

# Detailed Policy Guidance – The Application of Commuted Sums for Highway Infrastructure Assets in Hampshire

## 1 Purpose

1.1 The purpose of this Transport Infrastructure Commuted Sums (CS) Guidance is to set out how CS will be applied by Hampshire County Council (HCC) for new transport infrastructure assets and asset elements from new developments and other highway improvement schemes. This Guidance includes:

- The types of developments and time periods for the application of CS
- The asset types and asset elements for which CS may apply
- The material specification options described in terms of the CS categories on which the CS will be based
- The method used to calculate CS for each asset type and asset element

## 2 Introduction

- 2.1 The adoption of transport infrastructure assets by HCC from new developments results in HCC, as Highway Authority, incurring increased maintenance and replacement costs for those assets in perpetuity. This guidance supersedes all previous Hampshire County Council information concerning the scope and application of CS and complies with the County Surveyors Society (CSS) Commuted Sums for Maintaining Infrastructure Assets Guidance (2009).
- 2.2 The funding formulae used by Government provides the basis for allocating highway maintenance funds nationally. These formulae are adjusted by Government to make provision for growth or reduction in network length; they do not however, take into account all materials, specifications and enhanced design options. Current maintenance funding does not therefore fund all future maintenance needs, for all assets, in perpetuity. This CS process supports Hampshire's Highway Asset Management aims and objectives with respect to managing and maintaining the highway asset.
- 2.3 In order to minimise the maintenance liability resulting from some highway designs and specifications The Highway Authority has identified those materials, specifications and layouts that are likely to incur higher maintenance costs or problematic maintenance requirements and have developed this approach to CS. Appendix A illustrates this approach in more detail and the commuted sum calculator in Appendix B provides an opportunity for users to estimate the likely Commuted Sum payable. In many instances, if the right design solution is proposed, there will be no CS applied.

- 2.4 This formal guidance document and the application of the CS process also applies to highway improvement schemes. These schemes are sometimes an improvement or an upgrade to existing infrastructure and they may have to tie in with existing thresholds and highway boundaries. In these circumstances the CS guidance cannot be applied fully and some flexibility regarding material specifications and designs will be considered. CS however will be applied where appropriate to take account of the increased future maintenance costs being incurred by the Highway Authority.
- 2.5 Where developers elect to use enhanced materials specifications and design options, as described in Appendix A, then Hampshire will require a financial contribution to offset the increased maintenance liability is funded by the developer or his sponsor. This is the Commuted Sum.
- 2.6 An accepted definition of a CS in relation to the adoption of new infrastructure is: *'A payment of a capital sum by an individual, authority, or company to the highway authority, local authority or other body, as a contribution towards the future maintenance of the asset to be adopted or transferred.'*  
CSS Commuted Sums for Maintaining Infrastructure Assets Guidance (2009).

### **3 Highway Developments, Highway Improvement Schemes and Timeframes for Commuted Sum Application.**

- 3.1 There are typically three ways in which additional assets are transferred to the Highway Authority, each has an associated time period for which CS is to be calculated. These derive from those recommended in the CSS 'Commuted Sums for Maintaining Infrastructure Assets Guidance (2009)'. They are:
- **S38 Agreements (Highway Act 1980)** - By agreement a housing estate road and its associated transport assets becomes the responsibility of the highway authority to maintain as a public highway. The majority of S38 developments increase the total length of public highway and will contribute to an adjustment to the funding formulae. The CS timeframe is defined as 60 years, this reflects the life of new developments.
  - **S278 Agreement (Highway Act 1980)** - Where there is a scheme to improve the existing adopted highway as a result of new development, a S278 Agreement is used to allow external organisations to work on the public highway. The majority of these schemes do not increase the length of public highway therefore there is unlikely to be any adjustment to the funding formulae. The CS timeframe is defined as 30 years, this reflects the period until major repair or refurbishment is required.
  - **Other Highway Improvements** – Transport schemes funded from other sources, often referred to as improvements to the public highway. These tend not to increase the network length, but change the quantities of transport infrastructure assets. Where CS are applied, the timescale is as with S278

Agreements, 30 years, and reflect the period until major repair or refurbishment is likely to be required.

