

CAPITAL INVESTMENT BUSINESS CASE

HIGHWAY MAINTENANCE



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to 'cut and paste' key details from relevant sections. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

The highway network is the Council's largest capital asset with an estimated replacement cost of £1.6 billion requires regular ongoing maintenance and renewal in order to be kept in a safe and serviceable condition for the travelling public.

With revenue budgets at an historic low for the Council it is essential that Capital Funding is invested to build resilience into this critical infrastructure. The introduction of an Asset Management approach to highway maintenance in Plymouth has enabled the modelling of long-term maintenance strategies, aimed at achieving a number of outcomes:

- Maintaining and improving the condition of the public highway;
- Reinstating the structural integrity of roads
- Improving highway drainage and keeping water off the highway
- Supporting economic growth in the city by improving our transport network and reputation for quality of roads
- Continuing the drive away from a reactive service towards a planned and efficient service

As a Band 3 (top performing) authority in the DfT Incentive fund, which allocates Plymouth £393,000 capital funding per year based on a demonstrated adoption of highways asset management practices. It is essential that the authority demonstrates an ongoing capital commitment to support the Highway Network in order to sustain Band 3 status and continue to secure funding at the current levels (Band 2 receives 30% of this allocation and Band 1 (lowest) receives no incentive funding from DfT).

In order to alleviate the pressure on revenue budgets, which have reduced over time as more first time permanent repairs are carried out to safety defects, it is critical to have a continued commitment to capital funding in support of the required minimum statutory duties of the highway service. In the last five years the city Council has had an average capital budget of £8.6 million to spend on highway maintenance, inclusive of funding from the DfT Challenge Fund (the challenge fund is a competitive bidding process (so there is no guaranteed funding) to fund specific proposals above and beyond routine maintenance – not to be confused with the incentive fund). This has meant that our resilient network (the key routes for traffic throughout the city) have been restored to a serviceable level maintained at a steady state to date. The level of investment requested in this business case is intended to continue at similar levels, with an average annual budget of £8.18 million.

The past investment has also noticeably reduced the volume of negative highways related stories in the local press, particularly taking into consideration the reduced regularity of which "Pothole Pete" has featured in recent years.

In order to continue to address this ever growing challenge, it is now vital that the city Council remains committed to upholding its statutory obligations and the strategic aims set out in the Highways Asset Management Framework. Therefore, the continuation of capital investment to re-build resilience back into this critical asset is essential. Failure to do so will undermine investment to date and lead to greater deterioration, increased demands on revenue, higher future investment scenarios due to not intervening before end of life and higher risk of litigation due to greater numbers of safety defects occurring.

This approach has been benchmarked against industry standards such as the Incentive Fund and has been reviewed recently by an industry expert, Matthew Lugg OBE- Head of Profession at WSP (former President of the Chartered Institute of Highways and Transportation CIHT (2018-2019)).

The Current Challenge

The highway network in Plymouth was not originally designed or constructed to the standards that would be expected of highways today. As a consequence, many highway assets are less resilient and are entering the mid to end phase of their serviceable lifespan. To compound this, increasingly frequent and severe weather events have accelerated the deterioration of the highway assets.

In recognition of the current financial climate, we have modelled a managed decline scenario that is broadly in line with historic investment levels. Specific programmes of works are to be agreed in line with this budget on an annual basis with the Portfolio Holder.

The delivery model described follows a rolling 3 year plan over a 6 year period, with a formal review after the initial 3 years of delivery, this both satisfies the Council's fiscal planning profile and assures DfT of our long term capital investment commitment on the authority's highway asset.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£11,400,000 Capital Investment over 3 years, in addition to existing £13,143,000 Total 3-Year: £24,543,000 With further 3-year commitment profiled to: £15,400,000 Capital Investment over 3 years in addition to existing £9,143,000 Total projected 3-Year: £24,543,000 Subject to review prior to 2023/24.	Contingency (show as £ and % of project value)	0
Programme	Highways Maintenance	Directorate	Place
Portfolio Holder	Cllr Mark Coker, Strategic Planning and Infrastructure	Service Director	Phillip Robinson (Street Services)
Senior Responsible Officer (client)	Adrian Trim	Project Manager	Chris Watkins/ Phil Bellamy
Address and Post Code	Plymouth City	Ward	Citywide

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

Background

The highway network and other transport infrastructure assets together represent the largest capital asset the Council holds, with a current replacement cost of £1.6 billion. Used daily by the travelling public for commuting, business and leisure activities; it is crucial to the economic, social and environmental wellbeing of our local communities.

