

# LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 8 March 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

## REPORT OF THE DIRECTOR OF POLICY AND STRATEGIC COMMISSIONING AND PORTFOLIO HOLDER: TRANSPORT AND AIR QUALITY

### ALLOCATING FUNDS TO SUPPORT THE MAINTENANCE OF THE KEY ROUTE NETWORK (KRN) IN 2019/20

#### 1. PURPOSE OF REPORT

- 1.1 This report follows-up the Combined Authority's Annual Budget Report agreed on 1 February 2019. It should also be read in conjunction with a related report agreed by members on 19 October 2018<sup>1</sup>.
- 1.2 The report concerns a £3 million funding allocation for the 2019/20 financial year, intended to support the maintenance of the Combined Authority's Key Route Network (KRN) of strategically important local roads.
- 1.3 The October 2018 report set out proposals to manage a similar funding allocation for the current financial year (2018/19). The report also set out the main issues arising from a detailed commission, in the form of a Highways Infrastructure Asset Management Plan (HIAMP). The HIAMP assessed the condition of the KRN's carriageway on a consistent basis for the first time and provides a valuable part of the evidence base.
- 1.4 Drawing on this evidence and on the proposals agreed for the current financial year, approval is sought to disburse the £3 million as per Option 2a in the table set out in Appendix Five to this report. This proposes the allocation of 25% of the fund by need and 50% by KRN length to the six constituent local authorities, as per the arrangement for the current financial year. The rationale for this is set out in section (4).

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<sup>1</sup> <https://moderngov.merseytravel.gov.uk/documents/s30655/Item%2015%20-%20The%20condition%20of%20the%20Liverpool%20City%20Regions%20Key%20Route%20Network%20-%20Report.pdf>

## **2. RECOMMENDATIONS**

2.1 It is recommended that the Liverpool City Region Combined Authority:

- (a) agrees to delegate the disbursement of the pre-agreed £3 million allocation to support structural maintenance on the Key Route Network in 2019/20 to the Combined Authority's Treasurer, as per Option 2a in the table in Appendix Five to this report;
- (b) acknowledges the key findings issues arising from the Highways Infrastructure Asset Management Plan (HIAMP) the Key Route Network, in particular the very significant maintenance backlog, affecting Liverpool most acutely, and the importance of a preventative maintenance life cycle planning regime in providing best value-for- money; and
- (c) receives a follow-on report setting out the wider policy and funding implications arising from the evidence base that has been developed in respect of the condition of the KRN .

## **3. BACKGROUND**

- 3.1 Members will recall that the establishment of a Key Route Network (KRN) of strategically important local roads, and the creation of a single asset management plan formed a core component of the 2015 Devolution Deal with Government.
- 3.2 This approach seeks to move towards a more strategic approach to managing the city region's most important local roads. It recognises that the five Merseyside local authorities and Halton Borough Council have been responsible for managing the city region's roads in their capacity as Local Highway Authorities for over 20 years.
- 3.3 The Combined Authority agreed the criteria for, and the definition of the KRN in April 2016<sup>2</sup>. In agreeing this report, members acknowledged the significant benefit that a more co-ordinated approach would deliver in managing this network of roads.
- 3.4 In October 2018, members received a report on an important component of the evidence base, in the form of a Highways Infrastructure Asset Management Plan (HIAMP) developed by Capita and Xais. This assessed the condition of the KRN's carriageway on a consistent basis for the first time, given the historic management arrangements.
- 3.5 In headline terms, the principal conclusion from the work is that the condition of the highway network is degrading, and that current funding is not at a level to properly address the maintenance backlog of the highway network. For example, 16% of the overall KRN requires structural maintenance and 39% is in need of preventative maintenance. The consultants' analysis also shows that to maintain current levels of service (i.e. maintain a steady state) that:

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<sup>2</sup> <https://moderngov.merseytravel.gov.uk/ieListDocuments.aspx?CId=364&MIId=1814&Ver=4>

- approximately £12 million is required per annum for Structural Maintenance;
- approximately £2.5 million is required for Preventative Maintenance; and
- the current maintenance need “backlog” is approximately £56.8 million

