



Environment & Transport Select Committee
8th November 2012

Surrey Highways – Transforming Surrey Highways Briefing Note

Purpose of the report: Formal Update

This briefing note provides an update on the Surrey Highways Transformation Project which is seeking to re-configure how Surrey County Council manages the highway network and lead to a tangible improvement in carriageway condition and quality.

Introduction

1. Since 2010 the Surrey Highways Management Team has focussed on reducing the service running costs to deliver an improved value for money service.
2. This focus has successfully reduced highway costs by £8m per annum and has been delivered through two key projects:
 - Re-tender of highway contracts reduced contractor costs by £7m per annum
 - Organisational re-structure delivering £1m per annum reduction in internal staffing costs with minimal impact on service delivery
3. The £8m per annum saving was recently recognised through external award and more importantly £6m saving has been re-invested in the surrey highway network, enabling:
 - A significant increase in the amount of major road schemes
 - the removal of the safety pothole backlog
 - increased allocation of funding to local committee
 - improved standard of contract specification leading to improved workmanship and scheme quality
 - an overall increase in net customer satisfaction

4. However, although the initiatives have been very successful in reducing costs and improving scheme quality, it is recognised that the steps to date have only had marginal impact in improving overall carriageway condition and resident satisfaction.
5. In 2012, an in-depth Strategic Review was therefore launched by senior officers to determine measures and strategic policy changes which would have a direct impact on the quality of the network carriageway condition.
6. The outcome and recommendations of this strategic review will be formally submitted to Cabinet in February and this briefing provides the Environment & Select Committee advance notice of the project scope and scale, prior to a full report being submitted to January's Select Committee.

Section 1: Network Condition & Work streams
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7. In 2011 a full network survey of the carriageway network confirmed that 17% of the highway network was in poor condition. This ranks Surrey in the lower quartile of condition standards when compared to national highway authorities.
8. In particular a specific issue of poor road condition, was highlighted in Surrey County Council's "unclassified" network of residential streets and rural lanes.
9. The condition of the network is reflected in low level of resident satisfaction, with Surrey County Council continually ranked in the low quartile of satisfaction when compared to the national average.
10. Following the delivery of the cost reduction programme, in March the Highway Transformation Project was therefore launched with eight specific work streams all reporting to the Highways Management Team as Project Board. See work streams below:
- 11.

Work Stream	Objective
1. SPN Review	To review the designated categories of each road and ensure that maintenance intervention plans are consistent with current traffic levels
2. Project Horizon	To review how road maintenance schemes are prioritised and seek solutions which enables 10% of road network to be replaced and deliver overall 15% cost reduction

3. Project Outcomes	To review how highways maintenance strategies link to wider surrey strategic objectives, for example, local economic drivers and network safety
4. Project Safety Defects	To review the outcomes of the national Pothole Review and consider how Surrey can use reactive maintenance to drive improvement in carriageway condition
5. Laboratory & Materials Review	To review how Surrey exploits innovation in road materials and manages ongoing material quality.
6. Project Localism	Explore increased opportunities for collaborative working with the Borough, District Councils and options for increased delivery of services by Parish and Town Councils.
7. East Sussex County Council Collaboration	Explore opportunities to share knowledge and resources with partner agency and identify tangible benefits for Surrey Highways
8. Utilities Permit Scheme	To explore the potential to deploy permit scheme for utility companies and determine benefits for road network

12. The sections below provide a brief summary of each work stream and the interim findings. Over the coming weeks these findings will be further validated and refined by officers before being submission to Select Committee for formal scrutiny in January.

Work Stream 1: SPN Review

13. The Surrey road network is segmented into three categories based upon known traffic volume:
- SPN1 – strategic routes with high volume traffic
 - SPN2 – distribution roads with medium to high traffic
 - SPN3 – non strategic and local access roads with low traffic volume
14. The categories form the Surrey Priority Network (SPN) and contribute to the level of service and maintenance prioritisation for each road and form the foundation for future maintenance plans.
15. However, there has been no formal strategic review of the SPN since its introduction 25 years ago. Previous attempts have been undertaken but

a lack of effective traffic data, particularly for the lower class roads, has prevented effective project delivery.