The highway network, which includes carriageways, footways, drainage, street lighting, traffic signals and structures, requires regular planned maintenance and renewal in order to maintain the network in a safe and serviceable condition for the travelling public. With revenue budgets at an historic low for the Council it is essential that Capital Funding is invested to build resilience into this critical infrastructure. The introduction of an Asset Management approach to highway maintenance in Plymouth has enabled the modelling of long-term maintenance strategies, aimed at achieving a number of outcomes:

- Maintaining and improving the condition of the public highway;
- Reinstating the structural integrity of roads
- Improving highway drainage and keeping water off the highway

Supporting economic growth in the city by improving our transport network and reputation for quality of roads

Continuing the drive away from a reactive service towards a planned and efficient service

Historical Funding

In 2015 the DfT changed their funding model to give local authorities cost certainty of funding for a six-year period enabling local authorities to financially plan into the future giving confidence to service providers and supply chains. The Highway Maintenance Efficiency Programme (HMEP) produced an asset management guidance document recommending Authorities commit to a minimum five-year funding model. This approach gave local authorities the opportunity to gain efficiencies through longer term strategic planning.

Plymouth City Council has undertaken a vast transformation with regards to asset management since the launch of HMEP. Having upgraded all of its asset management systems and invested in surveys in order to gather quality data to inform accurate depreciation modelling that drives our investment scenarios to achieve best value.

We have been recognised as a top performing authority, achieving Band 3 (top level) status in the DfT's incentive fund scheme, which assesses an authority's competency with regards to asset management.

In order to alleviate the pressure on revenue budgets, it is critical to have commitment to capital funding in support of the required minimum statutory duties of the highway service. The need to secure this funding is critical for long-term planning of maintenance activities and providing confidence to our supply chain to deliver greater value for money services.

In the last five years the city Council has had an average capital budget of £8.6 million to spend on highway maintenance, inclusive of funding from the DfT Challenge Fund and Incentive funds. This has meant that our resilient network (the key routes for traffic throughout the city) has been restored to a serviceable level and which we have been able to maintain at a steady state to date.

The Current Challenge

The highway network in Plymouth was not originally designed or constructed to the standards that would be expected of highways today. As a consequence, many highway assets are less resilient and are entering the mid to end phase of their serviceable lifespan. To compound this, increasingly frequent and severe weather events have accelerated the deterioration of the highway assets.

In order to continue to address this ever growing challenge, it is now vital that the city Council remains committed to upholding its statutory obligations and the strategic aims set out in the Highways Asset Management Framework. Therefore, the continuation of capital investment to re-build resilience back into this critical asset is essential. Failure to do so will undermine investment to date and lead to greater deterioration, increased demands on revenue, higher future investment scenarios due to not intervening before end of life and higher risk of litigation due to greater numbers of safety defects occurring.

Over recent years, Plymouth Highways have been exploring depreciation of its assets and have established the likely funding required to achieve a steady state (network stays in a comparable condition to today's condition). In order to achieve this, funding required would be in excess of £165 million.

In recognition of the current financial climate, we have modelled a managed decline scenario that is broadly in line with historic investment levels. We have achieved this through sweating assets, prioritising (e.g. development of a resilient network) and exploring innovative product selection.

This approach has been benchmarked against industry standards such as the Incentive Fund and has been reviewed recently by an industry expert, Matthew Lugg OBE- Head of Profession at WSP (former President of the Chartered Institute of Highways and Transportation CIHT (2018-2019)).

Proposal: (Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) **and** (What would happen if we didn't proceed with this scheme?)

The Request

This business case requests to maintain existing investment levels by providing a further £11,400,000 for the Capital Highways Programme (as described below) over the next three years. This will be in addition to the assumed continuation of the current annual DfT funding of £2,381,000 (which includes £393,000 from the incentive fund) and 3 further years of £2,000,000 per year of corporate funding which is confirmed for carriageway works, giving a total budget of £24,543,000 over 3 years. This will be reviewed annually to ensure the modelled scenarios for the highway network are being delivered in line with the programme against the budget available. It will also take into account any additional funding that the Council secures and recommend how this should be allocated e.g. reduced corporate capital requirement.

