

To Matthew Balfour, Cabinet Member for Environment & Transport

From Roger Wilkin, Director of Highways, Transportation & Waste

Subject: **Our approach to maintaining highway assets**

Decision No. 16/00068

Classification: Unrestricted

Pathway: Environment and Transport Cabinet Committee – 8 July 2016

Future Pathway: Environment & Transport Cabinet Committee – 17 November 2016

Electoral Division: All

Summary:

This report provides an update on the work of the Asset Management Task and Finish Group and seeks endorsement of 'Our Approach to Asset Management in Highways.

Recommendations:

The Cabinet Member for Environment and Transport is asked to approve the document "Our Approach to Asset Management in Highways" for publication on the County Council website.

1. Introduction

- 1.1. In January 2016, the Environment & Transport Cabinet Committee resolved to support further embedding of asset management principles in the County Council's approach to highway maintenance. A Member Task and Finish Group (T&FG) was established and convened on the 31 March 2016 to support the development of the approach to highway asset management in Kent. A list of Members is included at Appendix A.
- 1.2. To date the T&FG has met on four occasions. The Members have discussed the key principles of asset management, asset condition, the current backlog of highway maintenance and the requirements associated with the "Incentive Fund" element of the DfT Capital Maintenance Grant.
- 1.3. An Incentive Fund requirement is a document that describes the principles adopted in applying asset management to achieve the authority's strategic objectives. To this end, the T&FG has recommended a document called "Our approach to Asset Management in Highways".

2. Financial Implications

- 2.1. In 2016/17, the total base budget for carriageways & footways, bridges & structures, street lighting, drainage, soft landscaping and traffic systems is £60,102,300. This figure includes the associated budgets for staff, supplies, services and asset related services such as winter service and traffic management required to facilitate works. The base budget is funded from capital and revenue; £28,705,300 is revenue funded and £31,397,000 is capital funded.
- 2.2. Asset Management now underpins a proportion of the DfT Capital Maintenance Grant.

3. Policy Framework

- 3.1. By further embedding asset management principles in our approach to maintaining highway assets we will be supporting the County Council's Strategic Outcomes outlined in "Increasing Opportunities, Improving Outcomes".

4. Equalities Implications

- 4.1. An initial EqIA screening has been carried out. There were no significant implications to any group as a result of "Our Approach to Asset Management in Highways"

5. The Detail

- 5.1. The County Council has statutory obligations under the Highways Act 1980 to maintain the highway in an appropriately safe and functioning state. Furthermore, the Traffic Management Act 2004 requires us to facilitate and secure the efficient movement of traffic on our road network. If our highway assets are not maintained effectively they will deteriorate and we could be found to be failing in our legal duties.
- 5.2. A certain amount of reactive maintenance will always be necessary to deal with unforeseen and safety critical defects however it is not the most cost effective way to improve asset condition as a whole. Asset Management provides an alternative to our largely reactive service provision. It is a common sense approach to maintenance and investment decisions and involves using knowledge and forward planning to manage the highway network effectively and efficiently.

- 5.3. Asset Management has been widely accepted by central and local government as the way forward in highway service provision. It forms the basis for two of the recommendations in the draft code of practice “Well Managed Highway Infrastructure” and underpins the “Incentive” element of the DfT Capital maintenance grant.
- 5.4. The Incentive element of funding was first introduced for the 2016/17 financial year. Local Authorities were required to carry out a self-assessment which culminated in an overall score between band 1 and band 3. The completed assessment was then submitted to DfT with details of supporting evidence. The score achieved determined the level of funding received.
- 5.5. In 2016/17, KCC was assessed and found to be a Band 1 Authority. If we fail to develop our approach to highway maintenance and demonstrate sufficient commitment to efficiency and asset management to score a 3, the financial risk to KCC is nearly £13m over 5 years.

Year	Total needs/formula allocation (£)*	Indicative incentive element by “band” of self-assessment ranking (£)			Cost of not being in Band 3
		Band 3	Band 2	Band 1	
2015/16		No incentive allocation in 2015/16			
2016/17	£25,006,000	£1,514,000	£1,514,000	£1,362,000	£152,000
2017/18	£24,249,000	£2,271,000	£2,043,000	£1,362,000	£909,000
2018/19	£21,949,000	£4,571,000	£3,200,000	£1,371,000	£3,200,000
2019/20	£21,949,000	£4,571,000	£2,286,000	£457,000	£4,114,000
2020/21	£21,949,000	£4,571,000	£1,371,000	£0	£4,571,000
Total cost of not being in Band 3:					£12,946,000

- 5.6. DfT guidance states that if an Authority scores a Level 1 in any or all of the three questions relating to Lifecycle Planning, Asset Management Policy and Strategy or Communications they will automatically be placed in Band 1 overall, regardless of their other scores. With this in mind, the T&FG have agreed to focus their attention on these three areas with a view to achieving Band 2 by 2017/18 and Band 3 by 2018/19.
- 5.7. Over the past 3 months the T&FG have been developing an approach to highway asset management that balances lifecycle costs, available funding and service levels. Part of this work has included consideration of lifecycle planning and the tools needed to support its development particularly in relation to carriageways and footways.

- 5.8. Members have considered the kind of information needed to inform decision making and life cycle planning, Essentially we need a software tool that enables the Authority to model different carriageway lifecycle options and the costs associated with those options, and to then embed this approach in decision making around different carriageway investment options. A number of software tools have been reviewed and we have liaised with a number of other local authorities about their experiences with various software. Key requirements for any tool we select are that it must be able to visually show Members the consequence of different investment options, it must be user friendly and data input must not be onerous.
- 5.9. Yotta's Horizons Asset Management system has been found to offer the functionality and flexibility that best meets Kent's needs. It is able to produce graphs showing very clearly the effect of different carriageway investment decisions and it can also show mapping in a way that graphically illustrates the effects of reducing carriageway maintenance. The necessary licences are now being procured, initially for a period of 12 months, so that life cycle plans can begin to be developed.
- 5.10. To achieve Band 2, and ultimately Band 3, we need to have clearly documented the links between the corporate vision, asset management and service delivery. These documents need to be been endorsed by the Executive, published on the Authorities website and be subject to regular reviews. The first step in achieving this is "Our Approach to Asset Management in Highways".
- 5.11. "Our Approach to Asset Management in Highways" is a concise document that describes how, by adopting the principles of asset management; we will contribute to achieving the County Council's vision and strategic objectives detailed in "Increasing Opportunities, Improving Outcomes". A copy of "Our Approach to Asset Management in Highways" can be found at Appendix B.
- 5.12. Once agreed, the T&FG will develop a document titled "Implementing Our Approach to Highway Asset Management. This will set out details of how the County Council intends to use asset management principles to deliver highway maintenance going forward. This document will subsequently be published on our website.

6. Conclusion

- 6.1. Key to achieving Incentive Fund Band 2 and ultimately Band 3 is clearly documenting the links between corporate vision, asset management and

service delivery. “Our Approach to Asset Management in Highways” is the first step in achieving this.

7. Recommendations

8. The Cabinet Member for Environment and Transport is asked to approve the document “Our Approach to Asset Management in Highways” for publication on the County Council website.

9. Appendices:

- Appendix A – Task and Finish Group Membership
- Appendix B - Our Approach to Asset Management in Highways

10. Contact Details

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