16. The historic SPN data has potential to create distorted decision making, for example, the M25 was not fully operational at time of SPN agreement and therefore a full strategic was commissioned in 2012.
17. The revised SPN will be submitted for cabinet approval in February.

Work Stream 2: Project Horizon

18. Over the next five years cabinet have approved a £90m capital investment programme to repair the county's worst roads. Surrey Highways currently delivers this programme on annual basis, with 6 months to design and 6 months to construct.
19. However, it has been identified that the limited time to deliver the programme has the following negative impacts:
 - No opportunities to exploit bulk buying.
 - Limited opportunities for value engineering.
 - Negative resident satisfaction due to inability to guarantee programme beyond 12 months.
 - Increased network disruption as limited time prevents council from effectively co-ordinating with utilities and districts.
 - Budget management, as schemes have to be cancelled mid year
 - No direct relationship between programme & asset outcomes.
 - Members feel they have no influence over scheme selection and delivery.
 - Supply chain has no continuity of work leading to significant non-productive time and increased cost
20. It is therefore proposed to move to a five year fixed road maintenance programme. The project has indicated that this will enable a 15% reduction in overall cost of highways maintenance and allow for an increased planned maintenance programme. The project is targeted with delivering:
 - Fixed 5 year Maintenance Programme to repair the worst 10% roads in Surrey and ensure minimum warranty of 10 year road life
 - Reduction of major maintenance costs by a minimum of 15% through improved optimisation and prioritisation methodologies
 - Implementation of new processes for delivering annual Surface Treatment programme & Local Maintenance Programmes
 - Identification of Strategic Supply Chain Partners to deliver surfacing programme via May Gurney supply chain
 - Identification of material and process innovations with Supply Chain.
 - Develop joint surfacing programme with East Sussex
 - Consideration of benefits delivery for the SE7 programme.
 - Improved programme communications plan

21. The project has also identified the need for the five year programme to be owned by all stakeholders and to tackle the worst roads as identified by both engineering and local concerns. The programme is thus been developed in a distinct six step process:

- **Step One** – Formal engineering assessment of all roads by machine survey
- **Step Two** – Using machine data and prioritisation matrix, engineers visually inspect identified roads and determine inclusion on programme
- **Step Three** – Consultation with residents via on-site road show and website to enable nominations for worst roads in their area
- **Step Four** – Local Committee review engineering list of schemes and resident nominations and using data identify additional schemes to be included on programme
- **Step Five** – Engineer assesses member and resident nominations against agreed engineering criteria
- **Step Six** – Final validated programme submitted to Cabinet for approval

22. In addition to developing a five year programme the project is also tasked with:

- Developing process and funding stream for local committees to fund road maintenance schemes over and above centralised programme;
- Review carriageway maintenance prioritisation process to ensure it is fit for purpose and aligned to prioritisation process for bridge schemes
- Review ways of working to ensure costs are minimised during construction period
- Review programme communication plan and methods to improve programme management and communication to residents and members

23. The final five year programme and recommendations on the above will be submitted to Cabinet in February.

Work Stream 3: Project Outcomes

24. A key challenge for the service is our ability to define the benefits that investment in the highway network will bring. At the moment we tend to focus on outputs – km of road resurfaced, number of potholes filled etc. In the future we hope to be able to define benefits differently, for example by setting targets for a number of key outcomes, including:

- Network condition
- Local economic benefits
- Network safety
- Environmental factors

25. Surrey Highways believe that defining outcomes in this way will not only bring greater clarity about the level of service that Members and the Public can expect from the highways service, but will also enable us to develop more innovative solutions to achieve the desired outcomes.

