

20 October 2009

Dear Colleague

**Transport Infrastructure Assets Code:  
Guidance to support asset management, financial management and reporting**

In 2006 H M Treasury and the Department for Transport commissioned CIPFA to carry out a review of accounting, management and finance mechanisms for local authority transport infrastructure assets. The final review report was issued in 2008, following extensive consultations, and the Government's response, which accepted the review's findings and recommendations, was published in January 2009. To support implementation, the Government asked CIPFA to produce a new Code that would deliver robust, consistent financial information to support transport asset management, financial management and reporting.

The main driver for the Code is to help transport authorities to develop robust, consistent information to support effective management of the assets, to understand the true costs of holding and maintaining them and to deliver improved long term value for money and service improvements to users. In the 2009 Budget Report, implementation of the Code was included in the Public Value Programme because of its potential to help authorities to deliver efficiency savings.

A key principle is that the same data and systems serve all the potential uses for the Code generating asset management financial data in a form that can be readily used to report the assets on a current value basis in Whole of Government Accounts. H M Treasury is setting a timetable for a gradual transition to reporting on this basis for highways assets, building up to a full audited dry run in 2011/12 and the withdrawal of historic cost based reporting from 2012/13, and will be providing more detailed guidance shortly.

A draft of the Code has now been published for consultation and is available at:  
<http://www.cipfa.org.uk/pt/infrastructure/>

Other materials to support implementation, are also available at  
[www.cipfa.org.uk/pt/infrastructure](http://www.cipfa.org.uk/pt/infrastructure)

A set of specific consultation questions is attached to this letter (and also available as a response form on the website with the draft Code). However, we would also welcome views on any aspect of the report or the draft Code. Consultation responses will be used to inform the final version of the Code to be published next February.



INVESTOR IN PEOPLE

This version of the Code applies to local highway infrastructure and has been developed in conjunction with the Highways Asset Management Financial Information Group (HAMFIG) which includes representatives from England, Scotland and Wales. The intention is that once this version is finalised, a further version will be produced to cover other local transport network assets, ie tram, light rail and underground systems. One aim of the present consultation therefore is to seek the views of authorities who hold such networks on the further work needed to support their asset management and financial management.

Responses should be submitted, preferably by e-mail, so that they will be received by 14 December 2009. All comments will be considered a matter of public record.

Comments should be sent to:

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We look forward to receiving your views and comments.

Yours sincerely



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This letter is being sent to:

Local Authority Chief Executives in England, Scotland and Wales  
Local Authority Finance Directors in England, Scotland and Wales  
Local authority Directors responsible for Highways and Transportation in England, Scotland and Wales  
Clerks to the Integrated Transport Authorities  
Chief Executives of the Passenger Transport Executives and Strathclyde Partnership for Transport  
Directors of Finance for the PTEs and Strathclyde Partnership for Transport  
Chief Executives of the National and Local Audit Bodies for England, Scotland and Wales  
The Local Government Associations in England and Wales and the Convention of Scottish Local Authorities  
Other interested stakeholder groups

## QUESTIONS FOR CONSULTATION

1. Do you agree that the Code meets the purposes stated in section 1.1.
2. Are the tools to support implementation of the Code helpful and appropriate? Is anything else required?
3. Is the relationship to other guidance clear?
4. Do you have any comments on the amended asset classification and its proposed use?
5. Is the description of the building blocks and the way they are used in the high level model clear and appropriate? Is any further guidance required on this?
6. GRC – the approach in the code is designed so that so long as authorities develop reasonable inventory, the process of calculating GRC should be relatively quick and straightforward. Has this object been achieved? Is the guidance clear? Is anything further required?
7. Is the approach to calculating depreciation set out in section 7 clear and appropriate? Is anything further required?
8. Is the detailed guidance on the application of the code to individual asset types, including interim solutions to deal with present data deficiencies, clear and appropriate? Is anything further required?
9. Are there any further issues that need to be addressed in the code or where more detailed guidance or exemplification would be helpful?
10. The intention is to extend the Code to support asset management and financial management of other local transport network assets, i.e. tram, light rail and underground systems. Would changes need to be made to the high level principles, building blocks and financial model to support this and what additional guidance and supporting materials will be required?