

RESPONSES TO THE CONSULTATION DRAFT

63 responses were received as shown below.

Appendix 1 to this note provides a summary of responses to the specific consultation questions. Appendix 2 looks at other key matters raised by consultees.

LIST OF RESPONDENTS

Argyll and Bute Council
Audit Scotland
Bedfordshire CC
Bracknell Forest
Bradford
Bridgend
Caerphilly
Cardiff
Cheshire CC
CIPFA Scotland FDs
Cornwall CC
CSS Engineering Committee
CSS Wales Engineering Group
Cumbria CC
Dorset CC
Dumfries and Galloway
Durham
East Ayrshire
East Riding
ERA VG
Hants CC
Haringey
The Highland Council
Hounslow London Borough
Institute of Asset Management (IAM)
The Institution of Highways and Transportation
Kensington and Chelsea
Kent CC
Knowsley
Lancashire
LASAAC

LIST OF RESPONDENTS

Leeds

Lewisham

Local Government Association

Midlands Service Improvement Group (MSIG)

The Moray Council

National Audit Office (NAO)

Newcastle City Council

Norfolk County Council

North Yorkshire

Northumberland CC

Pembrokeshire

PTE Finance Directors Group

Rhondda Cynon Taff

RICS

Scottish Government

Sefton Met BC

Sheffield City Council

Society of Chief Officers of Transportation in Scotland (SCOTS)

Society of London Treasurers

Somerset County Council

South Ayrshire

South Lanarkshire CC

Stockport CC

Strathclyde Passenger Transport

Sunderland

TAG

Tameside

Transport for London

Wales Assembly Government

Wales Audit Office (WAO)

Harry Wilkinson (personal response)

Wrexham Council

REVIEW OF SUPPORT FOR REPORT PROPOSALS

Most respondents provided specific answers to the six questions in the consultation draft. Simple quantitative analysis of these provides some useful information. The main points from this analysis show very strong support for the AMP approach, and strong but not uniform support for linkage with a change to the SORP. Extension to other assets is supported in principle.

In some cases, key respondents are noted.

(i) In terms of supporting better financial management of transport infrastructure assets and meeting other objectives of the review, do you agree that an AMP based approach has significant advantages compared with either the present local authority or national roads approaches?

58 respondents supported an AMP based approach, although many expressed subsequent concerns about resourcing, practical implementation, and whether savings would be cashable.

2 responses questioned the approach, on the basis that the cost benefit argument had yet to be proven. In addition to comments on resourcing, implementation and savings, the Scottish Government response made a specific reference to the fact that the central government approach to infrastructure under IFRS had yet to be determined.

(Scottish Government, CIPFA Scottish FDs; a small number of other responses are apparently supportive but slightly unclear)

(ii) Do you agree that the benefits of an AMP based approach would be realised more quickly and fully by a change to the way infrastructure is treated under the SORP?

47 respondents viewed linkage between the AMP approach and the SORP as essential, desirable or natural.

17 responses expressed varying degrees of concern over this linkage. Some reflected a view that there were risks that accounting aspects might dominate.

9 considered that linkage with the SORP would damage AMP implementation. The Scottish Government suggested that, rather than following an AMP based approach, the SORP should concentrate on developing component depreciation. The LASAAC response may incorporate a view that cash based reporting is more appropriate for these assets. The Audit Scotland approach suggested that additional incentives and regulation would be required. TfL consider the lack of IFRsM guidance problematic.

The 'non-supportive' responses were fairly evenly split geographically, but were about 50% of the Scottish responses (6/13). All of the 'non-supportive' responses appeared to be Finance-led.

(Scottish Government, LASAAC, Society of London Treasurers, Transport for London)

(iii) Do you agree with the recommendations for further guidance and development work identified in paragraph 7.5, and are there further issues that should be addressed here?

Responses to this question were generally supportive of the principle of producing further guidance and carrying out further development work. Specific points raised included:

- doubts as to whether 'quickstart' guidance represented a feasible approach (2 responses)
- concern that the SECE project was not the only (or necessarily the best) starting point for guidance, and that considerable work had already been done elsewhere
- HAMPs being progressed as an all-Wales project
- various comments on the need to balance standardisation with the requirement to incorporate local differences.

Other points arising from responses to question (iii) are included in subsequent analysis of other key matters, in Appendix 2.

(iv) What are your views on the proposed way forward described in paragraphs 7.6 – 7.18 for implementing a change to the SORP? And are there other actions that would need to be taken to support implementation?

