



Hampshire
County Council

Commuted Sums Policy Guidance for New Highway Infrastructure

Version Control

Version	Date	Reviewer	Approved by	Comments
v1	23/03/2007	Asset Management	Exec Member for Economy, Transport & Environment	Approval of 1 st edition
v2	May 2023	Asset Management		

Contents

1	Introduction	4
2	Context.....	5
3	Purpose.....	5
4	Scope of Asset Types and Elements.....	6
5	Application of Commuted Sums.....	6
6	Commuted Sum Calculation	8
7	Commuted Sum Process.....	8
8	Use of Commuted Sums for Highway Maintenance.....	9
9	Review of Commuted Sum Policy Guidance	9
	Appendix A.....	10
	Appendix B.....	11

1 Introduction

- 1.1 When the Highway Authority (HA) takes on assets from newly created highways or highway improvements it incurs additional maintenance and replacement costs for those assets in perpetuity. Commuted Sums (CS) to cover these additional costs can be recovered from the transferring owner unless other specific sources of Government funding exist to maintain the new assets.
- 1.2 Existing maintenance funding from Government is intended to meet the on-going maintenance costs for standard materials, construction types and the existing assets on the highway network. Current funding sources do not take into account the use of non-standard and enhanced materials, assets and design specifications and do not therefore fund all future maintenance requirements.
- 1.3 In accordance with the nationally recognised County Surveyors Society (CSS) Commuted Sums for Maintaining Infrastructure Assets Guidance (2009), Hampshire County Council (HCC) will apply CS to all non-standard materials and assets from new developments and highway improvements in order to cover the 'extra over' and 'added' costs of future maintenance.
- 1.4 HCC has identified and categorised the materials, assets and specifications that are considered non-standard and therefore likely to incur higher frequency, higher cost or more problematic maintenance requirements. Appendix A provides an overview of this approach.
- 1.5 The CS Calculator in Appendix B lists the materials and asset types and their associated maintenance costs. It enables CS to be calculated in a clear and consistent manner and provides an opportunity for all stakeholders to calculate the potential CS associated with proposed new infrastructure. The CS applied, wherever appropriate and feasible, will cover the difference in costs between maintaining the 'standard' and 'non-standard' materials and assets.
- 1.6 CS are defined in the CSS Commuted Sums Guidance as:

"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."
- 1.7 CS are typically secured through legal agreements made with developers and landowners under the Highways Act 1980, using Section 38 for new roads provided on private land, and Section 278 for alterations made to existing publicly maintained highways.
- 1.8 In addition to the agreements under the Highways Act, new infrastructure from highway and transport improvement schemes can also be transferred to the HA through different mechanisms and require bespoke agreements to secure CS.
- 1.9 This CS Policy Guidance for New Highway Infrastructure forms part of a framework of documents developed by HCC. The framework provides guidance on HCC's construction and design standards, and the processes required for new infrastructure to be transferred to HCC and maintained at public expense. The

documents listed below should be used in conjunction with this policy guidance when designing and delivering new highway infrastructure schemes.

- Technical Guidance Notes
- Highway Construction Standard Details
- Highway Development Agreements Guidance

2 Context

- 2.1 In recent years there has been a significant shift towards quality of place and the use of enhanced materials in new housing developments, often in locations that are more constrained and challenging. These factors combined often result in increased maintenance requirements at a time when there is a significant pressure on maintenance budgets. It is therefore essential that appropriate levels of funding are received from new developments so that the new infrastructure can be maintained to the required levels of service.
- 2.2 To align with the Well Managed Highway Infrastructure Code of Practice (2016), HCC has adopted a 'designing for maintenance' approach to ensure that future maintenance requirements are clearly understood and minimised, and that the whole life cost of assets are considered when new infrastructure is being proposed and designed.
- 2.3 HCC also recognises the importance of public realm improvements and enhancing quality of place in new developments and aims to strike a sensible balance between limiting maintenance future liabilities, and the burden on local authority finances, whilst meeting local planning authority design aspirations and encouraging the adoption of new roads.
- 2.4 This Highway Infrastructure Commuted Sums Policy Guidance has been developed to try and balance the competing requirements of all stakeholders and supersedes all previous HCC documentation concerning the scope and application of CS.
- 2.5 It has been based on the principles outlined in CSS 'Commutated Sums for Maintaining Infrastructure Assets Guidance (2009)', the ADEPT 'Commutated Sums Levied for Traffic Signals Guidance (2014)' and the ADEPT 'Bridges Commuted Sum Guidance (2017)'.

3 Purpose

- 3.1 The purpose of this Policy Guidance is to provide a transparent, robust, and consistent approach for the application and calculation of CS. It provides developers (and other stakeholders responsible for delivering new infrastructure) guidance on the types of materials and assets preferred by the HA, their associated CS costs, and the necessary levels of consultation required with the HA for them to be approved, adopted, and maintained at public expense.

