

Highways Service Incentive Fund Bid

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This report relates to a decision that is Key

Purpose of this report

1. In order to secure the maximum possible Highways Maintenance Capital Funding from the Department for Transport's 'Incentive Fund' the Highways Service needs to put in place efficiency measures so that Central Bedfordshire Council maintains its assessment level as a 'Band 3' authority in 2019/20. This requires a renewed commitment at senior level to the principles of Asset Management, resilience, efficiency and customer focus. This paper sets out our plan to achieve Band 3 and requests that the Executive endorses our approach.

RECOMMENDATIONS

The Executive is asked to:

1. adopt the following key documents:
 - Highways Service Communications Strategy set out in Appendix A
 - Highways Asset Management Framework set out in Appendix B
 - Highways Service Trees Policy set out in Appendix C
2. delegate powers to the Director for Community Services in consultation with the Portfolio holder for Sustainable Communities to adopt the following documents that are currently being prepared:
 - Highways Asset Condition Survey Regime
 - Network Maintenance Management Plan (NMMP)
 - Highways Asset Performance Management Framework.

Overview and Scrutiny Comments/Recommendation

2. This report has not been considered by the Sustainable Communities Overview and Scrutiny Committee as it is primarily an update of an annual report which was considered by Overview and Scrutiny on 25 May 2017.

Background to the Incentive Fund

3. In order to secure Highways Maintenance Capital Funding from the Department for Transport's 'Incentive Fund' each local highway authority in England (excluding London) must complete a self-assessment questionnaire.
4. Local authorities are not competing with each other for funding, but are demonstrating that efficiency measures are being pursued in order to receive their full share of the funding. Each authority scores themselves against 22 questions, and place themselves into one of 3 Bands on the basis of the available evidence. The incentive funding awarded to each local highway authority is based on their score in this questionnaire, and will be relative to the amount received through the needs-based funding formula.
5. The Incentive Fund Bid for 2018/19 was submitted in January 2018, Central Bedfordshire Council had been Band 2 since 2016/17 and Band 3 for the current financial year. This means that for 2018/19 the Highways Service received 100% of our allocated share of the incentive fund.

Table 1: Incentive Fund Share based on Banding

Year	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%

6. If we do not maintain our place at Band 3 in 2019/20 and dropped down into Band 2 the Highways Service will only receive 50% of our share of the incentive fund, a loss of £0.373M. The effect over the next two years of dropping to a Band 2 is set out in Table 2 and would equal a total loss of £0.896M.

Table 2: Future Incentive Fund Share based on Banding

Year	2018/19	2019/20	2020/21
Needs formula allocation	£3.586M	£3.586M	£3.586M
Total available for Band 1	£3.810M	£3.661M	£3.586M
Total available for Band 2	£4.109M	£3.960M	£3.810M
Total available for Band 3	£4.333M	£4.333M	£4.333M

7. The Incentive Fund Assessment requires a focus on five key areas; asset management, resilience, customers, benchmarking and efficiency, and operational service delivery. The Highways Team have developed a plan to put efficiency measures in place so that the bid submission for funding for the financial year 2019/20 to be submitted in January 2019 will ensure Central Bedfordshire Council maintains its status as a Band 3 authority. The following paragraphs set out our five key areas for development.

Area 1: Highways Asset Management

8. One of the central themes of the Incentive Fund questionnaire is Highways Asset Management; to maintain Band 3 Central Bedfordshire Council must have an adopted Asset Management Framework in addition to the policy and strategy that are already in place.
9. UK Roads Liaison Group defines Asset Management as: “A systematic approach to meeting the strategic need for the management and maintenance of highway infrastructure assets through long term planning and optimal allocation of resources in order to manage risk and meet the performance requirements of the authority in the most efficient and sustainable manner.”
10. Asset Management enables targeted maintenance to avoid more expensive replacement costs. This is commonly referred to as “preventative maintenance” and can be compared to the difference between servicing one’s car or allowing it to break down, and being more expensive to fix as a result.
11. The benefits of an asset management approach are; better decision-making by supplementing instinctive engineering judgment and supposition with financial, economic and engineering analysis. It thereby enables an authority to better understand and manage the relationship between cost and performance.

Specific benefits of an asset management approach are:

- Reduced life-cycle costs over time;
- Intervention at the right time, with the right technique;
- The ability to track performance of the network over time;
- Increased transparency, for scrutiny purposes;
- The ability to predict the consequences of funding decisions;
- Decreased financial, operational and legal risk; and
- Ability to discharge statutory valuation and financial reporting responsibilities.