Following a formal review in 2022/23, this case requests the commitment to add a further £15,400,000 over a second 3 year period. This, in addition to a final year of the £2,000,000 of already assigned corporate funding for carriageway works and an assumed continuation of DfT Funding of £2,381,000 per year will give a further provisional budget of £24,543,000 over this period. This is to be seen as a commitment and will be subject to the aforementioned review in order to take into account changing demand, funding availability and to allow longer term strategic planning.

The detail for each of the asset groups is summarised below:

Carriageways

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£2,657,900	£6,170,617
Department for Transport Funding	£2,311,500	£3,311,500
Existing Funds	£6,000,000	£2,000,000
Total	£10,969,400	£11,482,117

Over the past 5 years the capital budget has prioritised spend on improving the condition of the resilient/classified network as these routes are considered as crucial to the economic and social well-being of the city. Now the resilient network has been brought up to a good condition the continuation of capital investment will safeguard this improvement into the future. It will also begin an increased investment into Plymouth's main non-classified/residential style local roads which require significant investment due to historic underinvestment.

Through the use of data led investment modelling we have developed an approach which enables prioritised, targeted and intelligent investment decisions which will enable performance to be measured demonstrating how the capital funding is delivering the agreed targets.

Failure to invest in the carriageway through capital funding will prevent Plymouth from maintaining their statutory duty to maintain the highways network in a safe and serviceable condition. With a withdraw or reduction in funding the highway authority would also see the network deterioration increase, the asset value decreasing and the cost of carrying out much greater maintenance at a later date will be disproportionately higher. This can be demonstrated through the aforementioned evidence based strategic planning models.

Failure to invest will also have a direct impact on:

- Increased reliance upon revenue funding
- Volume of safety defects, which adds additional pressure to revenue budgets.
- Volume of Red Claims against the Council
- Public overall satisfaction of highway (as highlighted in the latest NHT survey)

Footways and Cycleways

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£1,004,452	£2,240,082
Department for Transport Funding	£4,831,500	£3,831,500
Total	£10,969,400	£11,482,177

Footways and cycleways across the city are essential to support the Council's agenda for walking and cycling to be a normal part of everyday life bringing benefits to the health and wellbeing of the public and reducing carbon emission in light of the Councils declaration of a climate emergency.

As with carriageways, in recognition of the requirement to prioritise certain strategically important routes, a resilient footway network has been developed. The capital bid will focus primarily on maintaining the state of the footway resilient network, wherever possible improving it in order to make walking and cycling to the city's major destinations both a safe and pleasurable experience.

The aimed management approach for the remainder of the footway network will be to maintain it too in a safe and serviceable condition, however in realistic terms this will mean managed decline.

Failure to invest in footways will have a direct impact:

- Public's decision to choose sustainable transport over driving
- Volume of Safety Defects and associated costs
- Public Satisfaction (As per the NHT Survey)
- Volume of claims against the Council for personal injury
- Increase demand on public health services related to personal injury claims particularly amongst the elderly & vulnerable

Drainage

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£618,180	£337,750

For Plymouth, preventing our carriageways and footways from flooding is recognised as a corporate priority. Generally people identify drainage assets as gullies, however the city Council is responsible for a wide range of drainage assets including, linkages from gullies to sewers, culverted watercourses, pumping stations, tidal flaps and Sustainable Drainage Systems (SuDS).

Drainage assets are critical for the city and supports keeping water off the carriageway, which not only impacts on preventing carriageway flooding during weather events but equally as important, when working efficiently, reduces all standing water from the network. This is paramount to ensuring the longevity of carriageways and footways as it prevents water from being trapped which can cause issues such as water freezing and thereby expanding and breaking out the surface- which leads to the formation of potholes.

Over the past 2 years, SMART technology and planned cyclical inspection have supported in creating a knowledge base across the network which has supported our move to an ever evolving regime of targeted maintenance.

Alongside this, we have developed a risk register of known hotspots which frequently cause disruption to the network. This funding will enable the city Council to address the highest risk hotspots currently identified, offering the core benefits of reduced disruption, improved safety,

reactive maintenance costs, reduced insurance costs from red claims, improved public perception and overall resilience. This will also mean that we are able to start to consider the effects of carriageway water entering our watercourses (i.e. plastics, heavy metals and other pollutants) in line with our new status as a Marine National Park and as a commitment to the climate emergency.

