



CABINET – 23 JUNE 2017

**HIGHWAY ASSET MANAGEMENT POLICY AND HIGHWAY ASSET
MANAGEMENT STRATEGY REVIEW**

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of the results of the consultation undertaken on the draft Highway Asset Management Policy and the draft Highway Asset Management Strategy and to seek approval for the final versions of both documents.

Recommendations

2. It is recommended that:
 - a) The outcomes of the consultation be noted;
 - b) The Highway Asset Management Policy (Appendix A) and the Highway Asset Management Strategy (Appendix B) be approved;
 - c) That the Director of Environment and Transport, following consultation with the Cabinet Lead Member, be authorised to make minor amendments to the Highway Asset Management Policy and Highway Asset Management Strategy as he considers to be necessary to ensure that they remain current and conform to legislation;
 - d) That it be noted that a Highway Infrastructure Asset Management Plan will be developed to support the principles of the Highway Asset Management Policy and Strategy, replacing the existing Transport Asset Management Plan, and that this will be submitted to the Cabinet in Autumn 2017.

Reasons for Recommendations

3. To approve the Highway Asset Management Policy and Strategy, which are key requirements to enable the County Council to maximise its funding allocation from the Government.
4. To support the delivery of a service that is aligned to the Medium Term Financial Strategy (MTFS) and to ensure that the Council as Highway Authority continues to meet its statutory duties under the Highways Act 1980.

5. The Highway Asset Management Policy and the Highway Asset Management Strategy may need to be modified slightly should circumstances change, for example, to respond to legislation or new opportunities. Significant changes would be submitted to the Cabinet for approval.

Timetable for Decisions (including Scrutiny)

6. This report will be considered by the Environment and Transport Overview and Scrutiny Committee on 22 June 2017 and its comments will be reported to the Cabinet.
7. The draft Highway Infrastructure Asset Management Plan (HIAMP) will be presented to the Environment and Transport Overview and Scrutiny Committee and the Cabinet in autumn 2017.
8. It is expected that the Council will need to submit a self-assessment to the Department for Transport (DfT) by the end of September 2017 demonstrating that it has qualified for Band 3 of the DfT's Incentive Fund.

Policy Framework and Previous Decisions

9. The County Council's current Highway Maintenance Policy and Strategy was approved by the Cabinet in October 2006 and subsequently amended in 2008, 2010 and 2011. It is based on the old National Code of Practice for Highway Maintenance (Well Maintained Highways), which has now been superseded by the new Code of Practice, 'Well-managed Highway Infrastructure'.
10. The current Street Lighting Policy and Strategy, also approved by the Cabinet in October 2006, is similarly based on the old National Code of Practice (Well Lit Highways), which has now been superseded by 'Well-managed Highway Infrastructure'.
11. The Leicestershire County Council Transport Asset Management Plan (TAMP) was approved in November 2007 and updated in 2011. It also followed guidance that has now been superseded. It describes an analytical approach to highway maintenance, current service levels and management processes, providing limited direction to further developing asset management and supports the current Highway Maintenance Strategy and Policy. (As indicated above, it is intended that the TAMP will be replaced by a Highway Infrastructure Asset Management Plan.)
12. On 19 April 2016 the Cabinet approved a consultation ('A-Roads to Zebras') on the Council's approach to highway maintenance and amendments to its plans and policies set out in the TAMP, Highway Maintenance Strategy and Policy, and Street Lighting Strategy and Policy in line with Government's updated Code of Practice.
13. On 13 December 2016 the Cabinet noted the outcome of the 'A-Roads to Zebras' consultation and agreed to consult on the draft Highway Asset Management Policy and Strategy. In addition, the Director of Environment and Transport was asked to develop a pilot scheme for a Highway Warden and/or Lengthsman arrangement (See paragraph 42 below).

