

Highways Asset Management Plan

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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 by 2018/19 Central Bedfordshire Council is a 'Band 3' authority. 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 Committee is asked to:

1. **adopt the following key documents:**
 - **Highways Asset Management Policy set out in Appendix A**
 - **Highways Asset Management Strategy set out in Appendix B**
 - **Network Maintenance Management plan 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 Highways Communications Strategy that is currently being prepared;**
3. **approve the Resilient Network set out in Appendix E for public consultation; and**
4. **adopt Sustainable Drainage Systems (SuDS) that are situated within the highway boundary and which only receive highway run off and agrees the criteria as set out in Appendix D.**

Overview and Scrutiny Comments/Recommendations

2. On 25 May the Sustainable Communities Overview and Scrutiny Committee recommended:-
 1. That the Highways Service utilises the principles set out in the Draft Highways Asset Management Policy to develop a Highways Asset Management Strategy, Communications Strategy, undertake a Service Review and develop any other supporting documents relevant to the Incentive Fund Bid.
 2. That the Executive adopts the updated Network Maintenance Management Plan and approves the Resilient Network for public consultation.
 3. That the Council, as Highways Authority, adopts Sustainable Drainage Systems (SuDS) that are situated within the highway boundary and which only receive highway run off and agrees the criteria as set out in Appendix B.
 4. That a review of the contractor, Ringway Jacobs be included within the Sustainable Communities Overview and Scrutiny Committee Work Programme.

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 2017/18 was submitted in January 2017, Central Bedfordshire Council has been Band 2 since 2016/17; this means that for 2017/18 the Highways Service will only receive 90% of our share of the incentive fund.

Table 1: Incentive Fund Share based on Banding

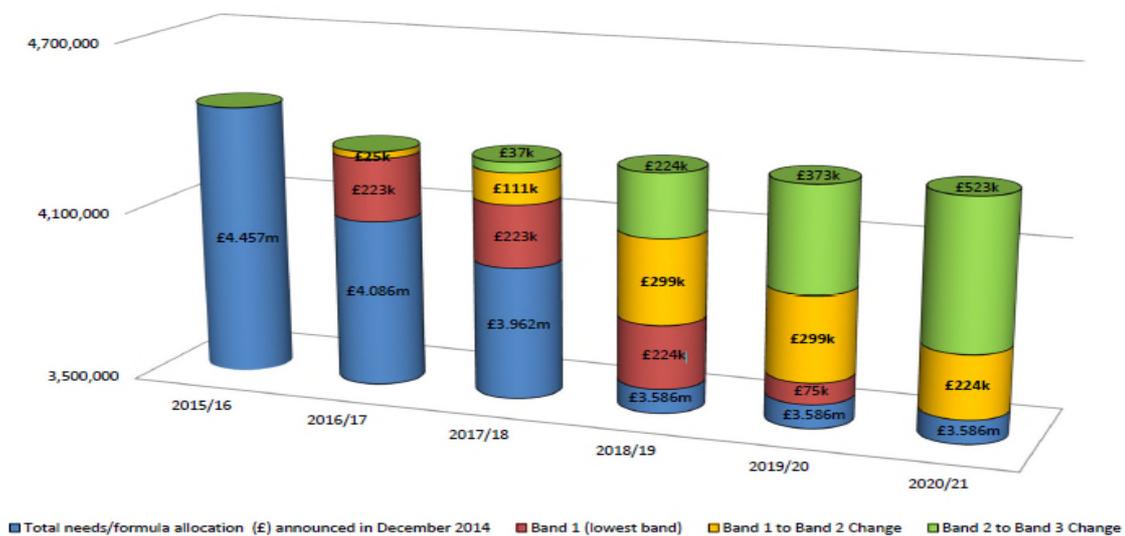
Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Band 1	100%	90%	60%	30%	10%	0%
Band 2	100%	100%	90%	70%	50%	30%
Band 3	100%	100%	100%	100%	100%	100%

6. If we do not move up to Band 3 in 2018/19 the Highways Service will only receive 70% of our share of the incentive fund, a loss of £224,000. The effect over the next three years of remaining at Band 2 is set out in Table 2 and Chart 1 below and would equal a total loss of £1,120,000.

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

Chart 1: Central Bedfordshire Incentive Fund Share



7. In order to better understand our current position and develop a sound plan to move to Band 3 officers from Cheshire East Highways, a Band 3 authority, were invited to undertake a peer review of our highways service.
8. The reviewers found: *“The common theme that runs throughout this assessment is that Central Beds are at the beginning of their journey in instigating improvement. They are seeking that improvement through a structured action plan approach. This approach will most likely, in time lead to significant improvement, but at this time Central Beds have not realised all that is planned.”* They also acknowledged that Central Bedfordshire’s: *“key strengths are founded in the sound approach to improvement and the dedication that is being taken by the team.”*

9. 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 2018/19 to be submitted in January 2018 will ensure Central Bedfordshire Council is a Band 3 authority. The following paragraphs set out our five key areas for development.

Area 1: Highways Asset Management

10. One of the central themes of the Incentive Fund questionnaire is Highways Asset Management; to reach Band 3 Central Bedfordshire Council must have an adopted Asset Management Policy and Strategy.
11. 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.”
12. 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.
13. 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.
14. 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 (Appendix A).

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 Highways Asset Management Strategy (Appendix B) and a Communications Strategy.

