

# K. Ensuring Effective Management

## Objectives

- O6 To ensure effective management of the highway network**
- O7 To achieve value for money solutions**

## Key Targets (see Performance Indicator Section for full details)

- T18 To have no overall deterioration in condition of the principal road network.**
- T19 Non-principal road condition target - to be confirmed later in the plan process.**
- T20 To have no overall deterioration in condition of the unclassified road network.**
- T21 To have no overall deterioration in footway condition.**

## Other Targets (see Performance Indicator Section for full details)

- T9 To achieve 100% of pedestrian crossings with facilities for disabled.**

## K.1 Delivering our strategic vision

**Discussed earlier in the Plan under Section D - “Transport in the Wider Context,” the Isle of Wight is using the Community Plan and Local Strategic Partnership to help deliver the longer-term strategic vision that will provide a sense of purpose and direction to inspire and motivate partners to a common longer-term end.**

### K.1.1 Mechanism for change

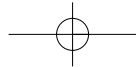
Explained in detail in Section B of this plan, the headline statement from the Community Plan’s 2020 Vision shows us to be: “A progressive Island, built on economic success, high standards and aspirations and a better quality of life for all”

The mechanism for enabling this change is the Community Plan, the Council’s own Aim High - Change Management Plan and Plans and strategies such as the LDF “Island Plan” and this Local Transport Plan.

### K.1.2 Transport as key element

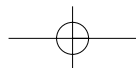
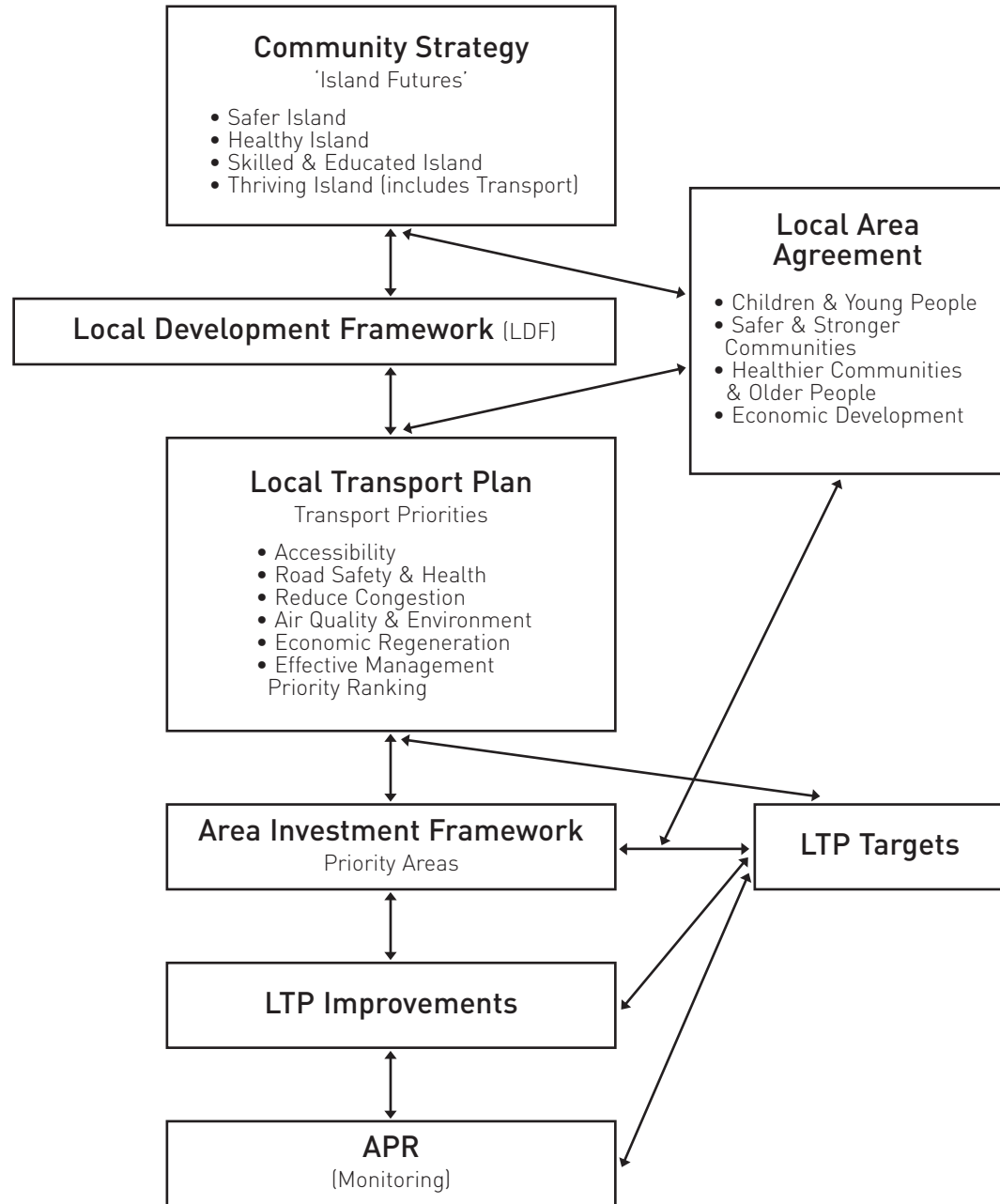
There is clear recognition that much of the 2020 Vision and the delivery of the Community Strategy will be dependent on a transport infrastructure that is fit for purpose and capable of supporting and sustaining regeneration. This Plan is therefore an important component in the hierarchy of strategic and statutory plans that support the Community Strategy “Island Futures” and the LDF “Island Plan” and in doing so, enables the delivery of essential transport schemes.