Resource Implications

14. The new Highway Asset Management Policy and the new Highway Asset Management Strategy support the efficiency savings required from the MTFS and the corporate transformation process.
15. The Highway Asset Management Policy and Highway Asset Management Strategy will underpin improvements in the effectiveness of highway maintenance delivery. It is also one of the key steps towards satisfying criteria required by the DfT to achieve the highest level of maintenance funding available through the Incentive Fund process.
16. The table below shows the financial impact of the County Council achieving the highest Incentive Fund level. Essentially it makes a difference of £0.715m in 2018/19, £1.19 million in 2019/20 and £1.67 million in 2020/21.

Year	Needs Based Allocation £000	Incentive Fund Level 2 £000	Additional Incentive Fund if Level 3 £000	Total Possible Funding £000
2017/18	12,642	1,065	118	13,825
2018/19	11,442	1,668	715	13,825
2019/20	11,442	1,192	1,191	13,825
2020/21	11,442	715	1,668	13,825

Table 1: Incentive Fund Grant Levels

17. To support the development of asset management principles and the progress towards securing the maximum Incentive Fund award, additional specialist asset management support has been procured through the Midlands Highway Alliance (MHA) Professional Services Contract at an estimated cost of £75,000. This work is being funded as part of the Council's transformation programme.
18. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

Circulation under the Local Issues Alert Procedure

None.

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PART B

Background

National Guidance Promoting the Development of Highway Asset Management

19. Asset management practice has developed considerably since the introduction of the County Council's current Highway Maintenance Policy, Strategy and TAMP. These documents are in need of revision, to ensure that they are aligned with national guidance.
20. In 2011 the Audit Commission published 'Going the Distance', an analysis of highway authorities' future approach to the maintenance of local roads set against declining budgets. This highlighted the case for developing asset management and the need to balance short-term repair pressures with the objective of long-term sustainability of the asset and emphasised the point that pressure to tackle 'worst first' could detract from more cost effective, preventative interventions.
21. In May 2013 the Highways Maintenance Efficiency Programme (HMEP), commissioned by the DfT, published a 'Highway Infrastructure Asset Management Guidance' document, endorsed by the UK Roads Liaison Group, which recommended a formal approach to managing all highway and transport assets. This made a number of recommendations, including the fundamental requirement to adopt a Highway Asset Management Policy setting out the authority's strategic objectives regarding asset management, and to introduce a strategy that would support the delivery of those objectives.
22. HMEP has since published various additional guidance documents and tools which promote the development of life-cycle planning for all key highway assets, a process which considers the relationship between future treatment options, asset condition and cost through the development of lifecycle models.
23. A new Code of Practice for highway maintenance was also published in October 2016 titled 'Well Managed Highway Infrastructure'. This sets out the principle of applying a locally appropriate risk-based approach to the inspection, prioritisation and treatment of the highway network. Such an approach will require an improved understanding of all key assets, including their importance to customers, levels of use, strategic importance, acceptable service levels, current conditions, how they deteriorate, how they respond to treatments and the associated treatment costs.
24. The proposed Highway Asset Management Policy document and Highway Asset Management Strategy (Appendices A and B of this report) have been developed to ensure that the County Council follows an approach to asset management that is in accordance with the recommendations of the HMEP guidance document and the new Code of Practice for highway maintenance. These documents would replace the current Highway Maintenance Policy and Strategy and the Street Lighting Policy and Strategy documents, which are based on the old Code of Practice. The proposed Highway Asset Management Policy and the Highway Asset Management Strategy documents differ from the current Highway Maintenance Policy and Strategy by:

- Prioritising high risk repairs when responding to highway defects;
- Focussing on planned maintenance work to help slow down the deterioration of roads;
- Preventative work will be carried out on a 'risk based' approach and determined on how roads are 'categorised' in a new classification of highways;
- Discussing with parish councils opportunities for their involvement in local maintenance, such as grass cutting and the maintenance of trees, flower and shrub beds;
- Introducing a targeted approach to service delivery, which will help improve service levels.