- 3.6 Whilst the backlog is an issue affecting the city region as a whole it will be appreciated that the maintenance backlog in Liverpool is especially acute, meaning that interventions on these roads demand the highest priority in terms of evidenced need. To this end, the October 2018 report sought approval to allocate a £3m topslice of the Capital Maintenance fund to directly support the KRN in 2018/19.
- 3.7 The October 2018 report also provided context on a new code of practice (“Well Managed Highway Infrastructure”) and which has been published by the UK Roads Liaison Group. This is not a statutory document but guides responsible authorities in highway management. It is set to change the future direction of the UK’s highway maintenance and management through the application of good asset management principles and adoption of a risk-based approach.
- 3.8 The adoption of the new code is expected to be tested in the courts, especially where local highway authorities are seeking to defend third party liability claims, such as damage to vehicles from potholes. It is important to note that the existence of the new evidence base for the KRN, available through the HIAMP, will be especially significant from a legal and liabilities perspective.

#### **4. PROPOSALS FOR 2019/20**

- 4.1 As an immediate priority, members will recall that a £3 million budget has again been allocated from the 2019/20 transport capital budget to support the maintenance needs of the KRN<sup>3</sup>. The detail of the reallocation of this is subject to further approval by members, and this requirement forms the basis of this report.
- 4.2 Firstly, looking at the spatial location of the maintenance backlog drawn from the 2018 HIAMP surveys, the more detailed maps in Appendix One and Two highlight the priority areas requiring structural intervention (resurfacing) and priority areas for preventative maintenance (patching or surface treatment) within the KRN. Appendix Three and Four summarise, in rank order, the top 20 sites requiring structural and preventative maintenance, respectively. In other words, the highest priority sites are those in the worst condition, as reflected by their higher scores.
- 4.3 As members will recall from the October 2018 report, a series of options for disbursing the £3 million of funding in the 2018/19 financial year were set out. These options were intended to provide context and transparency. These options range from a “worst first” approach based on the HIAMP’s prioritised list of top scoring structural maintenance schemes, and which are mainly in Liverpool, to permutations that factor in more established formulae. These formulae factor in the relative length of the KRN in each local authority area, or else historic government funding formulae, and which result in a greater spread of funding across the six local authorities. It is noted that for

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<sup>3</sup> <https://moderngov.merseytravel.gov.uk/documents/s35454/Item%204%20-%20Mayoral%20Combined%20Authority%20Budget%20Setting%20Repor%20201920.pdf>

the current financial year, and for 2019/20, the £3 million topslice of the transport budget to support KRN maintenance is an arbitrary figure that, in itself, has limited justification on a needs basis. This is an issue that needs to be reviewed longer-term.

- 4.4 Notwithstanding this, the evidence within the HIAMP advocates that the funding is disbursed wholly by need, as per **Option 1** in the table in Appendix Five. Equally, disbursing all of the funding to each of the local authorities on an equal share or historic formulaic basis (**Options 2 and 3**) would have limitations, given that such an approach would conflict with the evidence base in the HIAMP. Neither would such an approach maximise its ability to help address the KRN's maintenance backlog in the most effective way.
- 4.5 For 2018/19, the Combined Authority considered the retention of an element of formula to be reasonable and pragmatic. This recognised the transition from a longstanding formulaic reallocation of monies, towards the more evidence-based approach to allocating funds as advocated by the HIAMP. Attempting to allocate all of the funding by need from the outset constituted a very significant and very rapid policy shift, at a time that the KRN concept was still evolving. It also recognises the maintenance backlog across the KRN as a whole.
- 4.6 Accordingly, a transitional approach was agreed, through the allocation of 25% of the funding by need (using the HIAMP's evidence) and 75% by the relative length of the KRN in each local authority area. This sought to move gradually from historic approaches towards a more sophisticated way of allocating funding that supports the principles agreed as part of the Devolution Deal.
- 4.7 Building on this pragmatic agreement by members for 2018/29, it is proposed that this approach is carried forward into 2019/20. This continues to recognise the relative length of the KRN in each local authority area in addition to physical condition. **As such, for the next financial year, it is proposed to maintain Option 2a.** This entails:-
- Allocating 25% of the £3m fund by need as per the HIAMP; and
  - Allocating 75% of the fund by KRN length
- 4.8 This represents a shift away from historic formulaic allocations, whilst providing a pragmatic solution for local authorities that would otherwise see a reduction in funds awarded to them as a result of the HIAMP's evidence, and in a way that recognises the maintenance backlog across the KRN as a whole.
- 4.9 As noted above, the HIAMP document highlights the importance of preventive maintenance as well as structural maintenance as part of an effective asset management regime. It recommends that funding is split between the two regimes to achieve best results. However, again in 2019/20, it is proposed that **all of the £3m million is used for structural works only, rather than for any preventive maintenance work.** This reflects the challenges associated with scheduling and procuring preventive maintenance works during the current financial year, given that the working window for delivering preventative works is from April to September each year.