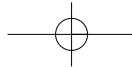
Section B of this Plan includes a diagram illustrating the framework and hierarchy of plans that support the Community Strategy and LDF and LTP our delivery process. The diagram below illustrates our delivery process. How the LTP links to the priorities identified in the Community Strategy, Island Plan (LDF), Local Area Agreement and how it will be delivered through our priority ranking system and Area Investment Framework.



**Local Transport Plan Delivery**

Ensuring effective management





## K.2 Efficiency in local transport

Our Service Plan, which is produced annually, identifies how LTP policy and strategy will be delivered on the ground. This process is supplemented where appropriate by detailed work programmes. Individual staff members are linked to the delivery of schemes through Personal Development Plans (PDP), which contain clear and agreed targets, and levels of performance. PDP's are undertaken annually with a midway review to track progress against targets. These activities are supported by a thorough and robust budget management strategy, which ensures compliance with Council Standing Orders and Financial Regulations.

### K.2.1 Investors in People

Engineering Services also benefits from Investors in People (IIP) status, which was achieved in August 2003, and all of the department's activities are covered by BSEN ISO 9001 2000 registration. This ensures the best possible management systems are in place, followed, monitored and value for money achieved.



INVESTOR IN PEOPLE

### K.2.2 Quality Management Systems

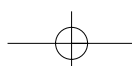
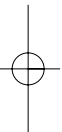
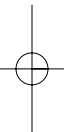
The introduction of Quality Management Systems (QMS) has brought an improved focus on performance management and in particular the use of performance indicator information to drive continuous improvement. There are direct linkages between Engineering Services QMS system and the corporate performance management reporting system, which provides information on a range of key performance indicators across all Council departments on a quarterly basis. This information is reported to all Elected Members and supports the process of target setting and resource allocation.

Good project programming and management skills are essential to deliver a diverse range of LTP transport schemes and a skills and training matrix has been developed to identify staff training and development requirements. A roll out of project management training has taken place and this process will continue as part of the staff development scheme.

### K.2.3 Hitting our targets and objectives

It is essential that LTP funding is properly allocated to appropriate schemes so as to ensure compliance with targets and objectives. This process is undertaken within a quality management framework using a robust priority ranking system that fully reflects our shared priorities.

These include improving accessibility, road safety, reducing congestion, pollution, impact on the environment, economic prosperity and ensuring the best possible value for money. It also takes account of our LTP targets, the AIF priority areas and scores how the measure will be of benefit to our partners. It also ensures any works fits with other plans and policies. A copy of this form is included within Section M - "Investment Programme".



#### **K.2.4 Efficiency review**

Following the Gershon Efficiency Review, the Council is looking to achieve the Government's target of achieving 2.5% efficiency and productivity improvements each year until 2007/08. As part of this review Engineering Services are continuing to consider all areas of potential saving and areas of commonality between the LTP and LDF, such as joint working on accessibility planning and the preparation of an SEA for both documents, which will show savings in this area. Other areas of potential saving are currently being considered and the production of our Transport Asset Management Plan and plans to focus on the delivery of regeneration will no doubt produce efficiency and productivity savings.