In general, those respondents who were supportive of the SORP approach at question (ii) were supportive of the proposed way forward, while offering a large number of detailed comments on implementation and resourcing issues.

All but one respondent were content with the proposed delay in implementation, while many suggested that implementation should be delayed further, for example until the targeted implementation of AMPs in Scotland in November 2011. A number of bodies raised concerns that interim solutions might reduce the impetus to implement properly managed solutions

Other points arising from responses to question (iv) are included in subsequent analysis of other key matters, in Appendix 2.

(v) What are your views on the treatment of transport infrastructure assets that are not covered by the SORP – would they also benefit from an AMP based approach and, if so, how should this be achieved?

17 respondents did not comment on this question, or indicated that they had no view.

32 respondents suggested that there was a clear case for extending the AMP based approach.

The other 13 respondents expressed support in principle subject to further analysis.

The PTE Finance Director's Group, while generally supporting AMP based approaches for local authorities, and for asset management within PTEs, was not convinced about extension to PTE financial reporting, citing cost benefit issues in obtaining replacement cost information. However, where such information was available, AMP based financial reporting was supported.

Some responses included suggestions on the approaches which might be applied to specific assets.

(vi) Should the idea of extending an AMP based approach to other local authority operational property assets, building on the experience of the MRA for housing, be investigated further?

11 respondents did not comment on this question, or indicated that they had no view.

1 respondent suggested that the MRA approach was so specific that it would not generalise to assets with rather different characteristics.

37 respondents suggested that there was a clear case for investigation.

The other 15 respondents expressed support in principle subject to further analysis.

OTHER KEY MATTERS RAISED IN CONSULTATION RESPONSES

<p>Resourcing and implementation matters</p>
<p>Cashable savings: 12 respondents expressed concern that, notwithstanding the scope for improved efficiency offered by an AMP approach, the scope for cashable savings was rather less. LASAAC explain that this is particularly an issue for authorities where a substantial fraction of annual spend is reactive emergency maintenance.</p>
<p>£15 million pump priming: 12 respondents expressed concern that £15 million 'pump priming' would not be sufficient.</p> <p>(SCOTS and LASAAC provide costings, although these may not strictly compare with the pump priming proposal).</p>
<p>Resourcing and Funding Matters: 25 respondents (mainly local authorities and their representative bodies) expressed concern that substantial additional resources would be required, and that grant funding arrangements might stop pump priming monies finding their way into increased allocations for some authorities.</p>
<p>Implementation and data quality issues, including auditability: 10 respondents identified problems arising from data quality. MSIG (among others) suggested that material and important matters should be prioritised as a means of addressing this. Audit Scotland observed that data quality issues could raise auditability questions, both for interim and developed systems.</p>
<p>Concern over timing: 23 respondents expressed concern over the proposed timetable, sometimes linked to data quality concerns or resourcing issues. 3 respondents made the specific point that 'interim solutions' might reduce the impetus for more developed solutions.</p> <p>37 respondents considered the 2009-10 timetable achievable or elected not to comment. Only 1 response clearly indicated that earlier adoption would be a better approach.</p> <p>4 respondents commented on the 'handling' issues arising from material SORP changes soon after the 2006 and 2007 SORP reforms.</p>
<p>Availability of Expertise: 3 respondents highlighted difficulties that might arise in respect of expertise. This was considered a particular problem in respect of smaller authorities in Wales. 1 respondent also suggested that initial data gathering requirement for AMP might exceed the annual capacity of consultants and equipment providers.</p>
<p>Technical concerns</p>
<p>Non-road infrastructure: 11 respondents (6 from Scotland) suggested that the draft report did not fully address issues for authorities which are substantial holders of non-pavement road related infrastructure assets such as bridges, as well as harbours and airports.</p>
<p>Component questions: 5 respondents raised explicit concerns about the reports assumptions about lower layers, suggesting that these do not apply to some older and 'evolved' road structures. They highlighted a need for further guidance. 1 respondent suggested that these issues might significantly affect IFRS compliance.</p>

Depreciation Issues: 9 respondents made specific reference to the need to develop guidance in respect of depreciation. 10 referred to the desirability or the inevitability of depreciation hitting the bottom line, and the need to very carefully manage transition in such a case.

Heritage issues: 2 respondents commented on the special issues arising for 'iconic' infrastructure such as the Tyne Bridge.

(Newcastle, Leeds)

Land values: 3 respondents commented on matters relating to valuation of land. RICS offered to contribute to the development of a practical approach.

(RICS)