#### **4 Commuted Sum Categories**

- 4.1 Hampshire has developed and grouped the material specification options into Commuted Sums Categories (CSC), where the lower the CSC number the greater the acceptability of that option and the less likely that a CS will be required. CSC details are set out in Appendix A.
- 4.2 Material specifications and designs for new developments and highway improvements have different 'whole life' maintenance requirements. Hampshire, as the Highway Authority do not want to stifle design and construction choice but at the same time we must encourage whole life asset management concepts in accordance with the Highway Infrastructure Asset Management Guidance (HIAMG May 2013) and the Well-Managed Highway Infrastructure, Code of Practice (Oct 2016). Hampshire therefore promotes designs and specifications that provide the optimum whole life solution.
- 4.3 Where a developer or sponsor elects to use a material or specification that does not offer optimum whole life costs then Hampshire shall require them to contribute to the future maintenance of the asset.
- 4.4 Category 1 (CSC1) options provide material or design choices that will not incur a CS. These are solutions that Hampshire, as the Highway Authority, have identified as providing both a best whole life solution and are deemed necessary for the construction and adoption of a public highway, maintainable at public expense.
- 4.5 Category 2 (CSC2) options allow the developer some flexibility, they are acceptable to the Highway Authority as an alternative to CSC1 but will require a CS sum to reduce the burden of an increased maintenance liability over time.
- 4.6 Category 3 (CSC3) options will not normally be acceptable to the Highway Authority unless the Developer can provide evidence that;
  - The proposal is the only viable design option
  - The proposal option adds value to both the construction project itself and the future needs of the highway asset
  - That the future maintenance liability to the Highway Authority can be fully mitigated by both the design detail and the commuted sum.

To achieve the appropriate approvals for CSC3 proposals, the Developer shall;

- Discuss the proposal with the Highway Authority to ensure that the material or design is necessary

- Obtain Highway Authority approval before any agreement or Planning Approval can be issued.

Hampshire will limit the widespread use of these solutions as they tend to result in costly and/or inconvenient maintenance requirements. These materials or design options will therefore incur a more substantial CS, see the attached calculator.

- 4.7 Category 4 (CSC4) options will only be allowed in exceptional circumstances. For example, due to their location within a conservation area or for essential continuity purposes. If the Developer chooses to use CSC3 or CSC4 options without appropriate approvals from the Highway Authority then the highway infrastructure will not be adopted as public highway maintainable at public expense. In these circumstances the developer will be expected to confirm that they have chosen material specifications and designs that are not in accordance with HCC requirements and as a result accept that the development cannot be adopted.

It should be assumed that any material or design option not listed in the commuted sum calculator (Appendix B) is likely to be classed as CSC4 and therefore unlikely to be allowed.

It should be noted and accepted that the Highway Authority may be forced, where existing highway infrastructure prevents alternative solutions, to incorporate CSC3 and CSC4 design solutions for maintenance purposes.

## **5 Scope of Asset Types and Asset Elements**

- 5.1 The scope of the asset type and asset element where CS will be applied by HCC is set out in Appendix B of this guidance, the CS Calculator.

## **6 The Commuted Sums Calculation**

- 6.1 The CS calculation is based upon the CSS Commuted Sums for Maintaining Infrastructure Assets (2009) and the ADEPT Bridges Commuted Sum Guidance (2017) using typical treatment lives, renewal and replacement frequencies from Hampshire's own experience and supplier information.
- 6.2 The rates applied are based on Hampshire's various service contract arrangements and where known, information from suppliers. These rates are generic and in some instances compounded to allow for materials, plant and labour. The rates have then been modified and reduced to reflect a conservative estimate. Hampshire cannot provide details of the build up of the rates as this information is commercially sensitive.

