

Agenda Item 82.

TITLE	Highway Asset Management Policy and Strategy
FOR CONSIDERATION BY	The Executive on 24 November 2016
WARDS	None specific
DIRECTOR	Josie Wragg, Interim Director of Environment
LEAD MEMBER	Malcolm Richards, Executive Member for Highways and Transport

OUTCOME / BENEFITS TO THE COMMUNITY

The primary benefits of asset management outlined in the Highways Asset Management Policy and Strategy are:

- management and development of the highway asset aligned with corporate goals
- delivery of highway services that are shaped by stakeholder expectations and customer needs
- maximising the use of resources and budgets to ensure value for money
- improving resilience through encouraging better planning and an ability to adapt to a changing climate

RECOMMENDATION

That the Executive approve the Highway Asset Management Policy and Strategy implemented within existing service budgets.

SUMMARY OF REPORT

This report outlines the changes in government policy and the highway service review that have led to the requirement for a Highway Asset Management Policy and Strategy to be undertaken, adopted and embedded.

1 Background

- 1.1 Highway Asset Management Plans have formed part of the highway service and are embedded within the professional services and term maintenance contracts. Adopting the attached Policy and Strategy builds on this work and further links the highways service with stakeholders' expectations and corporate objectives.
- 1.2 Government has set out a clear plan for identifying excellence in highways asset management through the Highways Maintenance Efficiency Programme (HMEP). This programme supports all councils in improving this aspect of their service at the same time as the Department for Transport (DfT) has created an Incentive Fund for councils to demonstrate good asset management practice. In order to maximise funding from the DfT all councils need to submit an annual assessment to them each December. The assessment must demonstrate progress in asset management, and a key part of this is the production and adoption of a Highways Asset Management Policy and Strategy. A HMEP document provides guidance on the content for a policy and strategy which this council have followed. Without the adoption of the policy and strategy the council will have reduced funding from the DfT, figures are detailed in the financial section of the report.
- 1.3 HM Treasury and the Chartered Institute for Public Finance and Accountancy (CIPFA) require the highway asset valuations to be shown in Local Authority Corporate Accounts, and these will be audited and submitted in the 2016-17 statement. From this, government will gain a better understanding of the nation's highway infrastructure, and broken down this will provide a more accurate reflection of each council's financial requirement to maintain its asset based on size and condition.
- 1.4 The council's two main highway contracts, professional services and highways maintenance/structures, are programmed to be re-procured from April 2019, and this lengthy procurement process will need to start in the summer of 2017 to meet this timetable. To ensure the procurement process provides the council with a robust fit-for-purpose highways service aligned with current and future needs, bidders will require accurate information. This policy and strategy and subsequent improvements in asset management data collection and analysis will be hugely beneficial to that process, allowing both the council and potential bidders to get a better understanding of Wokingham's highway asset and its condition.

2 Analysis of Issues

- 2.1 The Highway Asset Management Policy includes a summary of asset management and discusses the benefits it can bring to the council, such as better understanding of the highway asset, leading to longer term planning and performance in line with customer expectations. Another benefit is ensuring investment in the assets provides value for money and more resilience to risk, both in terms of funding and extreme weather events. It also discusses the corporate objectives that these benefits support.
- 2.2 The Highway Asset Management Strategy includes more details of the

measures which will be put in place to deliver the policy. These include developing asset management plans for groups of highway assets, including structures, drainage, roads, street lighting, traffic management and street furniture. These asset plans will include asset inventory data, lifecycle and risk management plans, levels of service, and improvement plans. In addition, the document summarises engagement with stakeholders on the importance of various highway assets and their satisfaction with the service. Finally, it includes a breakdown of the value of the highways asset, which totals £4 billion, including the land value, being by far the council's most valuable asset.

2.3 To ensure partners, stakeholders and customers are reflected in the documents, workshops with the council's Highways Alliance, Members and Extended Corporate Leadership Team were arranged over this summer. Information from these sessions was combined with results from national and local public surveys conducted by IPSOS MORI working for National Highways and Transportation (NHT) to form a picture of how the highways asset is performing, and what aspects are most important to these key stakeholders and customers. This data informed the drafting of both documents.

2.4 In order to receive full financial allocation from the DfT's Incentive Fund, councils must evidence good asset management practice aligned with HMEP guidance. A fundamental requirement in the bidding process is an adopted Highway Asset Management Policy and Strategy. Without this, the council will lose an increasing amount of capital funding, summarised in the financial part of this report.

2.5 Each year the Asphalt Industry Alliance (AIA) commissions a survey of highways departments in all councils in England and Wales. The aim of the survey is to build a picture of the general condition of local roads and the levels of maintenance activity, as well as the levels of funding required to ensure they are in reasonable condition. Every year the report shows a vast budget shortfall and a backlog of highway maintenance works. In 2016 this national budget shortfall for road maintenance alone was over £600M with a £10B figure being quoted to make up the backlog. Despite lobbying the government, pressure is likely to increase over the coming years as council revenue budgets are required to deliver further savings. It is essential that councils, including Wokingham, adopt best practice in asset management to mitigate this pressure and ensure value for money, and this policy and strategy are the overarching documents to ensure this is delivered.

3 Conclusion

3.1 Developing and adopting a Highway Asset Management Policy and Strategy aligned with best practice is essential to ensure the highway network is evaluated, maintained and developed in alignment with the council's corporate goals, and to meet stakeholder and customer needs. The adopted policy and strategy will ensure the council maximises funding opportunities from government, and will ensure that the resources and funding available are targeted where the network is most in need, and used efficiently and deliver value for money for the council.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20M over the next three years and all Executive decisions should be made in this context.

	How much will it cost/ (save)	Is there sufficient funding – if not quantify the shortfall	Revenue or capital?
Current Financial Year (Year 1)	£6.478M Revenue £22.978M Capital	Yes	Revenue and Capital
Next Financial Year (Year 2)	£6.428M Revenue £25.616M Capital	Yes	Revenue and Capital
Following Financial Year (Year 3)	£6.388M Revenue £32.643M Capital	Yes	Revenue and Capital

Other Financial Information Relevant to the Recommendation/Decision

Column 2 provides existing Highway and Transport Revenue and Capital Budgets where improvements in asset management will apply. Without an adopted policy and strategy the council would suffer a potential loss in future funding from the Department for Transport of £66K/annum from 2017-18 rising to £445K/annum by 2020 - 21

Cross-Council Implications

None

List of Background Papers

Highway Asset Management Policy and Highway Asset Management Strategy

Contact Alison Dray	Service Highways and Transport
Telephone No 0118 9743727	Email alison.dray@wokingham.gov.uk
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