- 4.10 It is also noted that officers are not yet in a position to gauge the impact of the current year's £3m structural maintenance works programme on the KRN's condition and on the associated maintenance backlog. In some cases, resurfacing schemes are still in the process of being delivered. Surveys will be undertaken to track changes in the condition of the KRN on an ongoing basis. In addition, some of the top-scoring schemes in the table in Appendix 3 will be schemes that will be funded from the 2018/19 funding allocation. As such, funding conditions would be imposed by the Treasures to require the 2019/20 funding to be spent only on works that have no alternative funding route, and again, on a "worst first" basis.
- 4.11 Finally, and looking further ahead, it will be appreciated that the issues arising from the HIAMP work are numerous and complex. These will form the basis of more detailed work programmes and follow-on reports which will identify some of the main policy and funding issues and responses. This is with the fundamental aim of securing greater consistency of approach across the city region, and to move towards a more consistent and higher standard of KRN. Some of these wider issues being worked upon at present include:-
- Maintenance policies across the city region (e.g. on skid resistant surfacing and construction standards)
  - Intervention policies and criteria across the LCR (e.g. response times to incidents and failures on the network)
  - Staffing implications, including the need for dedicated resources to support the management and maintenance of the KRN
- 4.12 A very significant issue that arises from the HIAMP concerns the process and rationale for allocating funds in a way that tackles the maintenance backlog in the most effective, and logical way. Again, this issue will form the basis of a later report.

## **5. RESOURCE IMPLICATIONS**

### **5.1 Financial**

The implications are potentially significant. The evidence set out within the HIAMP advocates a change in the way that highways maintenance capital funds are allocated, and a move away from a formulaic re-allocation of resources to each local authority towards a needs-based model, based on the surveyed condition of the KRN. As the maintenance backlog is especially acute in Liverpool, the evidence warrants a greater proportion of funding being allocated to the KRN within City of Liverpool.

The evidence also highlights the significant backlog of highways maintenance on the KRN across the city region, and the very significant additional resources that would be needed to bring the condition of the KRN up to standard.

However, there are also likely to be significant resource implications associated with moving towards a more streamlined and consistent approach to managing the KRN through consolidated contractual arrangements, and as a result of changes to intervention levels and standards. These cannot be quantified at this stage.

In the immediate term, the report proposes a transitional and pragmatic means by which to disburse £3m of funding that has previously made available by the Combined Authority to support the maintenance of the KRN in 2019/20.

## **5.2 Human Resources**

The creation of a centralised or consolidated KRN team is likely to have financial implications for the Authority and/or the constituent local authorities. It is worth noting that most Combined Authorities and Mayoral Combined Authorities either have, or are establishing dedicated teams to deal specifically with the management of their Key Route Networks.

## **5.3 Physical Assets**

This report highlights the maintenance backlog that exists on one of the city region's most significant physical assets, namely its KRN. The report identifies the need for significantly greater levels of funding to address the backlog, and a move towards a "needs based" approach to the allocation of funding in future.

## **5.4 Information Technology**

There are no direct implications arising from this report.

## **6. RISKS AND MITIGATION**

- 6.1 A poorly maintained KRN brings with it significant risks to road users through damage to vehicles and as a consequence of personal trips and falls. This in turn presents legal and financial risks to the local authorities as the local highway authorities. There is also a risk that a poorly maintained highway adversely affects levels of sustainable trip making and potentially, future economic investment decisions.
- 6.2 The standardisation of service delivery and intervention standards, to bring consistency to the KRN may present financial and investment risks, whereby more costly standards are subsequently agreed in recognition of the importance and status of the Key Route Network. This will be the subject of a follow-on report.
- 6.3 There are also reputational risks associated with a failure to move towards a streamlined and enhanced KRN management regime, building on the evidence set out within this HIAMP, as this forms a core component of the devolution deal agreed with Government in November 2015.

