

## **ESTIMATED COST OF SUPPORTING EARLY IMPLEMENTATION OF A CHANGE TO THE SORP**

This annex explains the basis of the estimated one off cost of £15m to support early implementation of asset management as discussed in the main report. This is an estimate of the cost of collecting basic inventory data for Great Britain, based on road lengths and categories. Northern Ireland has not been included in the calculation because at present all its roads are the responsibility of the Northern Ireland Roads Service and are outside the SORP. In practice, the issue of additional funding would need to be considered as a possible New Burden. Any support would be allocated to England with the usual consequential effects on funding of the other administrations.

As the report shows, there is huge variation in the progress made by individual authorities in implementing asset management; and even authorities who have made broadly equivalent progress overall will often have very different data gaps from each other.

Our own cost estimate is based on the following assumptions.

Asset management broadly requires three basic types of information: inventory data; condition information; and unit cost rates.

Authorities generally have good information about the condition of their big value assets, particularly carriageways, and can make reasonable assumptions about the rest, if necessary drawing on experience from elsewhere. Similarly, where authorities do not initially have sufficient cost data of their own, there is scope for drawing on work done by others, through the various regional groups. Our recommendations to support and streamline the valuation process, particularly the proposed extension of the MSIG and SECE projects, are designed to facilitate this. However, each authority still needs a basic level of inventory data to start delivering benefits from asset management and to provide data of auditable quality for the accounts. Our cost estimate is therefore based on the cost of collecting a basic level of inventory across the whole local roads network since this is the significant element of additional cost that would be needed to support an early change to the SORP.

The figures below are based on unit rates put together for CIPFA by one of the regional groups have been discussed with the CSS/TAG Asset Management Working Group. They are based on some up to date price rates for video based surveys, and the unit rates (expressed as £s per km) are a combination of the cost of making the video and then processing sufficient data to provide a decent basic level of inventory. We are advised that, even if funding was not an issue, it makes sense to stage the amount of data extracted at any one time, since otherwise the volume would be far greater than could be used at one go and video processing offers the capability for capturing additional characteristics later.

There are of course other approaches to collecting inventory data, and it would be for individual authorities to decide what information they needed and how they wished to procure it. However, we have used this particular approach because the rates are competitive and up to date, authorities who have used it have done sample testing to verify the results, and as well as providing the capability for further data processing later, the video itself can be a useful aid, e.g. viewing a route first on video can reduce the time spent doing a live investigation.

The costs are:

<b>Road type</b>	<b>Unit rate(£)</b>	<b>km</b>	<b>Cost (£m)</b>
A (U)	45	10663	0.5
A (R)	35	27312	1.0
B (U)	40	5550	0.2
B (R)	32	24639	0.8
C (U)	35	10878	0.4
C (R)	30	73581	2.2
U/C (U)	50	113757	5.7
U/C (R)	30	109426	3.3
Total			<hr/> <hr/> 14.1 <hr/> <hr/>

Road lengths based on local roads GB (2005), taken from Transport Statistics GB.

This figure has been increased to £15m to allow for incidental additional costs, such as setting up and managing contracts, data verification and handling.

We have considered whether it is necessary to survey all roads initially, or whether it might be sufficient to sample only a proportion, say 50%, of unclassified roads. However, we have found that this would not produce significantly lower costs because the biggest cost element of the surveys is in the time and distance travelled, so sampling only a proportion of roads would involve paying for a lot of unproductive time travelling between surveyed sections. And of course sample information is less robust than a full survey, and to maximise the benefits of asset management, authorities would need to go back and survey the rest later. We have therefore concluded that a survey covering all roads would give much better value.