- 3.2 This Policy Guidance aims to ensure that appropriate levels of funding are received from new highway infrastructure and highway improvements that will enable the new infrastructure to be maintained to the required levels of service. This will be achieved by securing CS through Section 38 and 278 Agreements which transfer the new assets to the HA to maintain at public expense.
- 3.3 This Policy Guidance also aims to encourage the adoption of new sustainable developments and highway improvements by promoting the use of durable and sustainable materials, but also enabling the appropriate use of enhanced materials, assets, and specifications.

4 Scope of Asset Types and Elements

- 4.1 This Policy Guidance applies to all assets to be adopted by HCC from developers on the highway network. The scope of the materials and asset types where CS will be applied by HCC is set out in the CS Calculator, see Appendix B.
- 4.2 The CS Calculator does not contain an exhaustive list of materials and assets as it is not possible to include all potential items that could be proposed in new infrastructure schemes. Materials and assets not included in the CS Calculator but are included in new infrastructure proposals will be reviewed by HCC on a case-by-case basis and the appropriate CS category assigned.

5 Application of Commuted Sums

- 5.1 HCC has developed and grouped materials and assets into Commuted Sums Categories (CSC), where the lower the CSC number the greater the acceptability of that option with the lowest category not requiring any CS. An overview of the CS categories are set out in Appendix A.
- 5.2 **Category 1 (CSC1)** options provide material or design choices that will not incur a CS. These are solutions that HCC, as the HA, consider to be the most durable, sustainable, and have been identified as providing the best whole life solution.
- 5.3 **Category 2 (CSC2)** options allow the developer the flexibility to use alternative non-standard materials and designs. These options are acceptable to the HCC as an alternative to CSC1 but will require a CS to cover the increase in future maintenance liabilities and the additional costs incurred to maintain them.
- 5.4 **Category 3 (CSC3)** options do not offer optimum whole life maintenance solutions and often result in more costly, problematic, or high frequency maintenance requirements. These are not HCC's preferred materials or design options and their inclusion in designs should be limited wherever possible. They will require the developer to provide robust justification for their use and demonstrate some of the following:
- They are required to tie in with the existing highway infrastructure or the existing infrastructure prevents alternative solutions to be implemented.

- They are required to provide essential continuity with existing highway infrastructure.
- They will significantly reduce the carbon footprint of construction works and/or future maintenance operations.
- They will result in a significant and positive impact on biodiversity.
- It can be demonstrated that they conform to and align with the relevant Hampshire County Council Technical Guidance specifications.
- They have been through HCC's formal pre app process and been agreed prior to planning permission by the HA due to site specific justifications.
- They are the only viable design option in accordance with mandatory planning requirements and constraints.
- They will not cause undue disruption on the network due to problematic or disproportionately high frequency maintenance requirements.

Special consideration and potentially greater flexibility will be given to the CSC3 non-standard materials and enhanced design options where they are located within national parks, conservation areas or heritage areas. HCC recognises that enhanced materials or specifications are sometimes necessary in these areas to comply with Supplementary Planning Documents and Design Codes, or to tie in with special or unique site-specific requirements. HCC will work with all relevant stakeholders on a case-by-case basis to agree appropriate solutions.

To avoid the unnecessary or widespread use of CSC3 materials or assets, HCC will review the use of these design choices on a case-by-case basis. For these options be included in the development, the developer shall:

- Discuss the proposal with the HA to ensure that it meets the necessary requirements, as above, and is considered appropriate and maintainable.
- Obtain HA approval before any agreement or planning approval can be issued.

CSC3 options will often incur a higher CS to ensure that the costs of maintaining these options are adequately provided for.

5.5 Category 4 (CSC4) options will be allowed in exceptional circumstances only. As per CSC3 options, they do not offer optimum whole life maintenance solutions and often result in more costly, problematic, or high frequency maintenance requirements. They often include new products or materials where the longevity, lifecycle or long-term maintenance implications are unknown and as such are considered a risk to the HA.

To achieve Highway Authority approval a robust justification for the material, asset or design option will be required as per the guidelines and requirements set out for CSC3 options in Section 4.

It should be assumed that any material, asset, or design option not listed, or is not similar in nature to those that are included in the Commuted Sum Calculator, is likely to be classed as a CSC4.

CSC4 options will incur a higher CS to ensure that the costs of maintaining these options and the risks to the HA are adequately provided for.

- 5.6 If the developer chooses to use CSC3 or CSC4 options without appropriate approval from the HA, then the highway infrastructure will not be adopted as public highway, maintainable at public expense. In these circumstances the developer is required to confirm that they have chosen materials, assets or design specifications that are not in accordance with HCC requirements and as a result accept that the development will not be adopted.