## **7. EQUALITY AND DIVERSITY IMPLICATIONS**

- 7.1 No direct implications as a result of this report. More detailed workstreams will give further consideration to the equality and diversity implications of any new KRN operating models, investment proposals or delivery arrangements.

7.2 It is important to note that the underlying aim of the KRN regime is to improve conditions for all users of the highway and to bring greater clarity and consistency to anyone wishing to use, or work upon the KRN

## **8. COMMUNICATION ISSUES**

8.1 The HIAMP is important as a communication tool for elected members and members of the public alike, to aid the public's understanding the rationale for particular maintenance regimes (e.g. the importance of preventative maintenance) and associated investment decisions on the KRN.

8.2 Should the management of the KRN evolve to a more centralised model of management at a Combined Authority level, then it will be imperative that a communications plan is developed. This is so that clarity exists as to roles and responsibilities amongst utility companies, statutory undertakers and so forth and so that queries, complaints and fault reporting from members of the public and elected members are directed to the relevant contact points.

## **9. CONCLUSION**

9.1 This report follows-up the Annual Budget Report agreed by the Combined Authority on the 1 February 2019 in respect of a further £3 million funding allocation for the 2019/20 financial year. This is intended to support the maintenance of the Combined Authority's Key Route Network (KRN) of strategically important local roads.

9.2 Members are recommended to agree to disburse this funding as per Option 2a in the table in Appendix Five. This proposes the allocation of 25% of the fund by need from the Highways Infrastructure Asset Management Plan (HIAMP) and 75% by KRN length to the six constituent local authorities. This represents an ongoing commitment to shifting away from historic formulaic allocations, whilst providing a pragmatic solution for local authorities that would otherwise see a reduction in funds awarded to them as a result of the HIAMP's evidence, to recognise ha backlog across the KRN as a whole.

9.3 The report will be followed up by a more detailed report setting out more specific implications and policy and funding recommendations in respect of the KRN.

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Appendices:

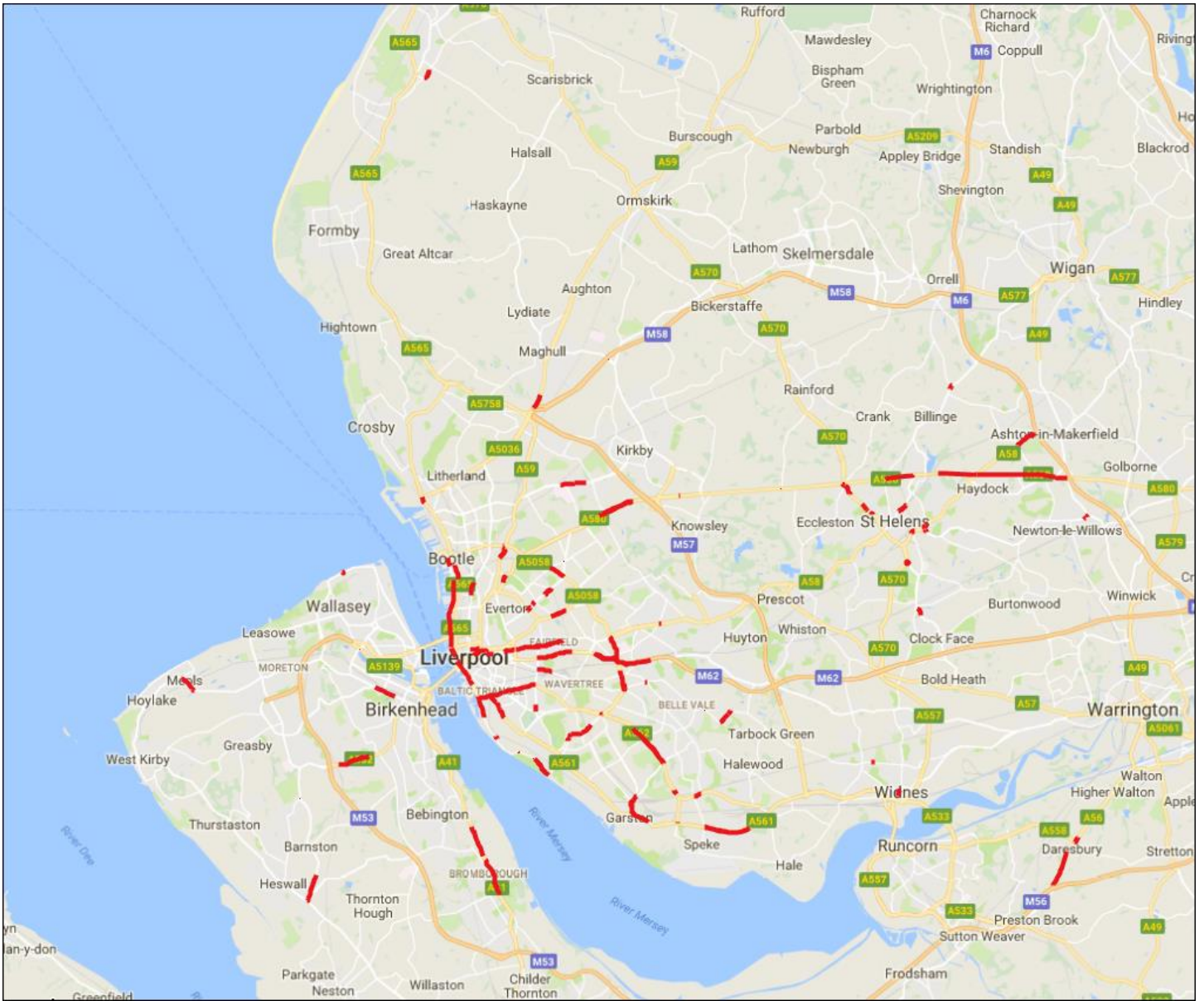
- Appendix One - Plan showing areas of Structural intervention (Resurfacing) within the KRN
- Appendix Two - Plan showing areas requiring Preventative Maintenance within the KRN
- Appendix Three - Top 20 “worst first” ranked list of KRN roads requiring remedial structural maintenance (October 2018)
- Appendix Four - Top 20 “worst first” ranked list of KRN roads requiring preventative maintenance (October 2018)
- Appendix Five - Options for disbursing £3 million Key Route Network Funding Topslice in 2019/20

