

WHOLE OF GOVERNMENT ACCOUNTS 2010-11

ADDITIONAL INFORMATION: HIGHWAYS INFRASTRUCTURE ASSETS

(A) Requirement

1. For 2010-11, local authorities are asked to supply a full set of depreciated replacement cost (DRC) and lands data, calculated on the basis set out in the CIPFA *Code of Practice on Transport Infrastructure Assets – Guidance to Support Asset Management, Financial Management and Reporting* (<http://www.cipfa.org.uk/pt/infrastructure/index.cfm>). Columns D, G and J MUST have a value in order for the Pack validations to pass. If you are a body that does not have Highways Infrastructure, or if you are unable to obtain the data to complete certain mandatory cells, please enter zeros in order for your Pack to validate. Please provide an explanation to support the entry of zero balances.
2. It is recognised that the Structures DRC toolkit is not yet available and consequently local authorities are not expected to report on this in 2010-11 and a null return should be made for this value. The L Pack Highways Template reflects this.
3. The full set of estimates provided in 2010-11 will be used as prior year comparatives in the 2011-12 full dry-run year, however, in the 2011-12 Return authorities will be permitted to refine the 2010-11 figures to reflect the improvements in data quantity and quality.
4. It is expected that the estimates will be calculated using the supporting materials and spreadsheet templates developed by the Highway Asset Management Financial Information Group (HAMFIG), available on CIPFA's website (<http://www.cipfa.org.uk/pt/infrastructure/support.cfm>). The L Pack only requires the high level totals for gross replacement cost (GRC) and depreciation for each Level 1 Highway Asset Type, defined in Table 4.1 "Classification of highway assets" in paragraph 4.2.3 (pages 24 to 26) of the transport Code. Some of these materials are being updated to reflect experience from last year so authorities are advised to ensure that they are using the most up to date versions.
5. For each GRC estimate, please select from the drop-down list in the neighbouring cell whether the underlying data used to calculate the estimate was based on actual inventory; sample inventory; default values; or a combination of these.
6. **Data must be rounded to thousands.** In the 2009-10 data collection exercise a number of authorities either reported in pounds (i.e. did not round), or over-rounded to millions. This has an adverse impact on the data integrity of the WGA totals from COINS when aggregated. If the completer of the form has received the figures from a different department, please be sure to confirm the level that the figures have been rounded to so that they are input correctly as thousands in the Return.

7. A rounding validation check has been added to the form, and if total GRC is greater than £1bn, the following message will appear: *“You have reported more than £1bn of GRC data, please ensure this is correct, and that you have not failed to round to thousands.”* Some authorities will have more than £1bn, in which case if you have rounded correctly you should ignore this message.
8. Please provide the estimated percentage of completion on the work done to achieve the full and complete Depreciated Replacement Cost valuation for each of the asset types. Section B of this guidance *“How to Evaluate the Estimated Percentage of Work Complete”* provides the methodology for determining these percentages. We ask for this approximation in order for CIPFA, the Project Implementation Steering Group (PISG), HAMFIG and HM Treasury to get an impression of the progress to date.
9. Please also provide a brief explanation of the plans and progress on the valuation work in the comment box provided, even where estimated values are not yet available.

DATA REQUIRED: GRC, DRC & lands data estimates

[These figures will be used as prior year comparatives in the 2011-12 full dry-run year (para 15 & 16 of WGA timetable paper)]

Highway Asset Types: (Level 1 categories defined in Table 4.1 "Classification of highway assets", para 4.2.3, pgs 24 to 26, of the transport Code)	Gross Replacement Cost (GRC) estimate	Underlying calculation basis (select from drop-down list)	GRC less Depreciation (DRC)		Estimated percentage of work completed
	£'000		Depreciation £'000	DRC estimate £'000	
Carriageway	1,500,000	Actual inventory	- 500,000	1,000,000	80 %
Footways + cycletracks					
Structures (DRC not required) *					
Lighting					
Traffic management					
Street furniture					
Land					
Total	1,500,000		- 500,000	1,000,000	

Rounding Validation check: *You have reported more than £1 bn of GRC data, please ensure this is correct, and that you have not failed to round to thousands.*

* Structures depreciation data is not required in 2010-11 as the Structures DRC toolkit was not available at the time of preparation of the L Pack.