6 Commuted Sum Calculation

- 6.1 CS are to be paid based upon projected future maintenance costs. The CS calculator enables CS to be calculated in a consistent manner for different materials and asset types. The calculations are based upon typical treatment lifecycles, renewal and replacement frequencies from HCC's own experience, term contract and supplier information, and national guidance documents.
- 6.2 The time periods that CS will be applied for, as recommended in the CSS Commuted Sums for Maintaining Infrastructure Assets (2009) and the ADEPT Bridges Commuted Sum Guidance (2017) are as follows:
- **30 years** - Section 278 agreements (reflects the period until major repair or refurbishment is required)
 - **60 years** - Section 38 agreements (reflects the expected life of new developments)
 - **120 years** – Structures (reflects the design life of a structure. Typically transferred under a Section 38 or Section 278)
- 6.3 The rates applied are based on HCC'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 traffic management. HCC cannot provide specific details of the rates as this information is commercially sensitive.
- 6.4 The materials and assets used in CSC2, CSC3 and CSC4 are not considered to be standard options. The CS rates applied for these categories, wherever appropriate and feasible, will cover the difference in costs between maintaining the 'non-standard' materials and assets and the 'standard' CSC1 options.

7 Commuted Sum Process

- 7.1 The CS Calculator can be used by developers and other stakeholders at any time to provide an indication of the potential CS costs associated with the material, asset and design options for future developments and highway improvement schemes.
- 7.2 For schemes covered by Section 38 and Section 278 Agreements the relevant Highway Development Agreements (HDA) officer from HCC will, in consultation

with all relevant stakeholders, be responsible for establishing whether CS are required, calculating the total cost, and collecting the payment from the developer. This will be undertaken in accordance with the requirements and timescales specified in HCC's Section 38 and Section 278 Guidance for developers' documentation or as stated within the legal agreement.

- 7.3 The CS rates are locked in and agreed at the time of completing the Section 38 or Section 278 agreement. It should be noted that there will be a 2-year grace period after completing the legal agreements where no adjustments for inflation are made. The agreed rates will then be subject to an annual increase to adjust for inflation until the Certificate of Completion is issued or at the point the CS payments are required as specified within the legal agreements. The developer can opt to have the rates adjusted using a fixed rate or a rate linked to the Construction Output Price Indices (OPI).
- 7.4 Once all the requirements specified within the Section 278 and Section 38 agreements have been met, the appropriate certificates issued, and the CS payment made, the new highway infrastructure will become maintainable at public expense.
- 7.5 For the transfer of new infrastructure and assets to HCC outside Section 38 or S278 Agreements, the HCC Officer leading on the negotiations with the third party will be responsible for deciding whether CS are required, using the principles outlined in this policy guidance, and inform the third party as part of the negotiations. The Officer must ensure that any documented agreement for the transfer of new highway assets includes details of the commuted sum and the point at which it must be paid. This must be in advance of the Highway Authority agreeing to the adoption of the new assets.

8 Use of Commuted Sums for Highway Maintenance

- 8.1 All CS received will be collected through the various legal agreements outlined in this Policy Guidance document.
- 8.2 All CS collected will be recorded and held in a single account, split by generic asset type and ringfenced for maintenance purposes.
- 8.3 All CS will be re-invested into maintenance of the network using asset management principles to ensure that the highway infrastructure is maintained to the appropriate standards.

9 Review of Commuted Sum Policy Guidance

- 9.1 This Policy Guidance and the rates used in the CS Calculator will be reviewed by HCC on an annual basis and adjusted as appropriate. The CS rates will not be adjusted outside of the annual review process.

Appendix A

The following table sets out the CS Categories (CSC) for each material or asset type. The CSC determine the acceptability of materials and assets in new developments, whether CS will be applied, and the level of consultation required for them to be approved and adopted.

Table 1 – Commuted Sum Categories

Commuted Sums Category	Description	Development Acceptability	Commuted Sum Application	Commuted Sums Applicable
1	Standard Specification	Acceptable	CSC1 material specifications and design options provide the optimum whole life cost solutions. No CS will be applied.	N
2	Non-standard Specification	Acceptable	CSC2 materials specifications and design options are not considered standard and will increase future maintenance requirements and costs. CS will apply in all cases.	Y
3	Enhanced Specification	<p>These are not the Highway Authority's preferred specifications or design options.</p> <p>To achieve Highway Authority approval justification for the proposal will be required from the developer.</p>	<p>CSC3 material specifications and design options result in more costly, problematic, or high frequency maintenance requirements. CS will apply in all cases.</p> <p>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.</p>	Y
4	Exceptional Specification	<p>These specifications or design options will be allowed in exceptional circumstances only.</p> <p>To achieve Highway Authority approval justification for the proposal will be required from the developer.</p>	<p>CSC4 material specifications and design options result in costly, problematic, or high frequency maintenance requirements. CS will apply in all cases.</p> <p>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.</p>	Y

Appendix B

Commuted Sum Calculator

The Commuted Sum Calculator has been designed to calculate the commuted sums costs required to cover the additional maintenance and replacement costs from new highway infrastructure or highway improvements.

Click [here](#) to access the Commuted Sum Calculator.