

Highways Infrastructure Assets – creating the ‘virtuous circle’

Overall aim

To maintain the highways infrastructure assets network in their best possible condition within the constraints of available public expenditure.

Desired future state – the ‘virtuous circle’

1. Local authority highways assets managed using best practice asset management techniques
2. Funding decisions by both authorities and central government on maintenance and capital expenditure taken on the basis of asset management data
3. Impact of expenditure and asset utilisation reflected in both management data and audited financial accounts

Current position

Asset management data	<ul style="list-style-type: none"> • Variety of degrees of development, though slowly improving. Better for some types of asset data than other. Relationships between engineers and finance improving in some authorities, but data use patchy at best
Central government funding decisions	<ul style="list-style-type: none"> • Asset management data not currently used
Local authority funding decisions	<ul style="list-style-type: none"> • Asset management data used in some best practice authorities, but still very patchy
Local authority financial management data	<ul style="list-style-type: none"> • Situation uncertain
Local authority financial reporting	<ul style="list-style-type: none"> • Historic cost data used for main financial accounts. Assets management data used for special WGA information, but still not in main WGA
Audit	<ul style="list-style-type: none"> • Only historic cost data audited

Objectives in transition

- Coordinated approach between all key players
- Minimise additional costs for local authorities
- Avoid triggering CLG new burdens doctrine. New burden defined as ‘*a change that could lead to an increase in council tax if it was not additionally funded by Central Government*’ - applies where central government requires or exhorts authorities to do something new or additional. Action to ensure that they adequately fulfil a role for which they are already funded is not a new burden.
- Ensure local authority accounts do not get qualified ‘en masse’ as a result of changeover
- Remove WGA qualification

Changes required

Local authorities	<ul style="list-style-type: none"> • Complete development of accurate and comprehensive asset management databases • Implement management controls to ensure data is kept up-to-date (senior level ownership, regular internal audit etc) • Expenditure and asset valuation data based directly on asset management system • Take all budget and investment decisions made based on asset management data • Move to preparing financial accounts based on current value data based on asset management data according in accordance with transition approach and timetable and set by CIPFA / LASAAC
Central government	<ul style="list-style-type: none"> • Take in principle decision to move to using asset management data for spending review decisions • Determine transition approach and timetable for move from current data sources to asset management based data, contingent on improvements in local authority asset management data and processes, and adherence to financial reporting transition approach and timetable and set by CIPFA/LASAAC • Monitor levels of compliance and take steps in agreed transition approach based on LAs successfully meeting milestones • Move to reporting WGA data on current value basis from 2012/13 accounts onwards
CIPFA / LASAAC	<ul style="list-style-type: none"> • Take in principle decision on whether current value data should eventually be used as the basis of reporting for highways infrastructure assets in local authority financial accounts • Develop a transitional approach to use of asset management plan-based data in local authority I&E accounts and balance sheets (e.g. inclusion in Explanatory forward, then notes then I&E and balance sheet). • Monitor levels of compliance and take steps in agreed transition approach based on LAs successfully meeting milestones
Auditors	<ul style="list-style-type: none"> • Local auditors to develop audit approaches to address stages in transitional approach to use of asset management plan-based data in local authority I&E accounts and balance sheets • NAO to determine likely impact on overall WGA qualification of 'stepped' local audit approaches to address stages in transitional approach to use of asset management plan-based data in local authority I&E accounts and balance sheets