25. To support the Highway Asset Management Policy and Highway Asset Management Strategy it will also be necessary to revise the TAMP and update current operational practice and procedures. The TAMP would be replaced with a new document, the HIAMP. This will develop the TAMP from its current, largely aspirational base, into a document that directs the delivery of the policy and principles set out in the Policy and the Strategy.

The Government's Incentive Fund

26. In 2014 the DfT published 'Gearing up for Efficient Highway Delivery and Funding', which set the scene for the introduction of the Government's Incentive Fund. This Fund is intended to incentivise and reward highway authorities that demonstrate a commitment to the ongoing development of an asset management approach to service delivery.
27. Incentive Fund allocations will be made annually for five years from 2016/17, based upon an assessment and a possible external audit of the Authority's ongoing commitment to applying the recommendations of various aspects of HMEP guidance.
28. The assessment places highway authorities into one of three bands, depending upon the level of progress towards implementing the recommendations of HMEP. The Council is currently assessed to be at the intermediate level, Band 2.
29. An increasing differential is applied annually to the amounts allocated across the bands. The likely grant due to the County Council, depending upon the assessed level, is shown in Table 2 below. With a strong commitment to developing its approach to asset management, it is realistic to expect the Authority to move to the highest level, Band 3, by 2018/19, potentially securing a further £3.57 million over the final three years of the Fund.

Incentive Fund	2016/17	2017/18	2018/19	2019/20	2020/21
Band 3 share	£789,117	£1,183,675	£2,383,133	£2,383,133	£2,383,133
Band 2 share	£789,117	£1,065,308	£1,668,193	£1,191,567	£714,940
Band 1 share	£710,205	£710,205	£714,940	£238,313	Zero

Table 2: Likely value of Incentive Fund grant

30. The Highway Asset Management Policy and the Highway Asset Management Strategy have been developed to ensure that the Council's approach to asset management incorporates the recommendations of HMEP guidance which contribute to the Incentive Fund assessment and therefore support the objective of reaching Band 3.
31. It is a specific requirement of the Incentive Fund to ensure progress to Band 3 and that the County Council has published and implemented an up-to-date Highway Asset Management Policy and Strategy. In this context 'implementation' means that they have been used to inform the development of operational procedures (i.e. the Authority's HIAMP) and future year programmes (i.e. in this case for 2018/19 onwards). Therefore the Cabinet is now being asked to approve the Highway Asset Management Policy and Highway Asset Management Strategy so they can inform the development of the HIAMP, leading to a review of operational practices across the Authority's highway maintenance functions.

Highway Asset Management Support for the Medium Term Financial Strategy

32. By 2019/20, £4.4 million of ongoing savings are to be made by the County Council through a revised approach to highways maintenance. These savings include efficiencies and service reductions to be delivered through a range of actions and initiatives, including better packaging of planned works (such as minor patching, road marking and gully emptying), and more effective use of depots and vehicles.
33. In addition, reducing budgets will require a change to the treatment strategies applied to highway assets. For example, previous levels of major carriageway resurfacing will not be achievable and it will be necessary to sustain the network condition over longer periods through more extensive use of localised patching.
34. The development of asset management through the principles set out in the new draft Policy and Strategy documents will assist in minimising risk and ensure that revised maintenance treatment strategies continue to provide a safe, serviceable and sustainable network; this will be achieved by becoming more evidence based rather than judgement based when making maintenance decisions. They will also ensure that the County Council can more confidently consider initiatives designed to deliver efficiencies and can be more flexible in adapting to changes in future budgets.

Consultations

35. The initial consultation ('A-Roads to Zebras') ran from July to September 2016. The County Council received 453 online responses, which provided comprehensive customer feedback about satisfaction with maintenance standards, priorities that

should be given to particular assets, the risk based approach to dealing with critical defects, rationalisation of particular highway assets and level of support for community involvement.

