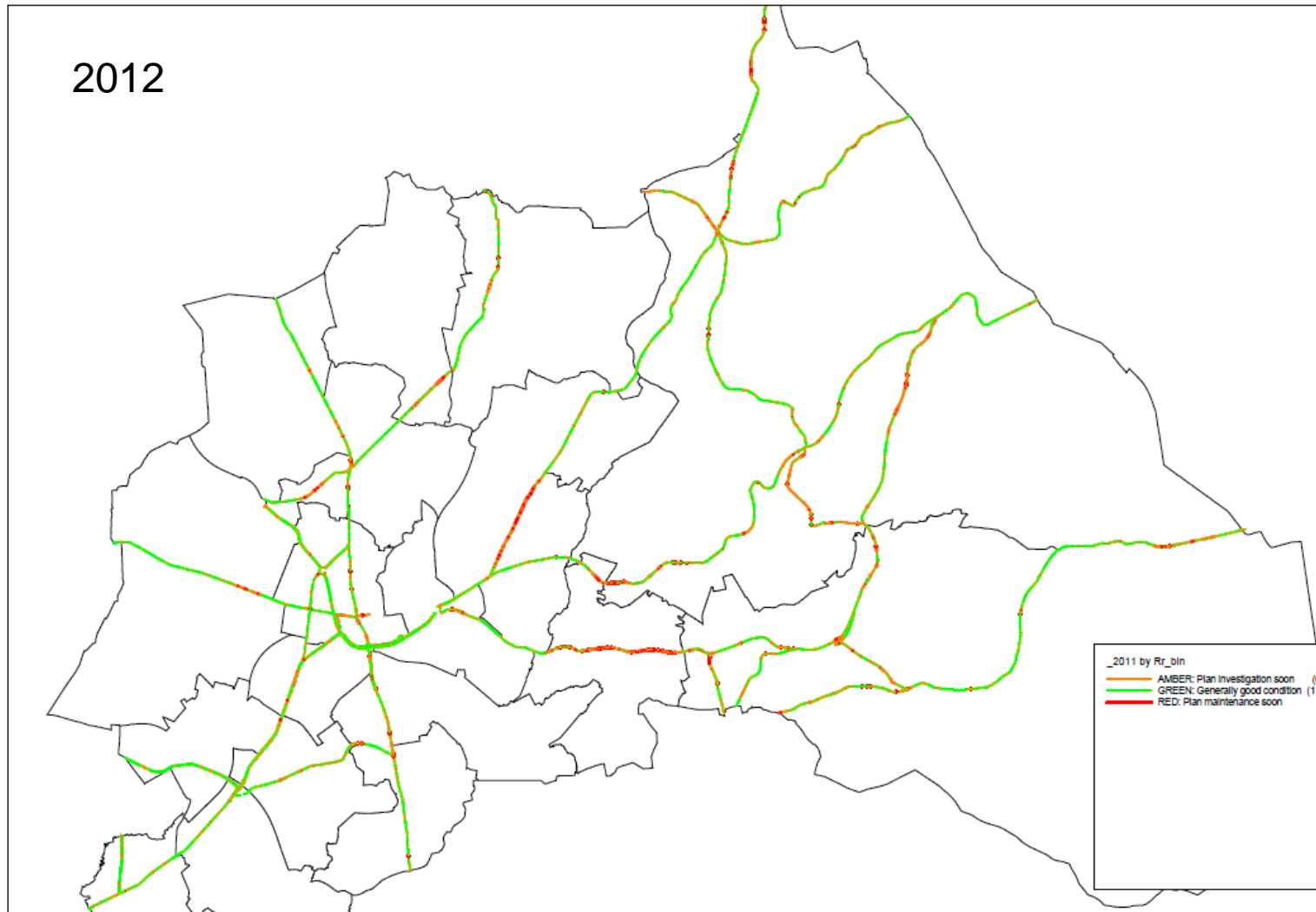


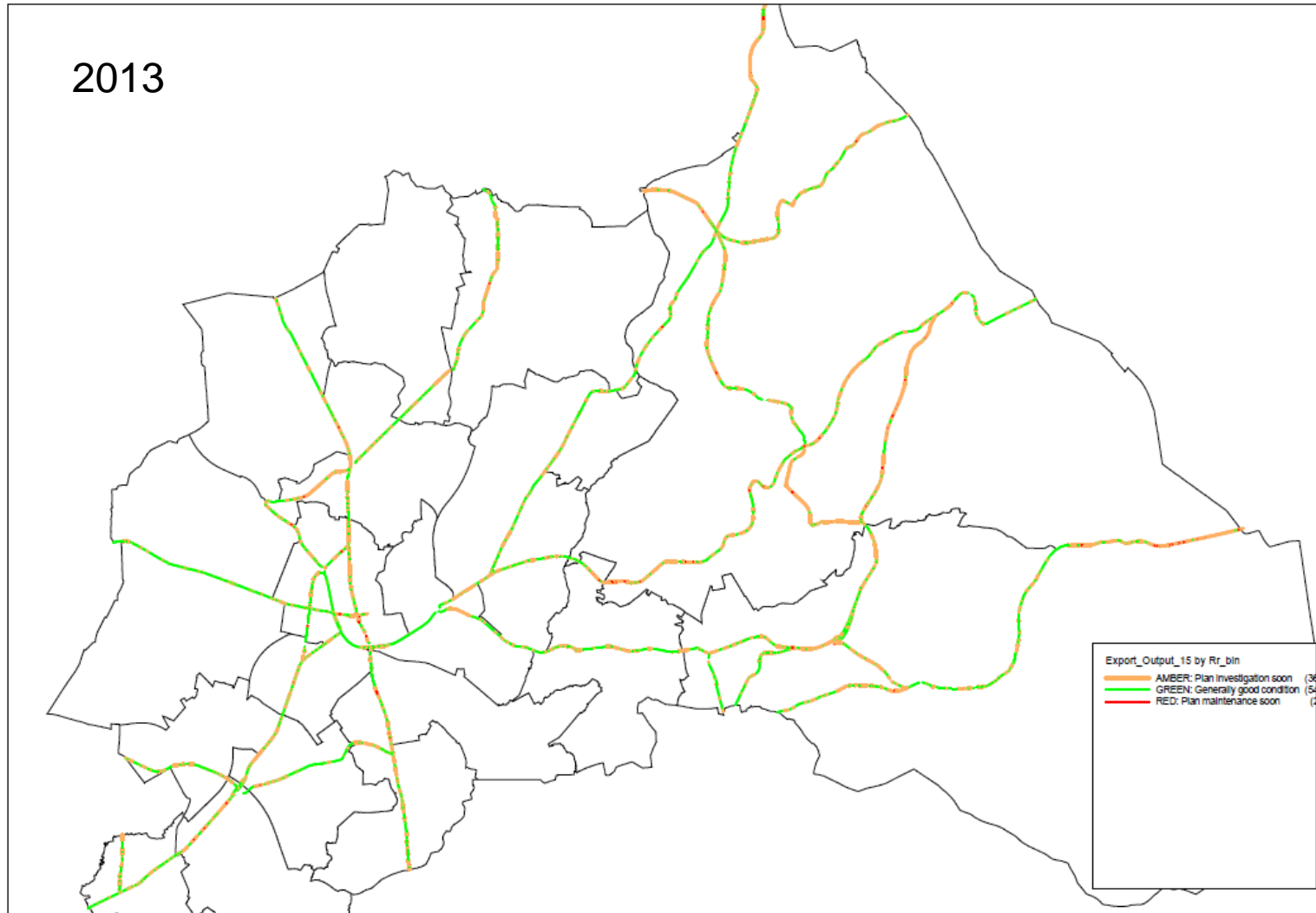
Lifecycle Planning – example output

Budget Constraint Scenario











Thank you for listening.

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