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On the road to better asset management

Alex Croston and Chris Dyer suggest how Highways Authorities can make the most of the new government Incentive Fund

There have been growing calls from The Department for Transport (DfT) for councils to adopt sound asset management practice. This culminated in the introduction of a £578 million Incentive Fund¹, under whose terms the nation's highways authorities (excluding those in London) are allocated 10% of their overall funding based on their ability to "demonstrate they are delivering value for money in carrying out cost-effective improvements" in the way they manage their local networks.

This incentive gives them the opportunity to move up the payment scale from Band 1 to 2 to 3 based on scores obtained in completing a self-assessment survey questionnaire ... one that highlights the importance of following asset management best practice. The stakes are raised higher still with the news that they face spot checks from the DfT that will test the accuracy of their assessments.

Rising to the challenge

For many councils, even moving from band one to band two will present a significant challenge. Of the 22 Incentive Fund

questions, three are mandatory. One requires the respondent to have both a well-defined and politically-endorsed asset management policy and strategy in place. The second asks how the asset management approach is being effectively communicated, while the third, relating to lifecycle planning, requires the authority to create a long-term asset management plan that makes use of

"Those that can show they truly understand the value of their asset can plan greater efficiencies and deliver cost-effective, preventative maintenance, making the available money go even further"

- Geoff Allister, executive director of the Highways Term Maintenance Association (HTMA)

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HIGHWAY INFRASTRUCTURE ASSET MANAGEMENT

GUIDANCE DOCUMENT



The Incentive Fund rewards highways authorities that can demonstrate asset management best practice, such as that set out in the Highways Maintenance Efficiency Programme (HMEP). Images: Dmitry Kalinovsky / Shutterstock and HMEP

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%

An indicative estimate of what each authority could potentially receive in additional funding per Band per financial year up to 2020/21. Source: DfT

good quality data to forecast and deliver an investment plan.

If they harbour ambitions of becoming a band three authority, respondents will need to overcome these and other challenges in what is far more than a box-ticking exercise. The DfT is looking for real evidence of organisational transformation and for significant change in the way service is delivered. It may well mean, for example, providing evidence of a 3-5 years works programme across the highways infrastructure, or a benchmark that show how the authority's capability to deliver asset management services compares with neighbouring or equivalent councils.

Little leeway

In addition to answering the three mandatory questions, authorities will actually have to answer 18 of the 22 questions in some detail to get to band three. There is little leeway here. Even those simply looking to move from Band 1 to Band 2 will need to get 15 questions scored at Band 2 or Band 3 level in order to move up.

Even where authorities have a core policy and strategy in place, challenges remain. One of the biggest is getting their executive to buy into the process and sign

it off. Authorities that fail to do this will continue to be trapped within their band one status and, potentially, lose millions they could have invested in their infrastructure. Overall, the amount of additional money they could receive from the fund will eclipse the additional investment they need to reach band 2 or 3.

The advent of the new fund has given authorities a greater motivation to move to a strategic asset management approach, but it has also brought into focus the challenges that potentially lie in their way before they can make the switch.

Filling the gaps

That's where partnering with a strategic asset management solutions provider and consultancy can be key. The provider can help identify gaps in a council's capability and show how they can be filled in order to reach set goals. More broadly, it can act in a consultancy role to make the case to senior management of the benefits of this kind of investment in successfully moving to bands two and three.

Good asset management software solutions can also play a crucial supporting role, not least in addressing some key points of contention in the Incentive Fund

and in helping respondents make progress against some of the crucial questions within the document.

While the Incentive Fund has indeed made local authorities focus on improved asset management, it's the potential combination of strategic consultancy and the latest technology that is likely to prove crucial in determining whether or not they achieve their key asset management objectives, thereby gaining a larger slice of the investment pie.

1. <https://www.gov.uk/government/publications/highways-maintenance-funding-incentive-element>



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