Structures

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£2,265,432	£1,212,129

Plymouth has a general duty of care to users and the community to maintain the highway structures in a condition that is fit for purpose. Current HMPE asset holding is as follows:

- 35 Bridges
- 58 Culverts
- 26 Tunnels
- 48 Subways

Each asset type demands complex engineering solutions to enable accessibility, programme timely remedial works and assure continual service is achieved

Highways- Structures demand a high level of intervention to ensure continuous serviceability and compliance. Failure to invest will result in the continuing decline of condition, resulting in possible safety critical defects, unsatisfactory discharge of statutory obligations and an increase of remedial costs. With structures there are also catastrophic risks of failure, including the closure of structures, similar to the Hammersmith and Fulham bridge, or a risk of structure collapse, similar to the recent highly publicised events across Europe in recent years.

Street Lighting and Traffic Signals

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£2,488,174	£2,718,895

The Highway Lighting asset has a high visual impact on our street scene. As part of our Risk Based approach, based upon our Highway Infrastructure Asset Management Plan 'HIAMP' we maintain these assets in a safe and serviceable condition whilst maximising their serviceable life and reduce the incidences of failure.

Review of the Traffic Regulations and General Directions 2016 have allowed authorities to adapt the lit environment to achieve passive safe installations, reduction in street clutter and rationalisation of our lit environment.

City centre and Shopping Areas demand appropriate lighting and control solutions, as do safety specific locations such as Pedestrian Crossings, High Footfall, Poor Air Quality and Traffic Calming zones. Reinforcement and Engineering solutions need to be delivered to ensure our statutory duties are discharged and continued capital investment is required to achieve our statutory duties, The programmed delivery made possible by approval of this capital bid assures such levels of compliance

Traffic Management and Accident Reduction

	2020/21-2022/23	2023/24 – 2025/26
Corporate Borrowing	£2,364,538	£2,719,531

Traffic Management and Accident Reduction capital schemes considered for this bid include schemes for vehicles restraint systems, traffic calming, safety schemes, the peninsula Road Safety Camera Partnership and the living streets scheme. Investing capital funding into these assets supports the Council's objectives of ensuring the local communities feel safe in Plymouth.

Some of these assets, specifically vehicle restraint systems (crash barriers) have historically suffered from underinvestment with some high risk locations now being at end of life. This capital funding will enable the replacement of these point assets on a risk based programme, starting with locations assessed to have the greatest potential impact, should they fail.

The city Council has a statutory obligation to address emerging personal injury collisions, this is achieved through the process of casualty reduction review which identifies locations and casualty trends that need to be addressed. By investing in these schemes, Plymouth will continue to improve safety for all its highway users.

Living Streets enables ward Councillors to offer small scale localised solutions to benefit their constituents that may not be recognised in other overarching city wide programmes of work.

Summary

Overall this business case outlines the necessity for the Council to invest in its local infrastructure and ensure that the Council's objective of being a welcoming city is realised. The levels of investment requested are in line with those of the past 5 years and will enable the Council to continue to manage the highways assets through a data led and targeted approach. There are several benefits that this capital bid would bring to the city of Plymouth which include:

- Providing a safer and sustainable highway network
- Managing the volume of Safety defects across all highway assets
- Managing the volume of third-party claims
- Reducing the rate of failure for critical assets and improve its resilience
- Improve public perception and satisfaction with the highway network
- Reduce the burden on the revenue budget
- Get better value for money
- Better collaboration with supply chain
- Supporting Climate Agenda

If the Council were to decide not to proceed with this proposal there would be several risks that would need to be closely managed and maintained. These include:

- Dissatisfaction of both members and the public with the condition of roads and footways, this could include the return of media pressures such as "Pothole Pete".
- Increased number of carriageway and footway defects which will cause significant pressure on the existing revenue budget which is also being reduced.
- Failure of critical assets, such as highway structures or closure of trafficked routes across the city. For example Cot Hill Bridge, has had to have a weight restriction placed on it to mitigate further damage. In order to bring this bridge up to strength, a required spend of ca. £1.5 million is required.
- Increased number of successful claims against the Council for personal injury or damage to property – these average approximately £4k per successful carriageway claim and £14k per successful footway claim.
- Increased reliance on revenue funding for reactive maintenance (e.g. revenue budgets are currently at a standstill and therefore do not account for inflation or indices rises. Just taking this into account presents a pressure of £3.37million after 6 years, without accounting for additional volume of defects which will occur in this scenario.)