12. On 14 October 2014 the Executive Committee approved the continuation of an Assets Management approach for Central Bedfordshire and the preparation of a new Highways Asset Management Plan. Having mobilised the new Term Services Contract with Ringway Jacobs we developed a Highways Asset Management Policy. This policy was presented to Overview and Scrutiny Committee who endorsed the policy and recommended we utilise the principles set out in the policy to draft a Communications Strategy (Appendix A). In addition, a Highways Asset Management Framework (Appendix B) has been developed as an overarching document that provides a structure for managing Central Bedfordshire's Highway assets. A Highways Trees Policy (Appendix C) has been written to set out how trees will be managed with regards to conservation, biodiversity, risk and how service requests are dealt with.
13. The Committee is asked to adopt the Highways Asset Management Framework (Appendix B) that sets our strategic direction for highways maintenance moving forward, and the Highways Trees Policy (Appendix C) that sets out how Highway trees are managed.
14. The Committee is also asked to delegate powers to the Director of Community Services to adopt the Highways Asset Performance Management Framework and Highways Asset Condition Survey Regime that are currently being prepared.

Area 2: Resilience

15. In order to maintain Band 3 status the Highways Team has updated the Network Maintenance Management Plan (NMMP) (first adopted by Executive in 2014). The updated NMMP has been reviewed internally by Highways staff, Customer Services and Ringway Jacobs. The update will concentrate on the Plan's network hierarchy (including carriageways, footways, cycle routes, structures, lighting and rights of way) taking into consideration expected use, resilience as well as local economic and social factors (schools, industry, healthcare and amenities).
16. The Committee is asked to delegate powers to the Director of Community Services to adopt the updated NMMP that is currently being prepared.

Area 3: Customer Focus

17. The Highways Service is currently Band 3 for Customer Focus. In order to maintain this status the Communications Strategy for Highways sets out how the service engages with customers has been developed and a review of the online 'Report It' tool work is being undertaken to improve customer responsiveness.

Area 4: Benchmarking and Efficiency

18. The benchmarking and efficiency section of the Incentive Fund Bid requires the Highways Service to develop and share case studies and examples of efficient practice relevant to benchmarking performance with other club members and/or with the sector generally via HMEP Connect & Share, or a similar mechanism. The Highways Service will utilise data from the first two years of the Highways Term Services Contract to prepare case studies and share then through our membership of the Eastern Highways Alliance Benchmarking Group. The Highways Service will also continue to measure and report efficiency of operations annually using Customer Quality Cost methodology.

Area 5: Operational Service Delivery

19. Collaboration is a key element of the Incentive Fund Bid. The Highways Service works collaboratively with our Term Services provider Ringway Jacobs and their subcontractors. In order to maintain Band 3 status, the Highways Service has formalised the mechanism for collaborative working by having recently become accredited as working at the nationally recognised BSI Standard - ISO 44001.
20. In order to maintain Band 3 the Highways Service must undertake a documented transformation type programme such as a Lean service review or systems thinking on the highway maintenance service or aspect of it. The Service must then implement the findings of the review and regularly monitor progress to document clear evidence of service improvement, efficiency savings and/or improved customer satisfaction achieved through these reviews. This has been programmed to commence later in this financial year.

Reason/s for decision

21. The reasons for the decisions set out in this paper is to enable the Highways Service to maintain its status as a Band 3 authority, secure Incentive Funding and become a more efficient and resilient service.

Council Priorities

22. The recommendations within this paper will facilitate a more efficient and responsive highways service that provides great resident services and enhances Central Bedfordshire.

Corporate Implications

Legal Implications

23. As the local highway authority Central Bedfordshire Council is responsible for the maintenance and improvement of the public highways within its administrative area under the Highways Act 1980.
24. The report focusses on the five areas that the incentive fund will scrutinise when considering the Councils position in the DfT funding hierarchy. Those areas are “asset management, resilience, customers, benchmarking and efficiency, and operational service delivery”
25. Focused Asset management will allow targeted maintenance and help the Council in its duty to maintain its highway network in a good state of repair and make evidence led interventions to the highways asset to manage risk, meet performance requirements and the most cost efficient and sustainable manner.

Equalities Implications

26. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Highways Asset Management Policy and associated documentation will ensure that due regard is given to the requirements of equality legislation.

Financial and Risk Implications

27. The Incentive Fund Bid for 2018/19 was submitted in January 2018, Central Bedfordshire Council is currently Band 3; this means that for 2018/19 the Highways Service will receive 100% of our share of the incentive fund. If we do not maintain our status as a Band 3 Authority in 2019/20 the Highways Service will only receive 50% of our share of the incentive fund, a loss of £0.373M. The MTFP for 2019/20 and 2020/21 assumes the Highways Service will remain at Band 3. The effect over the next two years of remaining at Band 3 is set out in Table 2 (repeated from earlier in the paper) and would equal a total loss of £0.896M of the available funding.

Table 2: Future Incentive Fund Share based on Banding

Year	2019/20	2020/21
Needs formula allocation	£3.586M	£3.586M
Total available for Band 1	£3.661M	£3.586M
Total available for Band 2	£3.960M	£3.810M
Total available for Band 3	£4.333M	£4.333M

Next Steps

Event	Date
Executive – adopt Highways Communications Strategy	07/08/2018
Executive - adopt Highways Assets Management Framework	07/08/2018
Executive – adopt Highways Service Trees Policy	07/08/2018
Submit Incentive Fund Bid	January 2019

Appendices

- Appendix A:** Highways Service Communications Strategy
Appendix B: Highways Asset Management Framework
Appendix C: Highways Service Trees Policy

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