#### **K.2.5 Plan delivery and monitoring**

It is essential that we manage our spending and delivery programmes so as to improve local transport and achieve our targets. The Investment Programme included in Section M of this Plan, sets out the transport schemes and broad areas of spend and we will be using the detailed work that sits behind this to put in place the schemes on the ground. The Investment Programme has been developed using our priority ranking system and our internal budget meetings will ensure spending and delivery match and our targets are achieved and reported in the Annual Progress Report.

#### **K.2.6 Addressing the Traffic Management Act**

The Council has embraced the implications of the Traffic Management Act (2004), identified the role of Traffic Manager and is now adopting a more coordinated and structured approach so as ensure that we make the best use of the existing transport network. Works affecting the highway are now planned and scheduled more effectively so as to help keep traffic moving, reduce congestion and air pollution and address our targets and shared priorities.

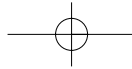
In those circumstances where road diversions and closures are inevitable we are putting in place measures to reduce the impact on the travelling public. Our Implementation Plan includes measures under which we will improve travel information and signing for road users and those using public transport. Further details of these initiatives are included in Section J - "Tackling Congestion".

#### **K.2.7 Cuts in Government funding**

As a comparatively small Unitary Authority, the Council was enormously disappointed to note the result of the Government's revised method of calculating the amount of money this authority would have available to spend on integrated transport schemes. These schemes, which include methods to improve road safety, traffic calming, safe routes to schools, cycling, walking and public transport initiatives are an important part of our delivery programme and there can be no doubt that these changes, which over a five year period amount to an almost 50% cut in spending in this area, will have a detrimental impact on this Council ability improve local transport and hit our desired targets.

#### **K.2.8 Making the most of the funding available**

The Council will therefore have to maximise alternative funding streams and make the most of the funding that is available to support our transport improvements. This includes making the most of the available revenue funding, plus developer contributions achieved through planning applications and Section 106 Agreements.



### Major Bids

The Council is looking to develop a Major Bid to reduce congestion and improve accessibility in Newport (map ref K4) and is currently, (Spring 2006) discussing with SEERA and the Regional Transport Board the methods by which we can target our resources so as to achieve the necessary funding through this process. Under the current allocation process priority is given to schemes that are of regional significance. With the notable exception of the Ryde Interchange development, which is of regional importance, this process would appear to place the Island at a major disadvantage.

### Highways element of FSS

The Council spends 110% highways element of FSS on roads and highways. This amounts to slightly over £4.5million in 2005/06 and the Council currently uses some of the income generated from car parking to help support its highway service.

### K.2.9 Maximising external contributions

The Council recognises the importance of securing additional funds to help support transport improvements and in 2004/05 received some additional £243,000 through additional contributions.

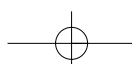
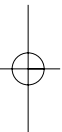
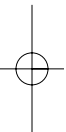
These include some £64,000 to support economic regeneration, £128,000 to put in place safety initiatives, £35,000 to support specific schemes and to support Market Towns Initiatives and £17,000 developer contributions (S106 contributions). These contributions are specifically used to support transport improvements, which will improve access and includes improvements to public transport, walking and cycling initiatives. It is recognised that developments can have a large impact on our transport infrastructure and we are looking to ensure that contributions achieved in this way match the transport implications of any proposal.

We are continuing our programme of extending and improving our cycle network and welcome the advice and financial support offered by Sustrans and others.

## K.3 Helping to deliver our local area agreement

**In June 2005, the Council was formally notified that the Island had been successful in its bid to be included in the second round of the Local Area Agreement (LAA) programme. The Government sees LAA's as a new way of improving local delivery and achieving stretched targets through a partnership approach including central government, LA's and key local and regional agencies. In return, the Council and its partners will be able to bring together existing resources and use them more flexibly to achieve their joint goals.**

As discussed earlier in this Plan under the Section D - Long Term Strategy the LAA programme will be structured around 4 key themes - children and young people, safer and stronger communities, health and older people and economic development. The LAA process is an evolving one, but the ultimate aim is to make better use of limited resources through public sector bodies working together to achieve key jointly agreed priorities. Our draft LAA has been submitted to Government and we look forward to delivering a range of improvements in partnership with Government.



