

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 8th December 2015
Report of: Steph Cordon, Head of Communities
Subject/Title: Highway Asset Management Policy and Strategy
Portfolio Holder: Cllr David Brown, Highways

1.0 Report Summary

- 1.1 This report proposes that Cheshire East Council formalises the use of Asset Management principles for the future management and maintenance of its adopted Highway Infrastructure, ensuring maximum value for money is obtained for Cheshire East residents and businesses.
- 1.2 This will be achieved by adopting a new Highway Asset Management Policy and Highway Asset Management Strategy aligned to the current Department for Transport (DfT) spending review period of 2015 to 2021.
- 1.3 This approach will ensure that the Council can maintain the integrity and resilience of the highway infrastructure and business continuity whilst maintaining the public confidence, image and reputation of the Council.
- 1.4 It will also allow the Council the best opportunity to attain a high banding in terms of its performance, which is directly linked to the level of Incentive funding that will be awarded by the Department for Transport; and support the Council in bidding for Tranche 2 Challenge funding.

2.0 Recommendation

- 2.1 It is recommended that Cabinet approve the Asset Management Policy and Strategy. See Appendix 1 for Highway Asset Management Policy and Appendix 2 for the Highways Asset Management Strategy.

3.0 Reasons for Recommendation

- 3.1 In December 2014, the Secretary of State for Transport announced that £6 billion will be made available between 2015/16 and 2020/21 for local highways maintenance capital funding. Of this, £578 million has been set aside for an incentive fund scheme, to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements.

- 3.2 Each local highway authority in England will be invited to complete a self-assessment questionnaire, in order to establish the share of the incentive fund they will be eligible for in 2016/17.
- 3.3 Central Government, through the (DfT) have given clear indication that it expects local Highway Authorities to embed the use of Asset Management principles for the future maintenance of their highway infrastructure assets. This will be tested through the self-assessment questionnaire.
- 3.4 Furthermore, future funding that is allocated to local Highway Authorities for the purposes of highway maintenance will be directly linked to the use of Highway Asset Management, with additional 'incentive' funding being awarded to those Authorities that can demonstrate this approach is being used.
- 3.5 To satisfy this expectation the Highway Service has developed a suite of Highway Asset Management documents to be endorsed by the Council to embed Asset Management principles into the future management and maintenance of its Highway Infrastructure Assets.
- 3.6 The Highway Service is responsible for a wide range of assets including:
- Carriageways;
 - Footways and cycleways;
 - Street Lighting;
 - Structures;
 - Drainage;
 - Traffic signs and road markings;
 - Traffic Signals; and
 - Safety Barriers

4.0 Wards and Local Ward Members Affected

- 4.1 All Wards and Ward Members are affected by the proposal.

5.0 Policy Implications

- 5.1 The policy and strategy will have an influence on the service contribution to the delivery of the Cheshire East Council Three Year Plan outcomes:
- Outcome 1 – Our local communities are strong and supportive
 - Outcome 2 – Cheshire East has a strong and resilient economy
 - Outcome 4 – Cheshire East is a green and sustainable place
- 5.2 An effective Asset Management approach will ensure that the highway infrastructure assets support the delivery of services and the local economy, taking into account the long term performance of the asset. Local communities will see the positive effects of investment and will support initiatives to deliver the optimum community infrastructure within available resources.

6.0 Financial Implications

- 6.1 The Department for Transport allocates highway maintenance capital funding to local authorities based on local need, through a “needs based” formula. The DfT have calculated the “needs” allocations for the period 2015 -2021 with the first 3 years defined and the second 3 years indicative. This funding is then topped up with funding provided from an incentive fund.
- 6.2 The incentive funding allocations for Cheshire East Council are subject to achieving the highest performance band each year:

Year	Maximum Potential Needs Based Funding	Incentive Fund Element
2015/16	£10,450,000	£0
2016/17	£9,580,000	£580,000
2017/18	£9,290,000	£870,000
2018/19	£8,409,000	£1,751,000
2019/20	£8,409,000	£1,751,000
2020/21	£8,409,000	£1,751,000

- 6.3 If Cheshire East Council does not adopt an Asset Management approach to its Highway Infrastructure then there will be a significant risk to the level of Incentive funding that will be awarded to the Council.
- 6.4 From 2015/16 DfT will assess the level of performance being achieved by local authorities through the use of a questionnaire assessment and the Authority providing supporting evidence which will place the Council in one of three bands. Band three being the highest performing.
- 6.5 The level of Incentive award and the reductions in each Band can be seen in the table below along with a description of each of the bands.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Maintenance Fund	£10,450,000	£9,000,000	£8,420,000	£6,658,000	£6,658,000	£6,658,000
Incentive Fund	£0	£580,000	£870,000	£1,751,000	£1,751,000	£1,751,000
Band 1	100%	90% (£-58k)	60% (£-348k)	30% (£-1,226k)	10% (£-1,576k)	0% (£-1,751k)
Band 2	100%	100%	90% (£-87k)	70% (£-525k)	50% (£-875k)	30% (£-1,226k)
Band 3	100%	100%	100%	100%	100%	100%

- **Band 1** – Has a basic understanding of key areas and is in the process of taking it forward.

- **Band 2** – *Can demonstrate that outputs have been produced that support the implementation of key areas that will lead towards improvement.*
- **Band 3** – *Can demonstrate that outcomes have been achieved in key areas as part of a continuous improvement process.*

7.0 Legal Implications

- 7.1 The Highway Asset Management Policy and Strategy supports the Council's role as the Highway Authority for Cheshire East in meeting its statutory duty for maintenance, under the Highways Act 1980.

8.0 Risk Management

- 8.1 In order to best manage the Highways assets in Cheshire East, valued at approximately £4.97billion, it is essential that the proposed Asset Management Policy and Strategy is approved by Council.
- 8.2 If the use of Asset Management principles is not fully embedded for all highway infrastructure assets, they will not be managed and maintained effectively. This will result in further deterioration in their condition that will lead to an increased risk to the safety of highway users and an increased risk of third party claims against the Council. This could be both costly and damaging to the Councils current good reputation.
- 8.3 Additionally, the Council will not be awarded the highest banding for performance which will limit the level of Incentive funding and also limit the Councils ability to bid for future Challenge funding.
- 8.4 The risk of the Highways Service not following approved policies and strategies is that development of programmes could become fragmented and may not follow best practice guidance to provide best value. This could result in financial, operational and reputational risks to Cheshire East Council.

9.0 Background and Options

- 9.1 The highway network is the largest and most visible publicly owned asset. It is used daily by the majority of the travelling public for commuting, business, social and leisure activities. It is fundamental to the economic, social and environmental wellbeing of local communities and to the prosperity of the nation as a whole.
- 9.2 At a national level our economic prosperity relies on reliable movement of goods and people around the highway network. At a local level the highway network helps to shape the character and quality of local areas and makes an important contribution to wider local authority priorities, including regeneration, social inclusion, community safety, education and health.

- 9.3 Like any physical asset, the highway network requires maintenance and renewal to counter deterioration. New infrastructure, once built, also needs to be maintained over its useful life in order to deliver expected benefits. Poor quality roads can create congestion through road works and delays, which costs businesses and individuals through reduced productivity, increased fuel consumption, delayed deliveries and damage to vehicles.
- 9.4 The level of funding allocated to local highway authorities is now based on the local authority's record in pursuing efficiencies and asset management.

10.0 Access to Information

- 10.1 The background papers relating to this report can be inspected by contacting the report writer:
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