36. The Cabinet considered the outcome of this consultation in December 2016 and approved a further consultation on the draft Highways Asset Management Policy and a draft Highways Asset Management Strategy.
37. The views of stakeholders from the initial 'A Roads to Zebras' consultation were taken into account when developing the draft Policy and draft Strategy documents. Proposals included prioritising high risk repairs, focussing on planned maintenance work, risk-based preventative work, exploring opportunities for working with Parish Councils, introducing a targeted approach to gully cleansing and keeping winter maintenance at current service levels.
38. The subsequent consultation on the draft Highways Asset Management Policy and draft Highways Asset Management Strategy was carried out from 30 January to 26 March 2017. This involved an online consultation and workshops with specific groups. Consultees included the public, parishes, transport providers and public sector organisations, the *Older People Engagement Network*, *Leicestershire Equalities Challenge Group* and disability groups.
39. The County Council received 76 responses to the consultation. There was broad agreement with the Policy and Strategy statements and supporting principles and responses could be divided into two broad types:
- Those that thought that a sensible approach had been taken, particularly around the risk based approach; and
 - Those that thought that the documents were difficult to understand (due to being too technical). As a result of this the language used in the documents was made less technical.
40. The main issues and comments are outlined below, along with the officer response. Further detailed outcomes from the consultation have been included as Appendix C.

Main issues and comments	Officer response
Public safety should be a priority	Agreed. The new risk-based approach will ensure that those areas with the greatest risk will be given priority.
Priority being given to urban roads, leading to neglect of rural roads	The new risk-based approach will ensure that those areas with the greatest risk will be given priority; irrespective of the urban / rural nature of roads (e.g. high risk rural roads would be given priority over low risk urban roads).

Good communication needed going forward e.g. to explain what LCC and partners, including communities, will/won't be doing	An asset management communication strategy is being developed to ensure good communication going forward.
Trees – benefits and risks	The Strategy has been amended to highlight the importance of trees explaining the benefits and risks associated with trees.

41. These comments will provide the basis for further development of the detailed HIAMP and operational procedures, which will sit below the Highway Asset Management Policy and Highway Asset Management Strategy.

Parish Council Highway Warden/Lengthsman Pilot

42. Included in the second of the consultations were proposals to develop opportunities for involving communities directly in some areas of local maintenance, including the option to develop a Parish Council Highway Warden/Lengthsman scheme. As explained in the previous report to the Cabinet (December 2016), responses were mixed, and it was agreed that further work would be carried out with the view to undertaking an 18-month pilot arrangement with a small number of parish councils.
43. Work will continue to take forward the development of a pilot scheme for a Highway Warden and/or Lengthsman arrangement; it is intended that this will be progressed with any interested parties after the HIAMP has been approved. Through 2018/19 advice and 'training' would be given, with the pilot commencing in 2019/20.

Conclusion

44. The Highway Asset Management Strategy and Highway Asset Management Policy will ensure that the Council as Highway Authority continues to meet its statutory duties under the Highways Act 1980. They take into account the ongoing financial pressures on the Authority, supporting delivery of the Council's MTFS - and also the opportunities for the Council to take advantage of additional funding available from the DfT.
45. The addition of a HIAMP will establish the detailed direction and operational practice and processes to underpin delivery of the Highway Asset Management Policy and Strategy and will, in turn, inform a review of operational procedures. As indicated earlier, this will be the subject of another report to the Cabinet in Autumn 2017.

Background Papers

Leicestershire County Council Highway Maintenance Policy and Strategy document
http://website/highway_maintenance_policy_and_strategy_document_v6_november_2012-2.pdf

Leicestershire County Council Transport Asset Management Plan
http://website/tamp_2.pdf

Report to the Cabinet – 13 December 2016 – Highway Maintenance Policy and Strategy Review

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4608&Ver=4>

Report to the Cabinet – 19 April 2016 – Highway Maintenance Strategy and Policy Review

<http://ow.ly/qQjf30cykOJ>

<http://politics.leics.gov.uk/documents/s118133/Appendix%20-%20Highways%20Maintenance%20Review.pdf>

Report to the Cabinet - 11 October 2011 - Changes to Highway Maintenance Policy and Strategy