## K.4 Adopting a partnership approach

**It is recognised that the Council cannot deliver transport improvements in isolation and we are working with our QTP partners and others to put in place a range of infrastructure improvements across the Island.**

### K.4.1 Working with others

Ongoing improvements include working with Network Rail, the transport operators, DfT, GOSE and others to develop the new Interchange and Park and Ride schemes at Ryde (map ref O2). We are also continuing to deliver station improvements at Sandown and Shanklin, through our Community Rail Partnership (CRP) and it is hoped that the current rail franchising process (Spring 2006) will allow us the opportunity to make the most of these opportunities.

The extensive infrastructure improvements at East Cowes (map ref K2) are being developed in partnership with SEEDA and the IW Economic Partnership. Our innovative public transport fares and promotions are being put in place in partnership with the transport operators, Youth Trust and others.

### K.4.2 Helping to deliver our part of the Island Plan

The Island Plan recognises that the future economic regeneration of the Island requires efficient and sustainable connections between our settlements and the Island and mainland. The integration and effective management of our transport infrastructure will assist this aim.

### K.4.3 Taking account of the environment

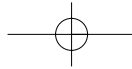
It is essential that as part of effective management we take account of the environmental consequences of any work and that measures are put in place to mitigate any possible impact this work may have.

The SEA process and our effective management systems will help ensure that the fullest possible discussions and consultations take place as part of the planning process and before work takes place. Planned studies to look at future transport needs, in particular how this will impact on Newport (map ref K4), plus studies to look at the impact of climate change and coastal erosion, will help us understand the problems and assist the formulation of any possible solutions.

### K.4.4 Scheme consultation

The Council have adopted a 3-stage formal consultation process for all highway, bridge and related schemes. Consulting at:

- Initial design.
- Detailed design.
- Notification before works.



Additional consultation is also undertaken where schemes are amended or have specific issues. Consultees currently include:

- Southern Electric.
- Southern Water.
- British Telecom.
- British Gas Transco.
- Wight Cable.
- IW Fire Service.
- IW Ambulance.
- Highway Design, Maintenance & Traffic sections.
- Rights of Way Section.
- Street Lighting.
- Parks, Gardens and Beaches Section.
- Portfolio Holder for Environment, Transport and Planning.
- AONB Unit.
- County Archaeological Officer.
- Countryside Section.
- Conservation Officer.
- Trees Officer.
- Ecology Officer.

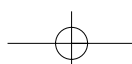
The LTP2 SEA process has highlighted the importance of regular consultation with English Nature, Environment Agency and the IW Planning Liaison Group (who are all currently consulted on an ad-hoc, scheme-by-scheme basis). The Council are now planning to include these consultees in our 3 stage (all works) consultation process.

## K.5 Bringing our road network up to an acceptable standard

**Notwithstanding current short-term increases in highway maintenance spending, the condition of the Island's road network remains well below standard. Routine inspections and various structural condition surveys indicate that urgent and substantial investment is needed to improve and maintain the highway network asset. This dire situation has necessitated the development of our PFI bid and is reflected in the approach we have taken in setting our maintenance targets, included in Section M - Investment Programme.**

### K.5.1 Understanding the problem

The Council recognises the Island's highway network and associated transport infrastructure is one of our most important assets and that good quality asset management is fundamental to establishing and delivering good financial and operational management.



The Council considers that improving our transport infrastructure is key to the delivery of our locally established goals and objectives and most importantly, regeneration on which our future is based. Our long-term goal is therefore to bring our network up to such a condition that fulfils the demands of the existing population and is able to support and assist our plans for the future.

Currently being prepared our Transport Asset Management Plan (TAMP) will assist, both the delivery of this Plan and its objectives. It will also inform and enable the development and delivery of the LDF and will form an essential part of our PFI bid.

## K.6 Developing our Transport Asset Management

**The importance of the local road network in integrated transport planning and the benefits it brings to the wider community has been recognised in developing national policy. The Government has set local authorities the target of arresting decay in the highway assets by 2005 and removing the backlog of repairs by 2011.**

The Council recognises that the Island's highway network and associated infrastructure is a fundamentally important physical asset. Good quality highway asset management is therefore a key priority on the Island. It has a major impact on the delivery of regeneration, environmental and transport policy objectives.

