

Justifying an asset management approach





Susan Robinson

Senior Advisor - Property Services

☎: 01207 529576

📱: 07825 247600

✉: susan.robinson@cipfa.org.uk

What we will cover

- Funding issues
- Planning your investments
- The importance of asset information

Historical patch and mend approach to highways maintenance

Local Highways Maintenance Funding from DfT

- Government allocates funding to local highway authorities to help councils plan and manage their road network.
- Funding covers the whole highways infrastructure asset, including carriageways, footways, bridge and other structures, street lighting and signs and signals.
- Works may include major resurfacing, maintenance or replacement of bridges/tunnels and occasional reinstatement of roads following natural disasters.
- The funding is currently allocated according to a needs-based formula.
- Funding is not ring-fenced so can be spent according to the local authority's priorities.

Changes to how local highways maintenance is delivered...

The Department should use the way it allocates its funding to incentivise efficiency and collaboration and it should not fund poor performance.

The Department should identify those local highway authorities that carry out maintenance less efficiently and target the Highways Maintenance Efficiency Programme at them.

**Public Accounts
Committee**

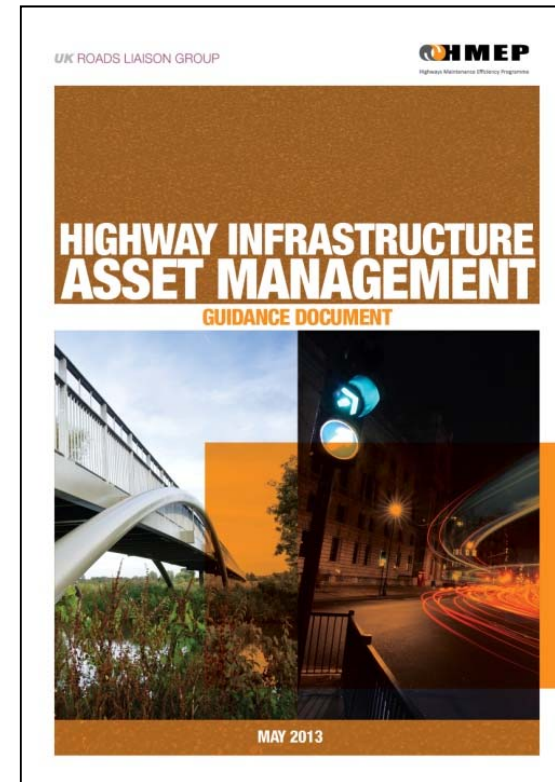
25th September 2014

Cross-Party support for a change of approach

All Party Parliamentary Group on
Highways Maintenance

Highway Infrastructure Asset Management Guidance

- Produced by HMEP and endorsed by UKRLG
- Launched May 2013
- 14 Recommendations



<http://www.ukroadsliaisongroup.org/en/utilities/document-summary.cfm?docid=5C49F48E-1CE0-477F-933ACBFA169AF8CB>

“It is vitally important that we achieve maximum returns from the money which has been allocated for highways maintenance”

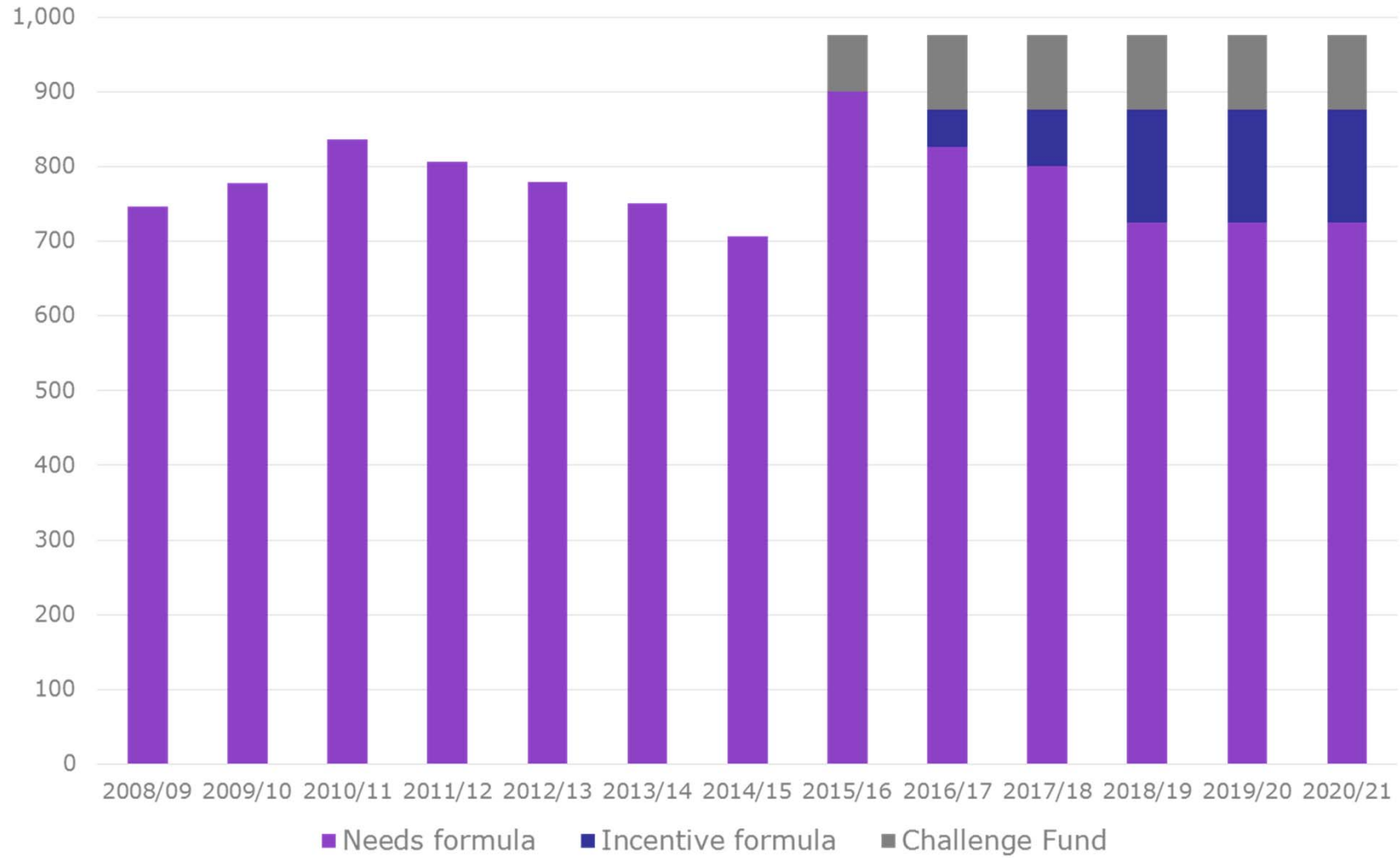
“Significant progress has already been made across the highways sector... to ensure we - as a sector - get the most from every pound that is spent. However, more can be done not only to drive efficiencies, but to target those parts of the local highway network which are most in need.”