Please provide an explanation of the plans and progress on the valuation work, including any comments you have in respect of the above. (Please keep within the space provided):

10. **IMPORTANT:** the actual valuation method used in the 2010-11 Statement of Accounts is still Historic Cost, and similarly it is the Historic Cost figures that should be entered in the Property, Plant & Equipment (PP&E) sheet of the L Pack.
11. This information is not subject to audit in 2010-11, though auditors might find it useful in considering value for money enquiries.
12. The original timetable required an audit review of GRC data in the 2010-11 Return. However, given the resources and cost involved in auditing the data in this era of substantially tighter public spending, the first audit review has been delayed until the more complete and full dry run year, 2011-12. This should not detract from the worth of the Highways Infrastructure work and the improved services and efficiency savings that will result. We stress the importance of providing the data to the same

quality that would have been given had the audit review been going ahead, given the size and complexity of the task, and so that the momentum of the work is maintained.

13. Please complete CIPFAs Questionnaire in respect of the *Code of Practice on Transport Infrastructure Assets* and supporting materials, which has been included at the bottom half of this sheet in the WGA Return. Please keep the narrative responses within the space provided.

(B) How to Evaluate the Estimated Percentage of Work Complete

Your answers to question 6 to 9 in the CIPFA questionnaire (see L Pack template) should be used to help guide your assessment of progress in each area. Note that this relates specifically to the **DRC** calculation for each asset type.

A score of 0% might indicate that you have none of the required data to implement the code for that asset type and that no progress has been made on gathering the data. Your authority is therefore unable to return a DRC value for this asset type.

A score of 100% should indicate that you have all of the inventory and condition/age data that you need; that none of it is relying on defaults that are being withdrawn; and that the data is sufficiently comprehensive and robust as to be fully auditable. You are able to successfully produce the DRC for this asset and feel that there is nothing further that you need to do in preparation for the full, audited implementation of the Code.

To assess your level of progress between those two points, you might consider 40% of the score to relate to the **inventory**, 40% to the **condition/age** data (as appropriate) and 20% to your ability and readiness to **process** the data to produce the DRC.

For instance, if you have full length data for your carriageways but no widths other than the default widths (which will be withdrawn), then you might give yourself 20 out of 40 for this part. If you have commissioned a series of surveys to gain this data, but don't yet have it, you might instead warrant 30 out of 40.

If you have full, reasonably current condition information for the same assets and intend to continue to collect this data to keep it up to date, you could rate 40 out of 40 for the 'condition data' element. If, on the other hand, you have no data or the data you have is out of date or not a representative sample of your whole asset, chances are you will need to gather more data and should therefore rate 0 – 20 out of 40 for this section, depending on how lacking you are.

If you have fully understood the process for arriving at the DRC, have the tools you need, have tried it out and arrived at a result with which you are

comfortable (possibly after having compared results with similar authorities); then you should rate 20 out of 20 for the 'process' element. If you would be unable to complete the DRC, even with all the right data, you should rate 0 out of 20; for this reason it is not expected that authorities will rate more than 80% on Structures in this year's assessment. If you have made progress towards calculating the DRC but are not yet fully confident of the process or results, you should assign 10 out of 20 for process.

(C) Further information and background

In October 2009, the draft CIPFA *Code of Practice on Transport Infrastructure Assets* was sent to all local authority finance directors for consultation, and all local authorities were invited to attend a series of workshops on the Code. Section 1.5.2 of the Code stated that information will be gathered via the WGA data collection process (L Pack), starting with limited, unaudited data submissions for 2009-10, building up to a full audited dry run in 2011-12 and the withdrawal of historic cost based reporting from 2012-13.

The 2010-11 GRC and DRC estimates are for information purposes only, and are to capture the progress being made by local authorities on revaluing their Highways Infrastructure Assets. Please be aware that in many cases local authority staff outside of the central finance team, such as asset management and engineering staff, are undertaking this work.

The WGA timetable paper "[Accounting for Highways Infrastructure Assets in the Local Authority Sector on a Depreciated Replacement Costs Basis: Interim Accounting Arrangements for the Period up to 2012-13](#)" is available on the WGA page of the HM Treasury; DCLG; Scottish Government; and Welsh Assembly Government websites, and was developed following consultation with the devolved administrations, audit bodies and the CIPFA PISG. [http://www.hm-treasury.gov.uk/wga_guidance_index.htm]

Paragraphs 15 to 17 of this paper refer to the additional information requirement for 2010-11, which has recently been updated to reflect that audit review of highways figures will not commence until 2011-12.

The intention of this incremental approach is that in the absence of a formal trigger point process, it will help encourage and maintain the momentum of the highways infrastructure asset management and revaluation work.

Refer to <http://www.cipfa.org.uk/pt/infrastructure/index.cfm> for more information about the development of the CIPFA *Code of Practice on Transport Infrastructure Assets*.