### K.6.1 Links to our aims & goals

Our long-term goal is to have highway assets in fair condition, such that our infrastructure is suitable for the demands of regeneration of the Island's economy and the delivery of our core vision and shared priorities. Currently, our road network has deteriorated due to lack of investment, to such an extent that it will fall into disrepair during a period of what should be planned economic growth for the Island.

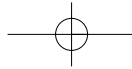
It is important therefore that we know the condition of our transport infrastructure and will be using this information both as part of the delivery of this Plan and also for our Highways Asset Management PFI Expression of Interest, which is currently being prepared for submission in September 2006

## K.7 Strategic plan for asset management

**Work is progressing well towards preparing our Transport Asset Management Plan (TAMP) and we anticipate having this in place by August 2006. This work is based on the business model illustrated over. Our programme has involved:**

- On site collection of asset data allowing the completion of a comprehensive asset register.
- An examination of information we have in our asset registers, covering all our Highway Assets.
- An asset management process assessment, comparing the Council with other Local Authorities.
- A re-examination of our condition survey information, against demand aspirations and levels of service.





We already have the bulk of the information required and once collated this information will help give a more accurate picture of our highway assets and their condition. The information will assist:

- The development of performance gaps and options for Transport Asset Management.
- The evaluation of these options and associated risks.
- The development of the desired option for highway assets.
- The ongoing development and delivery of the LTP.
- The development of our outline business case for PFI, showing investment needed, risk management, performance targets and review mechanism.
- Help inform spending and target setting for the first APR (07/08)

## K.8 Taking a structured approach

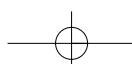
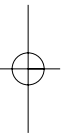
We are now using the following model for asset management of our transport network. Using this method is helping to provide a knowledge based decision making process with the following benefits:

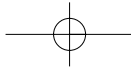
- An enhanced ability to demonstrate the value of the service provided.
- Shows the investment to the greatest need, through better-informed options.
- Helps identify how maintenance improvements fit with our corporate goals and objectives.
- Supports budget requests through fact based assessment of need.
- A better understanding of the levels of service required from highways.
- Assist in the identification of any possible Gershon savings.
- A better understanding of the risks associated with investment decisions.
- Help target investment and delivery through our PFI bid.
- A better use of available funding and value for money.
- Help deliver the "Island Plan" - LDF.

### K.8.1 Timescale

This work is well underway and will be completed during the next few months with an August 2006 target for completion.

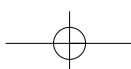
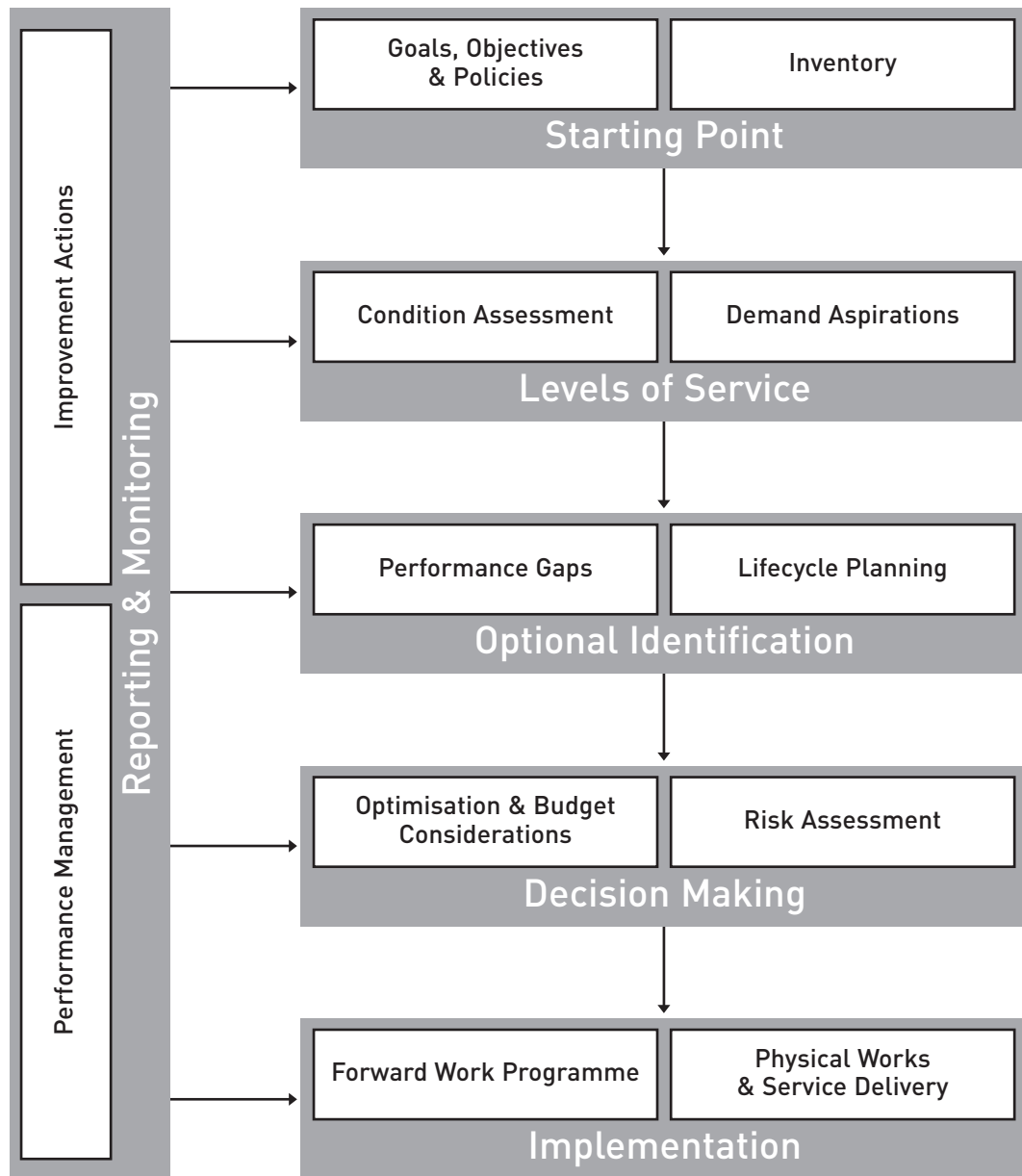
The following illustration shows the approach have adopted to the preparation of the TAMP.