Work Stream 4: Project Safety Defects:

26. In 2012 the Department of Transport published its Pothole review “Prevention is Better than Cure” which was based on an international study to determine the best way to manage potholes and carriageway defects on the network.
27. The project team has used the output of this review and its own investigations to determine an optimal strategy to improve the link of potholes to overall carriageway condition
28. The output of this investigation has challenged if the current 24 hour repair period is the best solution for managing carriageway defects, due to reasons below:
- It forces the contractor to focus on volume rather than carriageway condition, i.e. contractor will try and fill hazardous potholes on a road within 24 hours, where a better solution would be to consider larger scale repair options;
 - The 24hr timescale does not allow managers to review defect reports on a strategic level, for example, flooding event may have caused significant damage to full carriageway, however, timescales do not allow a proper investigate of root cause and are only focussed on repairing potholes with 24hrs;
 - Repairing potholes within tight timescales focuses delivery on reactive actions rather than overall condition improvement via a preventative solution;
 - There is minimal opportunity in 24hr timescale to maximise co-ordination with future planned road or utility works
29. The review has also considered how Surrey Highways inspect the network to determine if we are inspecting to the right frequency and standard.
30. A final decision on optimum repair times for defect repairs and inspection criteria will be submitted to cabinet in February.

Work Stream 5: Laboratory & Materials Review

31. We are reviewing our materials laboratory (based at Merrow) with the aim of increasing the amount of income it generates, and also to develop a capability that will enable us to be more innovative.

32. The review and recommendations will consider a number of options, including:
- Greater collaboration with the Hampshire CC laboratory
 - Opportunities to create a trading partnership with an external partner
 - Greater opportunities for work across the SE7 and Nationally/Internationally
33. The review will provide the foundations for the authority to explore new innovative solutions to both waste management and longer lasting materials.

Work Stream 6: Localism

34. The work stream will develop proposals for increasing collaborative working with the Borough and District Councils, and also explore opportunities for the delivery of services by Parish and Town Councils. This will include:
- Transferring the management of a defined strategic area of Woking town centre to the Borough Council
 - Working with 15 'early adopter' groups of Parish and Town Councils to develop proposals for the local delivery of services, which we hope will start operating in 2013/14
35. Working with partners is intended to improve ownership of the network across the county and ensure that all parties are working as "One Team" to improve the overall condition of the carriageway network.

Work Stream 7: East Sussex County Council Collaboration

36. The work stream is working closely with East Sussex on a number of initiatives. These include:
- Developing a joint Capital Programme that will create further efficiencies in addition to those already planned through Project Horizon
 - Developing proposals and consulting on a Common Permit Scheme for street works
 - Jointly reviewing our management of safety defects, to consider the benefits of an aligned approach across the two Counties
 - In the longer term we are considering whether a joint contract between the two authorities would provide additional benefits
37. Collaboration is a key element of our plans to improve services and reduce costs, and we hope that our work with East Sussex will lead to greater collaboration across the SE7 authorities.

Work Stream 8: Permit Scheme

38. Transport for London recently introduced a Permit Scheme to improve the management of utility works on the network. The scheme has incentivised utility companies to work within agreed hours and improved overall programme management.
39. Officers are currently exploring with East Sussex County Council if the scheme can be replicated in the South East and determine benefits for Surrey County Council. A final recommendation will be submitted to Cabinet in February.

Conclusion:

40. Since 2010 Surrey Highways has removed £8m per annum from the cost of delivering highway services and ensured that quality of work meets the councils expected standards, £6m has been re-invested to deliver improved level of service.
41. The delivery of a best value highway solution has enabled Surrey Highways management team to amend its focus and launch a full strategic review to determine transformational changes which would lead to a significant improvement in carriageway and resident satisfaction.
42. This review has demonstrated that through innovative and radical approaches Surrey County Council has opportunity to transform its level of service and network quality.
43. The final recommendations will be submitted to Cabinet in February.

Financial and value for money implications

44. To be confirmed as part of January Select Committee report.

Equalities Implications

45. The project has been subject to a full Equalities Impact Assessment and will be submitted with final report in January.

Risk Management Implications

46. To be confirmed in January report

Implications for the Council's Priorities or Community Strategy

47. Improved delivery of highway maintenance will support the County Council's commitment to responding to resident's priorities and concerns.

Recommendations:

The Environment & Transport Select Committee is asked to note project update and provide commentary in advance of final report in January.

Next steps:

Formal report submitted to Cabinet in February recommending outcome of Transformation Project, with Select Committee providing Scrutiny of recommendations in January 2013.

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