Background Documents:

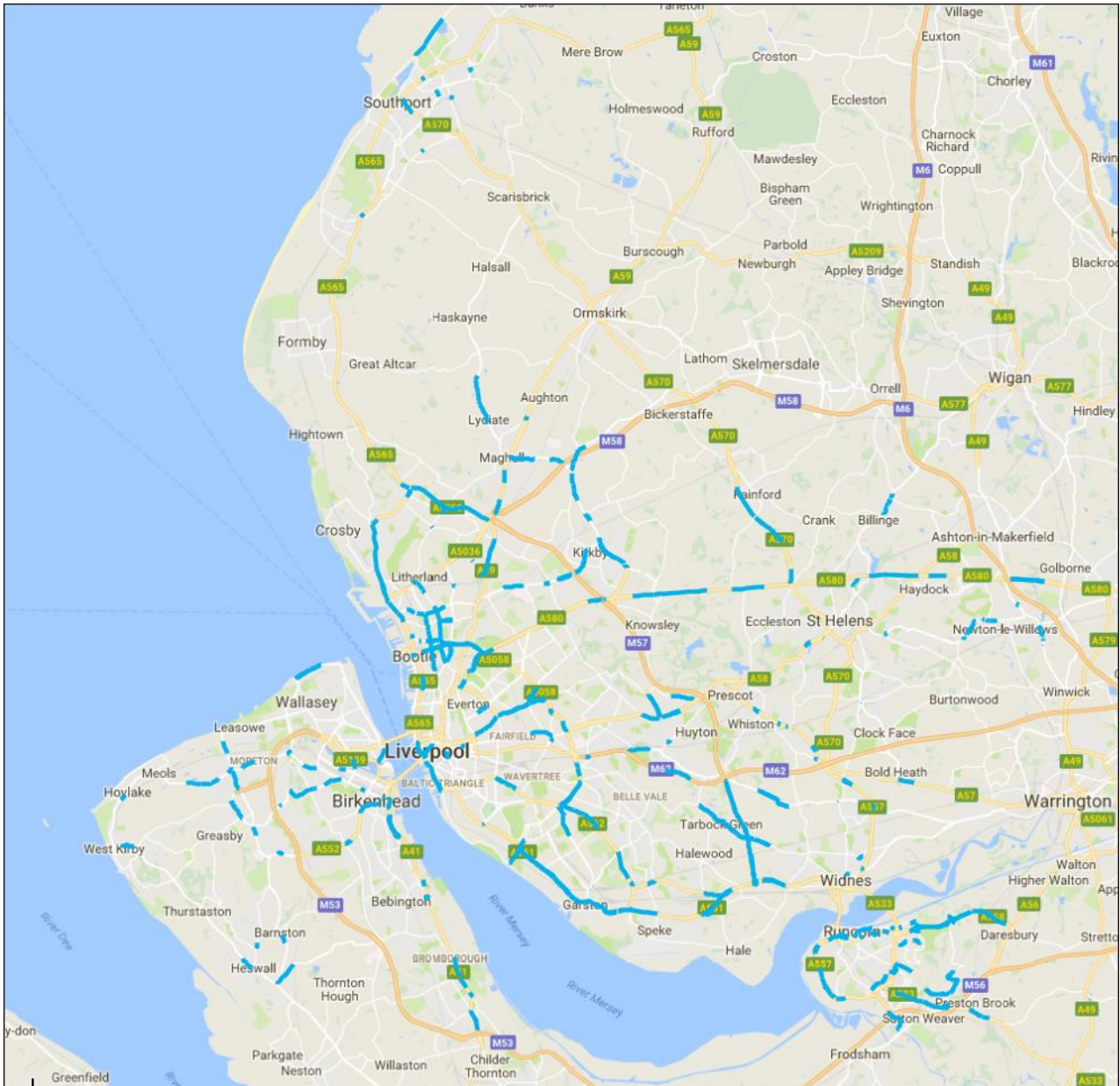
- LCR Combined Authority Highways Infrastructure Asset Management Plan, August 2018, Xais/Capita
- Liverpool City Region Combined Authority, Lifecycle Planning & Forward Works Programme, August 2018, Xais/Capita
- Management System – Highways Infrastructure Asset Management Plan, XAIS/Capita