[http://politics.leics.gov.uk/Published/C00000135/M00003128/AI00029400/\\$Gchangestohighwaysmaintenancepolicy.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00003128/AI00029400/$Gchangestohighwaysmaintenancepolicy.doc.pdf)

Report to the Cabinet - 26 July 2011 - Street Lighting Policy

[http://cexmodgov1/Published/C00000135/M00003126/AI00028733/\\$Lstreetlightingpolicyappx.doc.pdf](http://cexmodgov1/Published/C00000135/M00003126/AI00028733/$Lstreetlightingpolicyappx.doc.pdf)

Report to the Cabinet - 12 October 2010 - Changes to Highway Maintenance Policy and Strategy

[http://politics.leics.gov.uk/Published/C00000135/M00002911/AI00026408/\\$Hchangeshighwaymaintenanceappendicesab.doc.pdf](http://politics.leics.gov.uk/Published/C00000135/M00002911/AI00026408/$Hchangeshighwaymaintenanceappendicesab.doc.pdf)

Report to the Cabinet - 23 November 2007 - Leicestershire's first Transport Asset Management Plan

[http://cexmodgov1/Published/C00000135/M00001973/AI00017860/\\$ItemNTransportAssetManagementPlan.doc.pdf](http://cexmodgov1/Published/C00000135/M00001973/AI00017860/$ItemNTransportAssetManagementPlan.doc.pdf)

Appendices

- Appendix A - Draft Highway Asset Management Policy
- Appendix B - Draft Highway Asset Management Strategy
- Appendix C - Consultation results
- Appendix D - Equality and Human Rights Implications (EHRIA)

Relevant Impact Assessments

Equality and Human Rights Implications (EHRIA)

46. These proposals are aimed at maintaining the highway network in the best overall condition appropriate to its use and taking account of customer expectations and the available budget. Effective maintenance of the network will benefit all users.
47. However, a number of potential impacts on disabled groups and older people, both positive and negative, have been identified. To ensure that feedback could be obtained on the work that has happened so far and the potential impact on protected characteristics (specifically disabled people and older people) the second consultation included workshops with the *Older People Engagement Network*, *Leicestershire Equalities Challenge Group* and disability groups.
48. An EHRIA has been completed (Appendix D) and a number of mitigations have been developed to respond to concerns. The EHRIA will continue to be reviewed following the consultation outcomes and further project work.

Environmental Implications

49. The draft Highway Asset Management Policy and draft Highway Asset Management Strategy set out principles that will support more efficient maintenance of highway assets. In turn, this will support a number of environmental benefits, including

preserving natural resources as a consequence of extending the serviceable life of highway assets before renewal, reducing the impact of congestion on communities.

50. The revision of the TAMP and specific operational policies and processes will provide an opportunity to consider the impact of highway maintenance strategy on climate change, carbon emissions, congestion, street-scene, flood and water management and recycling opportunities.
51. The County Council's Environmental Implications Tool has been used to identify the impact of this project on the environment and to consider ways of reducing that impact, supporting the delivery of the Council's environmental objectives.

Partnership Working and Associated Issues

52. The proposal to develop a pilot scheme to explore options for working together with parish councils is consistent with the Communities Strategy, which sets out how the Council will work differently with communities and organisations to help deliver the most important services and protect the most vulnerable people and communities.

Risk Assessment

53. A risk assessment has been completed for this project.
54. The draft Highway Asset Management Policy document and draft Highway Asset Management Strategy support the County Council's responsibilities as Highway Authority in meeting the requirements of the Highways Act 1980, particularly section 41 which defines a statutory duty to maintain the highway and section 58, which provides a defence against claims, provided that the authority can demonstrate that it is applying a standard of inspection and maintenance appropriate to the character of the route. Insurable risks identified in the proposals will be fully considered.
55. The new Code of Practice for highway maintenance ('Well Managed Highway Infrastructure') sets out the principle of applying a locally appropriate risk-based approach to the inspection, prioritisation and treatment of the highway network. This new approach will ensure that those areas with the greatest risk will be given priority.