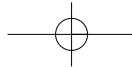




### Asset Management Business Model

Ensuring effective management





## K.9 Halting the decline in local road condition

The decline in road condition is accompanied by a decline in asset value and increased highway maintenance costs in restoring roads to a good condition. The backlog of highway maintenance on the Island is estimated to be valued in excess of £160 million. There is a high national demand for conventional capital funding for highway maintenance as all responsible local authorities endeavour to address their maintenance backlog. The Government has set local authorities the target of arresting decay in the highway asset by 2005 and removing the backlog of repairs by 2011.



### K.9.1 Identifying the additional funding required through a PFI bid

The needs of the highway network on the Island are therefore considered to be beyond the current financial resources of the Council, particularly when viewed against the traditional funding competition from other service areas. To enable an acceptable highway asset management programme to be delivered, it is essential that alternative funding resources are identified and utilised. Many local authorities are now exploring areas of additional funding for highway asset management projects.

The Council has considered various funding methods for this project including:

- Increased capital borrowing.
- Capital borrowing under the prudential code.
- Road / infrastructure bond.
- PPP arrangements such as a joint venture.
- Private Finance Initiative (PFI).

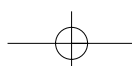
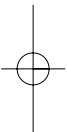
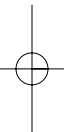
The Council has undertaken the Initial Financial Appraisal etc in line with the requirements of the HM Treasury's Green Book.

The PFI credits required therefore will take into account both the funds required to deal with the backlog and future life cycle intervention. This is on the basis of no LTP funding for the services covered by the scope of the proposed project over the period of the project.

### K.9.2 Ensuring value for money

A provisional Public Sector Comparator for the reference project has been calculated in accordance with HM treasury, Value for Money Assessment and standard model.

An initial GOMMMS (Government Guidance on Methodology for Multi Modal Studies (See [www.dft.gov.uk](http://www.dft.gov.uk)) appraisal has been undertaken and the preferred option provides a Benefit Cost Ratio significantly in excess of 3.5.



### K.9.3 Seeking the funding

The benefits of improved funding will ensure that maintenance backlogs are properly addressed and life cycle asset management techniques and strategies implemented to ensure that the restored highway network is maintained in a good condition. Failure to secure the necessary levels of investment will result in continued and accelerated deterioration of the highway network. Restrictions on the use of road space will increase through safety considerations with attendant reductions in accessibility. There will follow inevitable consequences for economic activities and transport in general.