## **7 The Commuted Sums Process**

- 7.1 To reiterate, in most instances the Developer has a choice to adopt a solution that does not incur a CS. If the developer chooses to use an alternative material or design that does, then they will incur a CS to compensate the Highway Authority for the increased maintenance liability over time. Commuted sums will be applied to all CSC2 and CSC3 items.
- 7.2 HCC provides an online CS calculator (see Appendix B) to aid developers and other parties when considering material specifications and designs for future developments. The output from the online calculator will not be definitive in the initial stages and should be used as a guide figure only.
- 7.3 A final CS calculation will be required once the development or highway improvement detailed design approval process has been completed. The CS monetary value will be agreed with the Highway Authority and be included within the Bonds required under S38 and S278. Following satisfactory completion of the maintenance period, and subject to full payment of the commuted sum, the developments will be considered for adoption.
- 7.4 Lifecycle assumptions and feedback from developers regarding Hampshire's rates will be reviewed on an annual basis and adjusted as appropriate. Rates will not be adjusted outside of the annual review process or on an individual basis. There is no dispute resolution procedure for CS, as it is the developers' decision in respect to the materials or design solutions they choose to use, which results in a requirement for a CS. If the developer wishes to reduce the CS attributable to their development, then they will need to amend their material and design decisions.

## **8 Use of Commuted Sums for Highways Maintenance**

- 8.1 All CS received will be collected and managed by Hampshire's Highway, Traffic and Transport Service Stream. All CS collected will be recorded and held in a single account to be allocated at any time for the maintenance of Hampshire's transport infrastructure assets.
- 8.2 All CS payments will be held in an HCC account and allocated by the Highway Authority for maintenance purposes. Developers or other organisations who have made CS payments will have no involvement in how the CS is spent or how HCC manages any of its highway assets or elements.

## **9 Review of Guidance Note for use of Commuted Sums.**

- 9.1 This Guidance Note and CS calculations will be reviewed on an annual basis.

## Appendix A

### Commuted Sum Categories

The following table sets out the CS Categories (CSC) for each asset group or asset type. The CSC determine the acceptability of materials in new developments, whether CS will be applied, and which materials if included would result in the development not being adopted.

<b>Commuted Sums Category</b>	<b>Description</b>	<b>Development Acceptability</b>	<b>Commuted Sum Application</b>
<b>1</b>	Standard Specification	Acceptable	Category 1 material specifications and design options provide suitable solutions which minimise future maintenance costs. No CS will be applied.
<b>2</b>	Non-standard Specification	Acceptable	Category 2 materials specifications and design options do not offer optimum future maintenance solutions. CS will apply in all cases.
<b>3</b>	Undesirable Specification	This is not the Highway Authority's preferred specification or design option.  To achieve Highway Authority approval a full justification for the proposal will be required from the developer.	Category 3 material specifications and design options do not offer optimum future maintenance solutions and result in costly or problematic maintenance requirements. CS will apply in all cases.  Where the proposed material specification is rejected it cannot be used if the development is intended to be formally adopted and maintained at public expense.
<b>4</b>	Unacceptable Specification	This specification or design option will be unacceptable in most circumstances.  To achieve Highway Authority approval a full justification for the proposal will be required from the developer.	Category 4 material specifications and design options will be allowed in exceptional circumstances only. For example, due to their location within a conservation area or for essential continuity purposes.

## **Appendix B**

### **Commuted Sum Calculator**

Click the link below to access the commuted sum calculator.

[https://hants-my.sharepoint.com/:x:/r/personal/sur6pd\\_hants\\_gov\\_uk/Documents/My%20Documents/AM/Commuted%20Sums/Exec%20Member%20Decision%20Day%20\(Jul%2019\)/APPENDIX%203%20-%20Commuted%20Sum%20Calculator.xlsx?d=w2a4fc84dc80841d5be9b15937ffd8cdc&csf=1&e=eK4T01](https://hants-my.sharepoint.com/:x:/r/personal/sur6pd_hants_gov_uk/Documents/My%20Documents/AM/Commuted%20Sums/Exec%20Member%20Decision%20Day%20(Jul%2019)/APPENDIX%203%20-%20Commuted%20Sum%20Calculator.xlsx?d=w2a4fc84dc80841d5be9b15937ffd8cdc&csf=1&e=eK4T01)