Why is this your preferred option: *(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).*

Preferred Option

This preferred option looks to maintain the resilient, most important areas of the network in a steady state condition and to manage the decline on the rest of the network whilst ensuring a safe and serviceable network.

Benefit

The benefits of this business case have been developed using the PESTLE Analysis which is summarised below:

Political Benefits:

The proposed business also supports the following Council objectives:

- An efficient transport networks
- A green, sustainable city that cares about the environment
- People feel safe in Plymouth
- A welcoming city

Economic Benefits:

The capital investment put forward in this business case utilises asset management principles which seeks to optimise the value of highway assets over their whole life cost. This ensures capital investment can be targeted on value for money long-term planned activities that prevent expensive short-term repairs, alleviating the pressure on revenue budgets. This approach not only maximises value for money but also manages risks maintaining a safe, secure and accessible highway network for our all customers.

Social Benefits:

This business case considers the social need of the city, by focusing on maintaining the resilient network (those most critical for social needs) in a steady state condition and managing the decline of the non-resilient network.

Technological Benefits:

The modelling used for the business case has utilised the Councils Highways Asset Management system so that the information used is data-driven and can be robustly defended.

Legal Benefits:

By undertaking the capital work highlighted within this business case Plymouth City Council are continuing their statutory duty to maintain the highway. This business case also considers the Highways Code of Practice which advises a risk-based approach, with a focus of maintenance on the resilient network.

Environmental Benefits:

Plymouth City Council have currently declared a Climate Emergency and have made a pledge to become carbon neutral by 2030. Investing capital funding into the highway networks using a long-term programme will support this agenda by:

- Ensuring road works are co-ordinated, resulting in less disruption on the network with associated extra journey times and emissions, is minimised
- The lifecycle planning approach will mean that fewer roads need to be reconstructed and more thinner treatments are undertaken
- The asset management approach will actively consider those highways that are susceptible to climate change; this will be reflected in the maintenance regimes adopted for such highways.
- By selecting innovative treatments and promoting the recycling of existing materials such as coal tar bound materials, we are looking to reduce our CO2 footprint.

Risks

To not proceed with capital investment in highways maintenance is not considered to be a viable option and could breach the Council's statutory duty to maintain the highway network in a safe and serviceable condition. This will also have a detrimental impact on the Council's incentive fund banding that could result in a reduced funding award from the DfT, hinder the Councils in its ability to meet its corporate objectives and put the safety of the public at risk.

Option Analysis: (Provide an analysis of 'other' options which were considered and discounted, the options considered must be a 'do Nothing' and 'do minimum' and 'viable alternative' options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix). Copy and paste table if you need options 4,5 and 6.			
Criteria	Option 1	Option 2	Option 3
Proposed Solution:	No further capital investment	Full Renewal – restore all assets to a good condition or better.	n/a
List Benefits:	None	<p>Significant improvement in network condition</p> <p>Significant reduction in volume of defects</p> <p>Significant reduction in volume of claims</p> <p>Enhanced public safety</p> <p>Improved perception of carriageway condition</p> <p>Reduced reliance on revenue and external funding</p>	
List Risk / Issues:	<p>Dramatic, unmitigated deterioration of network condition</p> <p>Dramatically increased volume of defects</p> <p>Dramatically increased volume of claims</p> <p>Enhanced risk to public safety</p> <p>Inability to meet statutory obligation</p> <p>Full reliance on revenue and insufficient external funding</p> <p>Significant increase in negative press coverage</p>	<p>Cost Prohibitive</p> <p>Questionable deliverability due to scale of works</p> <p>Significant disruption to general public due to volume of works</p>	
Cost:	No further cost	Cost Prohibitive Estimated to be in excess of hundreds of millions	£
Why did you discount this option	Risk to public, serviceability of network and risk to the Council both financially and reputational.	Cost prohibitive	

Strategic Case:

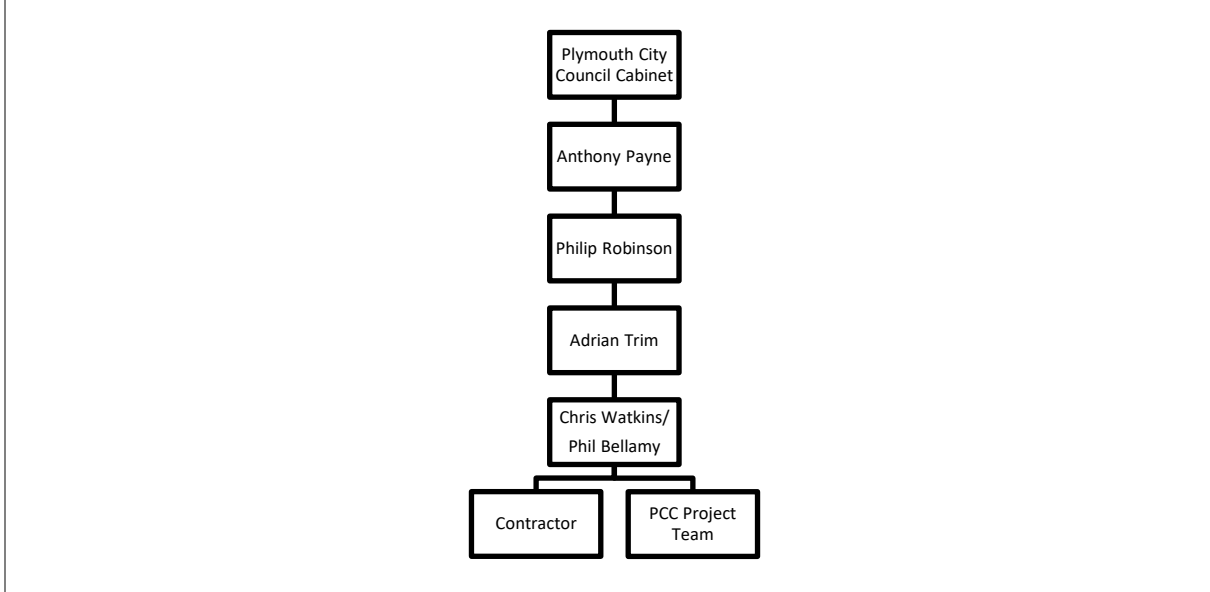
Which Corporate Plan priorities does this project deliver?	an efficient transport network
	focus on prevention and early intervention
	a welcoming city

<p>Explain how the project delivers or supports delivery of Joint Local Plan/Plymouth Plan Policies (include policy references)</p>	<p>An Efficient Transport Network: By investing capital funding into the highway network, we are adding value to the network and improving its condition overall. In doing this we will be providing a safer, more robust and resilient highway network to support efficient travel across the city.</p> <p>Focus on Prevention and Early Intervention: The asset management approach that has been used to build this business case utilises the components of prevention and early intervention to apply best value for money treatments to the models.</p> <p>A Welcoming City: The highway network is used on a daily basis by all residents and those visiting the city. By adding value into the network through capital schemes the aesthetic of the city is improved and offers a more welcoming atmosphere.</p> <p>This project also supports the following policies in the Joint local Plan:</p> <p>SO12 - Delivering infrastructure and investment by allowing for a longer term data led programme of infrastructure investment</p> <p>SPT9 - Strategic principles for transport planning and strategy by supporting the existing transport network to support the move to genuine alternative ways to travel.</p>
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Project Scope: *(To avoid scope creep and cost escalation it is important to have an agreed scope of what the project will and will not deliver. List below what is included and not included in the project 'budget'. Projects should be delivered within scope and budget, but should project change happen then the business case requires revisiting, updating and re-approval)*

In Scope	Out of Scope
Maintenance of Highway Assets	Creation of New Highway Assets

Project Governance: *How the project delivery is structured (amend inserted chart as appropriate)*
High Risk Projects will require a Project Board Chaired by Portfolio Holder
Low Risk Projects will require a structured Project Team reporting to Portfolio Holder



Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date

1/4/2020	3/4/2020	31/3/2026
Who are the key customers and Stakeholders	All Highway Users	Which Partners are you working with South West Highways Ltd

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risk).* **The Risk Register/Log must accompany the business case.**

Have you completed a Risk Register / Risk Log If so, include as Appendix I	Yes Generic Risk Assessments and Method Statements are retained at operational level and stored on the Highways Operational Hub
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Outcomes and Benefits: List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:	Non-financial outcomes and benefits:
<p>Reduced risk from insurance cases due to targeted approach on critical assets.</p> <p>Reduced impact on long term financial requirement due to timely investment.</p> <p>Avoidance of costly critical asset failure and associated economic disruption</p>	<p>Enhanced public safety</p> <p>Improved critical transport infrastructure</p> <p>Greater resilience in highways assets</p> <p>Supporting sustainable transport</p> <p>Supporting Environmental aims such as proactively addressing our impact upon the climate emergency through choice of product, energy reduction and recycling of materials.</p>