15. The Committee is asked to adopt the Highways Asset Management Policy (Appendix A) and the Highways Asset Management Strategy (Appendix B) that set our strategic direction for highways maintenance moving forward. The Committee is also asked to delegate powers to the Director of Community Services to adopt the Communications Strategy that is currently being prepared.

Sustainable Drainage Systems

16. The Highways Service intends to adopt Sustainable Drainage Systems known as SuDS. Since 2015 there has been a national requirement that sustainable drainage systems are approved as part of a planning permission for development. As part of the planning application process the Local Planning Authority must subsequently ensure that suitable arrangements for adoption and maintenance of SuDS are in place.
17. Planning Practice Guidance does not impose a mandatory requirement for the adoption of SuDS on any public body or other organisation. Predominantly SuDS in Central Bedfordshire are being handed over to private management companies to maintain. This means that the construction of the SuDS are not verified by the Council before they are handed over, with the risk that the SuDS are not constructed as outlined at the planning stage. The appropriate management and maintenance of the SuDS is dependent upon on a company which could go out of business or may not fully carry out its responsibilities, with the Council having no ways of enforcing appropriate management, or securing funds to appropriately manage systems that have failed, or where management companies have gone out of business.
18. Therefore, the Committee is asked to adopt SuDS that are within the highway and which only receive highway run off. This would be subject to securing sufficient funding for future maintenance of the SuDS from the owner or developer concerned using existing arrangements for Section 278 and 38 agreements. The reason for this approach is to give the Council greater control and security over the maintenance of these assets thereby reducing the risk of flooding or damage to the highway network within Central Bedfordshire. The criteria CBC Highways would use to ensure SuDS are adoptable are set out for consideration in Appendix D. We will review the success of SuDS adoption by the Highways Authority in 3 years' time, and consider whether wider adoption of SuDS (e.g. SuDS serving residential areas, not just highways, and SuDS in public open spaces) would be appropriate to pursue.

Area 2: Resilience

19. In order to achieve Band 3 the Highways Team has updated the Network Maintenance Management Plan (NMMP) (adopted by Executive in 2014). The revised NMMP has been reviewed internally by Highways staff, Customer Services and Ringway Jacobs. The updates concentrate on the Plan's relationship with the Highways Contract and ensuring clearer definitions of defects and emergency work are in place as well as expanding the Plan to cover the maintenance of the public rights of way network. The Committee is asked to adopt the updated NMMP (Appendix C).
20. In order to achieve Band 3 a Resilient Network for Central Bedfordshire must be in place and be reviewed every two years. The Resilient Network (Appendix E) refers to the transport routes that are given priority in order to maintain economic activity and access to key services. The Resilient Network has been developed with input from the Emergency Planning Team and stakeholders from the Resilience Forum. The Committee is asked to comment on the draft Resilient Network (Appendix E) and authorise it for public consultation. All comments will be reviewed and a final version of the resilient network will be presented to the Executive in December for adoption.

Area 3: Customer Focus

21. The Highways Service is currently Band 3 for Customer Focus. In order to maintain this status the Communications Strategy for Highways that sets out how the service engages with customers will be updated and a review of the online 'Report It' tool work will be undertaken to improve customer responsiveness. The newly appointed Custodians for each of the three highways areas (Appendix F) will set up regular Ward Surgeries to liaise with Members.

Area 4: Benchmarking and Efficiency

22. 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 year of the Highways Term Services Contract to prepare case studies and share them 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

23. 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 achieve Band 3, the Highways Service is seeking to formalise the mechanism for working in collaboration by working towards accreditation through the nationally recognised Standard ISO 44001.
24. In order to achieve 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. The Highways Service is currently undertaking a Service Review to investigate efficiency savings proposals and set out future funding options for the highways service.

Reason/s for decision

25. The reasons for the decisions set out in this paper is to enable the Highways Service to continue on track to becoming a Band 3 authority, secure Incentive Funding and become a more efficient and resilient service.

Council Priorities

26. 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

27. 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.
28. 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”.

29. 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. The report explains how this will achieve longer term savings on more structural repairs. A number of other benefits are also identified in paragraph 12 of the report. All of these can be considered by members in reaching a decision on approval of the text.
30. The adoption of drainage systems called Suds that drain the highway will involve cost but the report identifies legal mechanisms under Highway agreements through which a commuted sum can be taken for their longer term maintenance and cleaning.

Equalities Implications

31. 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

32. The Incentive Fund Bid for 2017/18 was submitted in January 2017, Central Bedfordshire Council is currently Band 2; this means that for 2017/18 the Highways Service will only receive 90% of our share of the incentive fund. If we do not move up to Band 3 in 2018/19 the Highways Service will only receive 70% of our share of the incentive fund, a loss of £224,000. The MTFP for 2018/19 and 2019/20 assumes the Highways Service will remain at Band 2. The effect over the next three years of remaining at Band 2 is set out in Table 2 (repeated from earlier in the paper) and would equal a total loss of £1,120,000.

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Year	2018/19	2019/20	2020/21
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Next Steps

Event	Date
Public consultation on Resilient Network	02/08/17-02/11/17
Executive- adopt Resilient Network	05/12/17
Submit Incentive Fund Bid	January 2018

Appendices

- Appendix A:** Highways Asset Management Policy
- Appendix B:** Highways Asset Management Strategy
- Appendix C:** Network Maintenance Management Plan
- Appendix D:** Extract from the draft 'Design and Adoption Requirements' for the adoption of SUDS
- Appendix E:** Resilient Network for public consultation
- Appendix F:** Highways Areas
- Appendix G:** Incentive Fund Bid Criteria

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