Robert Goodwill MP Parliamentary Under-Secretary of State for Transport

How is DfT allocating highways maintenance funding from 2015/16?

- Needs element (formula) 'tweaked'.
- New Challenge Element from 15/16.
- New Efficiency element being introduced from 16/17.

Maintenance funding 2008-2021



Incentive Fund (consultation)

- Band 1: Early stage authority
- Band 2: Mid stage authority
- Band 3: Final stage authority

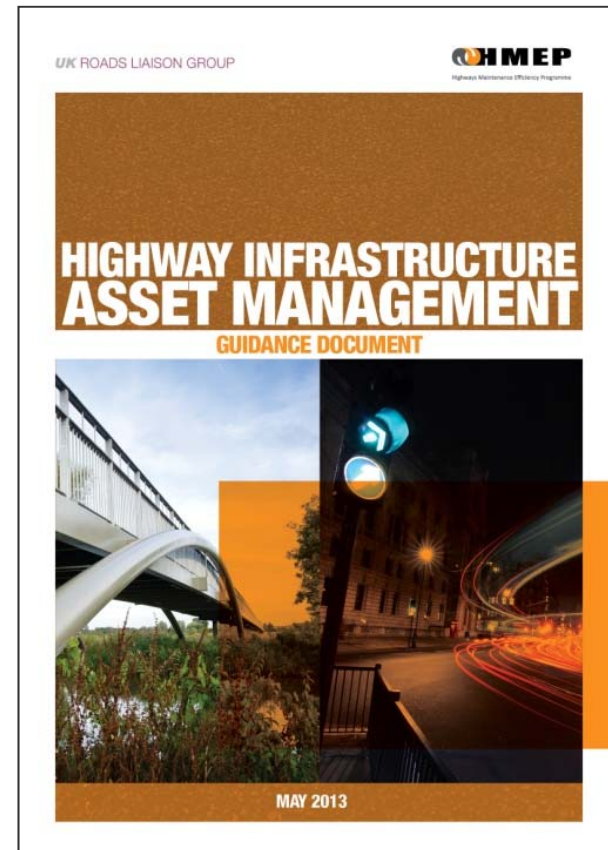
Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Band 1	100%	90%	60%	30%	10%	0%
Band 2	100%	100%	90%	70%	50%	30%
Band 3	100%	100%	100%	100%	100%	100%

Note sliding scale

Planning your Investment Lifecycle Planning

“Lifecycle planning comprises the approach to maintenance of an asset from construction to disposal.

It is the prediction of future performance of an asset, or group of assets, based on investment scenarios and investment strategies.”



Need for Lifecycle Planning

- Provides reliable information
- Helps break away from short term thinking
- Goes beyond political cycles
- Facilitates efficiency
- Facilitates minimum whole life cost
- Informs tough investment decisions
- Evidence for making the case and building the business case

What Does Lifecycle Planning Do?

Supports decision making through:

- Predicting future performance for different scenarios
- Determining funding to achieve required performance
- Facilitating minimum whole life costs
- Identifying long term needs

Data Required

Typical data needed for each homogeneous asset group:

- Inventory, e.g., length, number, etc.
- Condition - proportion of asset in each condition band (already defined what each band means)
- Costs (defaults provided in HMEP)
- Historic data (deterioration rates – defaults provided in HMEP)

Managing Data

- Checking data integrity
- Filling gaps
- Managing data
- Estimating information, engineering judgement
- Does incomplete data mean unreliable lifecycle plans?

The New Approach

An increase in funding, but also...

- Providing long term funding certainty
- Incentivising efficient practices
- Encouraging continuous improvement
- Enabling the sector to transform services

What do LA need to do?

- Raise the profile of AM.
- Senior decision makers fully engaged.
- Is all necessary data in place?
- AM Policy and Strategy in place.
- Local implications of new funding regime.
- Incentive fund -
 - assess against draft criteria.
 - Consider actions likely to improve incentive funding.
- Long term thinking, including lifecycles

Questions?

Thank you