**Appendix One**  
**Plan showing areas of Structural intervention (Resurfacing) within the KRN**



**Appendix Two**  
**Plan showing areas requiring Preventative Maintenance within the KRN**



**Appendix Three**

**Top 20 “worst first” ranked list of KRN roads requiring remedial structural maintenance in October 2018**

Rank	SECTION	ROAD NO	SECTION DESCRIPTION	START	END	LENGTH	TREATMENT	VM SCORE	DISTRICT
1	19501214/998	A561	SPEKE BOULEVARD(FORDS EXIT) from FACTORY GATES to SPEKE BVAR	300	372	72	CW - Patching (Machine Laid)	311	KNO
2	A5047/120	A5047	Holt Road to LAUREL ROAD	350	400	50	CW - Resurface	223	LPL
3	B5178/107.1	B5178	WOOD LANE to KINGS DRIVE	0	1184	1184	CW - Resurface & Binder	201	LPL
4	B5178/107.5	B5178	WOOD LANE to KINGS DRIVE	900	1184	284	CW - Resurface	158	LPL
5	A5036/125.1	A5036	A5036 to Regent Street	0	694	694	CW - Resurface	156	LPL
6	M62/110	M62	TBC	0	1007	1007	CW - Resurface	153	LPL
7	A580/150	A580	LOWER BRECK ROAD to OAKFIELD ROAD	300	499	199	CW - Resurface	152	LPL
8	A5046/105	A5046	A5038 to A59	0	354	354	CW - Resurface	152	LPL
9	A561/197.5	A561	UPP WARWICK ST to PARLIAMENT ST	0	348	348	CW - Resurface	150	LPL
10	A580/510	A580	A5058 to MILL LANE	0	940	940	CW - Resurface & Binder	146	LPL
11	A5049/128	A5049	Silverdale Avenue to LOWER BRECK ROAD	0	650	650	CW - Resurface	145	LPL
12	B5178/116.1	B5178	BARNHAM DRIVE to Paignton Road	0	100	100	CW - Resurface	144	LPL
13	A580/334	A580	FLORENCE STREET to LANGHAM STREET	0	279	279	CW - Resurface	144	LPL
14	A5036/126	A5036	SALTNEY STREET to A5054	0	564	564	CW - Resurface	144	LPL
15	A5036/131	A5036	A5055 to A5056	0	488	488	CW - Resurface	142	LPL
16	A580/150	A580	LOWER BRECK ROAD to OAKFIELD ROAD	0	200	200	CW - Resurface	142	LPL
17	A5036/130	A5036	A5054 to A5055	0	647	647	CW - Resurface	138	LPL
18	B5178/106	B5178	CALDWAY DRIVE to WOOD LANE	0	194	194	CW - Resurface	137	LPL