### K.9.4 Helping to deliver the vision

Effective highway asset management and the Community Strategy are wholly consistent with the 2020 Vision (see Section D - "Long Term Strategy"). The Government supports and encourages all local authorities to maximise the opportunities afforded by Public Private Partnerships (PPPs) including the use of PFIs.

### K.9.5 Our PFI timetable

The term of the PFI Project would be between 25 to 30 years with major capital investment of £160 million being undertaken in the first 5 to 7 years to rehabilitate the network to a sustainable level. Whole life cycle maintenance strategies would then be implemented for the remainder of the term.

Key milestones for the Highway Asset Management PFI contract are set out below:

Milestones	Date
Deadline for the submission of expressions of interest.	10th Sept 2006
Anticipated date to proceed with Outline Business Case (OBC).	Dec 2006
Anticipated date for the submission of OBC.	March 2007
Treasury Programme Review Group (PRG) approval.	May 2007
Appointment of financial, legal and technical advisors.	June 2007
Publication of Official Journal European Union Notice.	June 2007
Issue of Pre Qualification Questionnaire (PQQ) and Invitation to submit Outline Proposal (ISOP) documents.	Sept 2007
Issue of Invitation To Negotiate document.	Jan 2008
Submission of tenders.	May 2008
Issue of best and final offer.	July 2008
Selection of preferred bidder.	Oct 2008
Financial close.	Jan2009
Contract commencement date.	Feb 2009

### K.9.6 What if?

This timetable reflects the latest situation and is subject to the Council being successful with its expression of interest. This LTP and its investment programme has been prepared on the basis of delivering the Plan solely relying on LTP funding, if our PFI bid is successful this will dramatically

change our ability to deliver improvements to our transport infrastructure and delivery of targets. If the initial expression of interest is unsuccessful we will have to consider amending the scope of the bid together with a number of other ideas and initiatives, these will include making the best of what we have, investigating other revenue streams, targeting maintenance investment towards the worst affected areas, consideration of possible road closures and resulting diversions and other consequences. We will also talk to GOSE and DfT regarding the merit of submitting a Major Bid for highway maintenance.

### K.9.7 Next steps

The Council is currently undertaking a strategic review of the opportunities that will be afforded by the scale of investment associated with the highway Asset Management PFI. Following this review a comprehensive programme of projects that can “piggy back” off the PFI will be developed and implemented to assist delivery of the community strategy objectives.

### K.9.8 Discussions and updates

The Council recognise the importance of working with Government to achieve this bid and will be pleased to keep GOSE up to date with all aspects of its development and outcomes.

### K.9.9 Summary of key actions

Our 5-year strategy therefore includes the following indirect and direct measures so as to help ensure effective management.

Any engineering works will be delivered through our priority ranking process and will take full account of the SEA process.

Issue	Method
National and Regional policies	<i>National plans and policies</i> - ensure that the LTP reflects national and regional policies and is based around shared priorities agreed between LGA and Government.
Local policies	<i>Delivery of local plans</i> - ensure that the LTP is based upon Community Plan and emerging LDF. <i>Synergy</i> – ensure compatibility between policies and approach in LDF and LTP. Accessibility planning and SEA are also common to both plans. <i>Land use and transport</i> – Land use proposals will have impact on transport. LTP and LDF will work together.
Local management	<i>Ensure effective management</i> - by applying our quality management systems. <i>Support regeneration</i> - by ensuring that economic regeneration is seen as a priority and recognise the key role that transport plays.
Traffic management	<i>Ensure the effective management of our highways infrastructure</i> - through better coordination, information and liaison.

Issue	Method
Partnership working	<i>Work with others</i> – including the QTP, freight partnership, transport operators and others to ensure the best possible use, management and integration of our transport Infrastructure. <i>Take account of the environment</i> – work with others and as part of the SEA process to ensure full consideration is given to the environment.
Targets	<i>Use the LTP, SEA</i> – to ensure delivery against national and local targets.
Ensuring value for money	<i>Use the LTP</i> – priority-ranking system to help identify spending priorities and deliver against targets and within budget.
Spending and funding	<i>Use PFI, LA, AIF and RTB process and other methods</i> – to achieve additional funding to support and help remedy poor condition of transport infrastructure.
Monitoring	<i>LTP, LDF and SEA process</i> – ensure synergy as part of a rigorous monitoring regime.