SECTION 3: CONSULTATION

Does this business case need to go to CMT	Yes	Date business case approved by CMT (if required)	25/02/2020
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Have you engaged with Planning Department.		No
If so, summarise the planning requirements. <i>(If PP is required ensure you engage with planning prior to seeking approval of this Business Case)</i>		
Is the budget cost reflective of planning requirements		
Who is the Planning Officer you consulted with.		
Planning Consent Date	N/A	

Have you engaged with Building Control. <i>(If no, please state the reason)</i>		No Not Applicable
Is the Building Control pre-application registered		
What is the pre-application number		
Is this classed as a HRRB building	Yes/No	
Is this building classed as 'high risk'	Yes/No	
Who is the Building Control Case Officer	Select Case Officer Name	

Low Carbon	
What is the anticipated impact of the proposal on carbon emission	This project will support the transition and uptake of more sustainable forms of transport such as public transport, walking and cycling.
How does it contribute to the Council Carbon neutral by 2030.	Opportunity to reengineer existing asset layout to reduce energy consumption and CO2 emissions. Exploration of new and innovative surface treatments which will reduce carbon impact significantly compared to traditional methods. Localised recycling within the city of waste materials such as grey water and surface planings will reduce the energy required in the production chain compared to the construction of new materials and therefore have a lower carbon footprint.

Have you engaged with Procurement Service.		No – Not Applicable
Procurement route options considered for goods, services or works.	Works are expected to be delivered through previously procured Term Maintenance Contract.	
Procurements Recommended route.		
Who is your Procurement Lead.		

Which Members have you engaged with and how have they been consulted <i>(including the Leader, Portfolio Holders and Ward Members)</i>	
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Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.	NA
Who is your Legal advisor you have consulted with.	NA

Equalities Impact Assessment completed <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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SECTION 4: FINANCIAL ASSESSMENT**FINANCIAL ASSESSMENT**

In this section the robustness of the proposals should be set out in financial terms.

The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole.

CAPITAL COSTS AND FINANCING								
	Initial 3 Year Ask			Second 3-year commitment				
Breakdown of project costs including fees surveys and contingency	20/21	21/22	22/23	23/24	24/25	25/26	Future Yrs.	Total
	£m	£m	£m	Subject to Review £m	Subject to Review £m	Subject to Review £m	£m	£m
Carriageway Investment	0.567	1.030	1.0609	1.092727	2.541398	2.536491	To be reviewed	8.828517
Footway Investment	0.325	0.33475	0.344792	0.355136	0.928544	0.956401	To be reviewed	3.244624
Drainage Assets	0.2	0.206	0.21218	0.109272	0.112550	0.115927	To be reviewed	0.955930
Traffic Signals Investment	0.125	0.12875	0.132612	0.13659	0.140688	0.144909	To be reviewed	0.808551
Street lighting Investment	0.68	0.7004	0.721412	0.743054	0.765345	0.788306	To be reviewed	4.398518
Structures Investment	1.138	0.611305	0.516127	0.526694	0.337652	0.347782	To be reviewed	3.477562
Traffic Management and Accident Reduction	0.765	0.78795	0.811588	0.835936	0.973565	0.910030	To be reviewed	5.084069
DfT Funding – Carriageway Allocation	0.7705	0.7705	0.7705	0.7705	1.2705	1.2705	To be reviewed	5.623
DfT Funding-Footway Allocation	1.6105	1.6105	1.6105	1.6105	1.1105	1.1105	To be reviewed	8.663

Pledge (Corporate)	2	2	2	2	0	0	To be reviewed	8
Total capital spend	8.181	8.180155	8.180611	8.180409	8.180742	8.180846	To be reviewed	49.083763

Provide details of proposed funding: Funding to match with Project Value								
	Initial 3 Year Ask			Second 3-year commitment				
Breakdown of proposed funding	20/21	21/22	22/23	23/24	24/25	25/26	Future Yrs.	Total £m
	£m	£m	£m	Subject to Review £m	Subject to Review £m	Subject to Review £m	£m	
DfT Highway Maintenance Grant	2.381	2.381	2.381	2.381	2.381	2.381	To be reviewed	14.286
Corporate Borrowing (Current Ask)	3.8	3.799155	3.799611	3.799409	5.799742	5.799846	To be reviewed	26.797764
Pledge (Corporate)	2	2	2	2	0	0	To be reviewed	8
Total funding	8.181	8.180155	8.180611	8.180409	8.180742	8.180846	To be reviewed	49.083763