Rank	SECTION	ROAD NO	SECTION DESCRIPTION	START	END	LENGTH	TREATMENT	VM SCORE	DISTRICT
19	A5058/130	A5058	SLIP RD ON N to A57 PRESCOT RD	400	613	213	CW - Resurface	133	LPL
20	A57/150	A57	KENSINGTON to DAULBY STREET	0	403	403	CW - Resurface	132	LPL

**Appendix Four**

**Top 20 “worst first” ranked list of KRN roads requiring preventative maintenance in October 2018**

Rank	SECTION	ROAD No.	SECTION_DESCRIPTION	START	END	LENGTH	TREATMENT_DESC	VM SCORE	LA
1	A57/155	A57	ANSON STREET to DAULBY STREET	0	220	220	CW - Micro-Asphalt with >10% Patch	225	LPL
2	A5038/130	A5038	LONDON ROAD to RENSHAW STREET	0	200	200	CW - Maintenance Patch	218	LPL
3	GRP/P102/040	A58	FRECKLETON ROAD TO MARGERY ROAD	0	150	150	CW - High Friction Surfacing	200	STH
4	A580/155	A580	BELMONT ROAD to BRECKFIELD ROAD	0	230	230	CW - Micro-Asphalt with >10% Patch	183	LPL
5	A5038/115	A5038	RANELAGH STREET to LIME STREET	0	157	157	CW - Micro-Asphalt with >10% Patch	181	LPL
6	B5178/117	B5178	BENTHAM DRIVE to CHILDWALL VALLEY ROAD	0	226	226	CW - High Friction Surfacing	169	LPL
7	NEW/C198/010	A572	ACACIA STREET TO LYME STREET	0	117	117	CW - Surface Dress with <10% Patch	166	STH
8	A/313115/015	313115	MERTON ROAD A5057 WASHINGTON PARADE TO STANLEY ROAD	0	185	185	CW - Surface Dress with <10% Patch	160	SEF
9	A57/135	A57	ST OSWALDS STREET to GREEN LANE	0	410	410	CW - Surface Dress with >10% Patch	157	LPL
10	A580/338.5	A580	BULLENS ROAD to WALTON LANE	0	851	851	CW - Surface Dress with >20% Patch	155	LPL
11	GRP/P102/035	A58	STANDRING GARDENS TO FRECKLETON ROAD	0	54	54	CW - High Friction Surfacing	150	STH
12	A5038/190	A5038	BOUNDARY to WESTMINSTER ROAD	0	279	279	CW - Micro-Asphalt with >10% Patch	148	LPL
13	A561/110	A561	SPEKE HALL RD to WOODEND AVENUE	0	1089	1089	CW - Surface Dress with >10% Patch	147	LPL
14	NEW/C132/025	A572	MARIAN AVENUE TO CROW LANE WEST	0	299	299	CW - Surface Dress with <10% Patch	142	STH
15	A57/140.1	A57	B5189 to Frogmore Road	0	572	572	CW - Surface Dress with >10% Patch	141	LPL



Rank	SECTION	ROAD No.	SECTION_DESCRIPTION	START	END	LENGTH	TREATMENT_DESC	VM SCORE	LA
16	A5038/186	A5038	Brewster Road to BOUNDARY	0	174	174	CW - Micro-Asphalt with >10% Patch	140	LPL
17	NEW/C132/010	A572	WHARF ROAD TO COMMON STREET	0	48	48	CW - Surface Dress with <10% Patch	138	STH
18	NEW/C132/015	A572	COMMON STREET TO SHORT STREET	0	52	52	CW - Surface Dress with <10% Patch	138	STH
19	NEW/C132/005	A572	BOROUGH BOUNDARY TO WHARF ROAD	0	161	161	CW - Surface Dress with <10% Patch	138	STH
20	NEW/C132/020	A572	SHORT STREET TO MARIAN AVENUE	0	266	266	CW - Surface Dress with <10% Patch	138	STH

