

Report to: Lead Cabinet Member for Transport and Environment

Date of meeting: 19 October 2015

By: Director of Communities, Economy and Transport

Title: Current and future developments in Highway Asset Management

Purpose: To advise the Lead Member on Department for Transport requirements for a published Asset Management Policy and Strategy ahead of Autumn 2015.

RECOMMENDATION: The Lead Member is recommended to approve the publication of the new Asset Management Policy and Strategy in line with Department for Transport capital funding requirements.

1 Background Information

1.1 In 2011, the County Council's Highways Asset Management Team was formed as part of the Highways Transformation Project. Since then, significant progress has been made in moving away from what had historically been a very reactive service, towards a planned and efficient service. Maintenance is now prioritised on the basis of road condition, the importance (hierarchy) of the road, predicted rate of deterioration, and the benefits of early intervention and preventative maintenance (whole life cost).

1.2 A comprehensive asset inventory has been compiled, improving the County Council's understanding of road condition and enabling modelling of deterioration against different investment scenarios. Based on this asset management approach and evidence base, the County Council is now able to make additional investment in its roads and pavements in the full knowledge that the right solutions are being used, resulting in demonstrable improvements to road condition across the county.

1.3 The County Council's adoption of asset management principles underpins the new Highway Maintenance contract, currently out to tender. During the life of the new contract, 2016 to 2023 the County Council's Asset Management Strategy will be further refined and key targets have been included in the contract to drive further efficiencies over the life of the contract.

1.4 The Department for Transport recently announced a new incentive element to its highway maintenance funding to encourage highway authorities to adopt asset management principles. A new Asset Management Framework for the County Council has therefore been developed, in response to the Department for Transport's (DfT) self-assessment questionnaire and industry best practice guidance published by the Highways Maintenance Efficiency Programme (HMEP).

1.5 Documents once contained within the County Council's Transport Asset Management Plan (TAMP) now form part of the new Asset Management Framework, setting out how the County Council will meet those DfT expectations, and ensuring that highways staff, Members and

the public have a clear understanding of how the County Council manages its highway infrastructure.

2 Supporting Information

2.1 In 2011, the DfT announced that they would be reformulating the funding allocations to highway authorities between 2015 and 2021 by linking part of the grant funding for highway maintenance to an authority's ability to demonstrate value for money and to carry out cost effective maintenance.

2.2 The level of maintenance grant that each highway authority will receive will be linked to performance. All highway authorities will have to complete a self-assessment questionnaire in the autumn of 2015, which will identify their current practice and commitment to modern efficient working. The DfT will use this assessment to categorise highway authorities in one of three categories:

- Band 1: Early stage authority
- Band 2: Mid stage authority
- Band 3: Final stage authority

2.3 The banding achieved will determine the level of funding that the authority will receive. The proposed funding for each banding are as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Band 1	100%	90%	60%	30%	10%	0%
Band 2	100%	100%	90%	70%	50%	30%
Band 3	100%	100%	100%	100%	100%	100%

2.4 The Highway Asset Management Policy sets out the County Council's commitment to infrastructure asset management and demonstrates how this approach aligns with the County Council's priorities (Appendix 1). It is a prerequisite of the DfT that the Highway Asset Management Policy is published on the County Council's website.

2.5 The Highway Asset Management Strategy further identifies the activities required to develop, document, implement and continually improve highway asset management in East Sussex. Subsequent strategies across major asset groups, such as drainage, are currently in development. (Appendices 2 and 3).

2.6 The new highways maintenance contract has retained the asset management function as part of the Executive Client function and there is an expectation that the chosen supplier will be measured on their ability to deliver to the Asset Management Policy and Strategy, and support the County Council's target to achieve DfT Band 3 by 2017/18.

2.7 A road map to establish a fully mature asset management function has been formulated (Appendix 4) and a gap analysis with associated action plan in response to the DfT's self-assessment questionnaire has been developed (Appendix 5).

2.8 The risks of not adopting a formally approved Asset Management Policy and Strategy are as follows:

- *Financial* – publishing a formally approved Policy and Strategy is a prerequisite to achieving Band 2 in 2016/17. Failure to do so will result in a Band 1 allocation and failure to achieve full funding.
- *Service and contract delivery* – the County Council would not be following industry best practice or delivering to the agreed service outcomes contained within the new highways contract, which may jeopardise our ability to deliver best value against County Council priorities.
- *Reputational* – improvements to customer satisfaction, effective engagement with elected Members and the ability to successfully benchmark against other local authorities may be threatened, which could undermine the strategic direction of the Asset Management Framework.

3 Conclusion and Reasons for Recommendations

3.1 The Department for Transport expects to see increased adoption of asset management principles by local highway authorities, and to that effect future funding will become dependent on demonstrating continuous improvement in this area.

3.2 The County Council has already adopted asset management principles which have produced a significant improvement in the way the county's highway infrastructure is managed and investment decisions are made.

3.3 With the decreasing resources in the coming years, continuing to build on this work should be a priority if we are to achieve value for money during the life of the new contract and therefore the maximum available resource through the incentive grant. Formal adoption of an Asset Management Policy and Strategy will therefore be a key milestone in this process and it is recommended that the Lead Member approves the new Asset Management Policy and Strategy.

3.4 Lead Member is recommended to approve the publication of the new Asset Management Policy and Strategy in line with Department for Transport capital funding requirements.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None