S106 or CIL (Provide Planning App or site numbers)	
Which alternative external funding sources been explored (Provide evidence)	This is required in addition to the existing DfT funding we receive annually and the already confirmed £8 million for carriageway works. Indications from industry experts predict that a possible increase in funding from DfT could occur in the near future.
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	N/A
Tax and VAT implications	

Tax and VAT reviewed by			
Will this project deliver capital receipts? <i>(If so please provide details)</i>	N/A		
Schemes in excess of £0.5m should be supported by a Cost Benefit Analysis. Calculations undertaken should be attached as an appendix to support financial implications shown below. Please contact your revenue accountant for assistance with this section.			
Is the capital ask greater than £0.5m	Y	If the answer is yes, have you attached the Cost Benefit Analysis	N

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	£0
Revenue cost code for the development costs	-
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N
Budget Managers Name	Adrian Trim

Ongoing Revenue Implications for Service Area

	Prev. Yr.	18/19 £	19/20 £	20/21 £	21/22 £	22/23 £	Future Yrs.
Service area revenue cost							
Loan repayment <i>(terms agreed with Treasury Management)</i>							
Other <i>(eg: maintenance, utilities, etc)</i>							
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income <i>(eg: rents, etc)</i>							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)							
Has the revenue cost been budgeted for or would this make a revenue pressure							
Which cost centre would the revenue pressure be shown		Has this been reviewed by the budget manager				Y/N	
Name of budget manager							

Loan value	£11.4m	Interest Rate	2.85%	Term Years	25	Annual Repayment	£643,784
Revenue code for annual repayments							
Service area or corporate borrowing							
Revenue implications reviewed by							

SECTION 5: Monitoring Performance and Post Project Review

To conclude, the purpose of a business case is to outline the business rationale for undertaking a project and to provide a means to continually assess and evaluate project progress throughout delivery. It is the responsibility of the project manager to ensure the project remains on time and within budget during delivery and to monitor the project throughout and provide a Post Project Review on completion.

Investment Team Monitoring:

The Investment Team are required to report on completed projects and what they have achieved. To do this information will need to be captured during delivery and on completion of the project from your Post Project Review including:

- Did the project deliver the intended outcomes and benefits as stated in the business case.
- Which company was the contract awarded, is this a local company.
- How many jobs did this project provide.
- How much income from Council Tax and NHB will be collected.
- How has the carbon omissions been mitigated and how much did this cost
- Was the project delivered on time and on budget (including contingency)

Finance Monitoring :

It is essential for Capital Finance Team to monitor the financial element of projects during delivery for reporting purposes. Monthly spend profiles against budget, matching with finance profiles will be collected monthly during delivery and on completion of the project.

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)

Author of Business Case	Date	Document Version	Reviewed By	Date
Chris Watkins/Chris Legassick/Phil Bellamy	17/02/2020	v 1.0	Michelle Endacott	17/02/2020
Chris Watkins/Chris Legassick/Phil Bellamy	20/02/2020	v 2.0	Michelle Endacott	20/02/2020
Chris Watkins/Chris Legassick/Phil Bellamy	24/02/2020	v 3.0	Michelle Endacott	24/02/2020 25/02/2020

SECTION 6: RECOMMENDATION AND ENDORSEMENT**Recommended Decision****It is recommended that the Leader of the Council:**

- Approves the Business Case
- Allocates £11,400,000 for the project into the Capital Programme to be funded by Corporate Borrowing
- Allocates £7,143,000 assumed Department for Transport Funding for the years 2020/21, 2021/22 & 2022/23 funded by:
 - Highway Maintenance £1,871,000
 - Pothole Action Fund £117,000
 - Incentive Fund £393,000

Councillor Mark Coker, Strategic Planning and Infrastructure		Philip Robinson, Service Director of Street Services	
Either email dated:	<i>18.3.20</i>	Either email dated:	<i>18.3.20</i>
Or signed:		Signed:	
Date:		Date:	
		Service Director	
		<i>[Name, department]</i>	
		Either email dated:	<i>date</i>
		Signed:	
		Date:	