

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 22 AUGUST 2006

ROADS ASSET MANAGEMENT – SCOTS PHASE 2 BID TO THE SCOTTISH EXECUTIVE EFFICIENT GOVERNMENT FUND

Report by the Executive Director of Development and Property Services

1. PURPOSE OF REPORT

1.1 The purpose of the report is to:

- (i) Advise the Committee of progress on the preparation of the Society of Chief Officers of Transportation in Scotland (SCOTS) Road Asset Management Phase 2 Bid to the Scottish Executive Efficient Government Fund.
- (ii) Request that the Committee support this Bid and approve that Glasgow City Council be the lead authority on behalf of the Scottish Councils.
- (iii) Request that the Committee authorise the Head of Legal Services to sign the Legal Agreement confirming East Ayrshire Council as a partner in this Bid.

2. BACKGROUND

2.1 The full application of asset management involves the combination of engineering, management and financial processes optimally over the long term so that the asset maintains its value and provides the required levels of service in the most economic and sustainable way.

2.2 The estimated value of the road network in East Ayrshire is £556 million. At current levels of investment the condition of the network is continuing to deteriorate and it is imperative that we have the tools and techniques to maximise the benefit from our existing funding and to demonstrate this to stakeholders and central government.

2.3 Asset Management plans are currently a statutory requirement for Highway authorities in England and it is anticipated that they will also be introduced in Scotland in the next few years.

2.4 The Asset Management project has been developed by SCOTS (Society of Chief Officers of Transportation in Scotland) covering all 32 local authorities in Scotland in response to the recommendations made in the Audit Scotland report "Maintaining Scotland's Roads" and to address the Local Government Scotland Act 2003 that encourages Councils to develop asset management plans for major assets.

2.5 The project aims to:-

- Deliver the aspirations for a better road network as set down by the Scottish Parliament by ensuring that available finances are spent in the most productive manner.
- Create a common framework for the development for transport asset management plans for all Roads Authorities across Scotland
- Provide a single asset management protocol for all Roads Authorities in Scotland
- Collect standard inventory items to populate a national asset management database

3. CURRENT SITUATION

3.1 Against this background the implications and substantial costs of introducing asset management was discussed by SCOTS. It was decided in Autumn of 2004 to prepare a Stage 1 Bid to the Scottish Executive for Efficient Government Funding. This bid was successful and funding to a maximum of £50,000 for the preparation of a Stage 2 bid was secured.

3.2 Consultants Halcrow were appointed by SCOTS to develop the successful Stage 1 bid and assist in the preparation of a Stage 2 bid. The bid is due to be submitted on 31 August 2006 and if successful would see the project start in 2007.

3.3 The Stage 1 bid indicated that the cost of individual Scottish authorities producing their own roads asset management plans is estimated at £48m over a five year period. The estimated savings of a joint project which would include procuring a common framework for asset management across Scotland is of the order of £20m. If successful the Efficient Government Fund will contribute between 40-75% of the cost of the eligible project costs which include:-

- Professional advice, expertise and resources to develop the link between transport strategies and policies (at national, regional and local levels) and the detailed inventory of infrastructure to ensure the use of financial resources is targeted to meet specific aims.
- Development of a single protocol to pull together diverse asset management systems.
- Collection of inventory items to populate the system
- All of the above to be carried out by dedicated programme/project staff.
- The necessary IT infrastructure to support national implementation.

3.4 Savings are expected to be derived from:-

- Joint procurement of IT systems, inventory surveys etc
- Joint project management rather than each authority having to dedicate its individual resources.
- Shared research and training

3.5 The project would contribute significantly to joint public sector partnership models and procurement activity on a collaborative basis across Scotland.

3.6 The project timescale is estimated at five years.

4. PROJECT MANAGEMENT

4.1 A small dedicated team will be required to manage the project Scotland wide on behalf of SCOTS and this team would report to a SCOTS Project Board.

4.2 As one of the larger Councils, Glasgow City Council at their Policy and Resources Committee of 20 June 2006 agreed that they would support the Phase 2 Bid and that they would be the lead authority for the submission of the Bid and, if successful in the bidding process, also carry out the procurement and management of the project over the five year period. Ian Bruce, Head of Roads and Transportation at Glasgow City Council is the Project Board Chair.

- 4.3 A Legal Agreement will be drawn up for consideration and signature by all partner Councils
- 4.4 There is similar arrangement currently in place with Perth and Kinross Council who currently manage successfully the Scottish Road Management Condition Surveys contract on behalf of the 32 Councils.
- 4.5 A letter will be sent from Glasgow's Chief Executive to each Council's Chief Executive requesting confirmation of the Council's agreement to take part in the bid.

5. OUTCOMES FROM THE BID

- 5.1 The process of developing asset management plans that relate expenditure to community and stakeholder aspirations and level of service with available budgets, strategic aims and objectives and condition information is an important step in demonstrating that the available funding has been put to prudent use. It is delivering on the Best Value agenda that is set out in the Local Government Scotland Act 2003, and the challenging demands of the Executive to improve efficiency.
- 5.2 The process will also allow authorities to develop performance information, from strategic information down to service specific data and comparison with like authorities. Such performance data would be developed with Audit Scotland through the course of the project.
- 5.3 The success of the Stage 2 bid will allow the preparation of a common asset management framework at a greatly reduced cost to local authorities. Systems across Scotland will be compatible and directly comparable and will have been designed to achieve Audit Scotland's desired benefits of:-
- Up to date information on road networks
 - Asset management systems linked to GS and financial systems
 - Pavement management systems to minimise whole life costs of maintenance
 - A framework of performance indicators and targets to increase roads maintenance performance
 - Better inventory information on Council assets
 - Finance is spent in the most productive manner
 - Efficient Government across the public sector
- 5.4 In addition, it will also require to fit into each Council's Corporate Asset Management System.

6. FINANCIAL IMPLICATIONS

- 6.1 It is not possible at this stage to give a definitive cost of the project to each individual authority. However, the average contribution for the Council may lie in the range of £62,000 - £150,000 per annum over 5 years. This cost is dependent on the amount of asset data the Council has in its possession and what remains to be collected. However, some of this cost may be in the form of direct staff costs which would be partly recoverable. As more accurate information is available a further report will be submitted to the appropriate Committee.
- 6.2 Overall cost of the project will require to be addressed in future budget allocations.

7. LEGAL IMPLICATIONS

- 7.1** A Legal Agreement will be drawn up by Glasgow City Council for approval by each of the partner Councils. When agreement is reached this will then be signed by each Council.

8. POLICY IMPLICATIONS

- 8.1** All 32 Councils creating a common framework for the development of roads asset management plans for all roads authorities in Scotland is part of the governments Best Value agenda, efficient government agenda and Shared Services agenda.

9. RECOMMENDATIONS

- 9.1** The Committee is recommended to:

- (i) Note the progress of SCOTS Roads Assets Management Phase 2 Bid to the Scottish Executive Efficient Government Fund.
- (ii) Approve their support for this Bid and for Glasgow City Council to be the lead authority on behalf of the Scottish Councils.
- (iii) Authorise the Head of Legal Services to sign the legal agreement once approved confirming East Ayrshire Council as a partner in this Bid.
- (iv) Note that a further report will be submitted when the outcome of the Bid is known.

James Lavery
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JTK/CT/SC -
4 August 2006

BACKGROUND PAPERS

Nil

For further information on this report, please contact Jim Kane, Head of Roads & Transportation (Tel: 01563 576310)

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