
ARGYLL & BUTE COUNCIL**STRATEGIC POLICY COMMITTEE****OPERATIONAL SERVICES****15 JUNE 2006**

**EFFICIENT GOVERNMENT FUND BID BY SCOTS FOR A NATIONAL ASSET
MANAGEMENT FRAMEWORK**

1. SUMMARY

SCOTS (The Society of Chief Officers of Transportation in Scotland) in response to the recommendations made in the Audit Scotland Report, Maintaining Scotland's Roads, are submitting a bid to the Scottish Executive's Efficient Government Fund (EGF) to develop a nationwide roads asset management framework. It is proposed that the Committee supports the Bid, which can be delivered on a cost neutral basis to Argyll and Bute Council. The implementation of a nationwide Asset Management Plan could have financial implications for Argyll and Bute Council but at present the extent of this cost is not known.

2. RECOMMENDATIONS

- 2.1 The Committee is asked to note this report.
- 2.2 Support the Stage Two EGF bid to be made by SCOTS, as it will be carried out on a cost neutral basis to the Council.
- 2.3 Instruct the Head of Roads & Amenity Services to report back to the Committee as soon as the financial implications of a successful Stage Two bid are known.

3. DETAIL

- 3.1 The Committee has previously considered reports based on Audit Scotland's Maintaining Scotland's Roads Document where a number of objectives were identified by Audit Scotland and which were subsequently actioned by Roads & Amenity Services. As part of the Audit Scotland Report, it was proposed that the Code of Practice prepared by the Institution of Highways and Transportation - Delivering Best Value in Highway Maintenance should be developed throughout Scotland. At present there are only four Local Authorities who have implemented this matter, including Argyll & Bute. In Roads & Amenity, we have been using the Roads Asset Management Plan to aid roads maintenance since April 2004. It should be recognised that the vast majority of Scotland's Councils require significant work to be undertaken to implement this Code of Practice.
- 3.2 In the EGF bid, SCOTS has responded to the Audit Scotland report in several ways.

- Creating a common framework for the development of Roads Asset Management Plans for all Roads Authorities throughout Scotland.
- Providing a single Asset Management protocol for all Roads Authorities in Scotland.
- Delivering the aspirations for a better and improved road network.
- Collecting standard inventory details to populate a national Asset Management database.

In general terms, this Authority has addressed the issues of developing a Road Asset Management Plan and it has collected the vast majority of the standard inventory items.

3.3 In Autumn 2005, the Scottish Executive indicated that SCOTS' Stage One Efficient Government bid had been successful and that they were prepared to offer support funding for a development of a Stage Two bid. The grant offered was 50% of the costs up to a maximum of £50,000. SCOTS agreed that as the bid involved all Scotland's local authorities then the Council share of the costs would be found from efficiencies in the Scottish Roads Maintenance Condition Survey funds. Effectively, the Stage One and Stage Two bids can be carried out, on a cost neutral basis to the Council.

3.4 The Stage One Bid indicated that the national project cost is around £27 million over a five-year period, which would result in savings of around £20 million. Savings would arise from the following areas

- ICT systems, through joint procurement of system software and maintenance contracts.
- Procurement of survey system development, which lead to one off savings.
- Project management through a smaller number of parties being involved on behalf of all local authorities rather than each Council being directly involved.
- Pooled resources for research and savings from training.

The Stage Two Bid requires a Business Case to be prepared and assessed. The schemes that will be successful will demonstrate the largest benefit when considered against a balanced return versus risk.

In order to assist in the development of this work, SCOTS have commissioned consulting engineers Halcrow, to prepare the bid.

3.5 The initial estimate of costs are considerable, but this should be weighed against the project costs over a five year period involving all 32 Local Authorities gathering data, developing systems and using common frameworks. It has been estimated that an average authority would require funding of £155,000 per year.

3.6 It should be recognised that a significant amount of work has already been undertaken by this Authority on Roads Asset Management. It is not possible at this stage to determine the actual level of funding this Council may be required to provide in a successful bid, but it would be significantly less than £155,000 per annum, due to the work already undertaken. In general terms, it would be

appropriate for the Committee to support the EGF Stage Two Bid, as this exercise is being carried out on a cost neutral basis to the Council. The actual costs for the development of the project are unclear at present and it would be appropriate to report back later when the impact on Argyll and Bute Council can be established. It is only when an estimate of the cost has been determined that the Committee will be able to have an informed view on ultimately supporting the project.

4. IMPLICATIONS

- 4.1 Policy – None, at present although ultimately this could lead to a nationwide Asset Management System.
- 4.2 Financial – The Scottish Executive has offered a 50% grant up to a maximum of £50,000 to progress the Stage Two EGF Bid. SCOTS has identified this share of costs from efficiencies in the Scottish Roads Maintenance Condition Survey contract. Effectively, the Stage Two Bid can be carried out on a cost neutral basis. The detailed implications of the bid in terms of cost and benefits have to be assessed for each Local Authority. It is only when Stage Two Bid has been successful that the actual costs to each Authority can be determined.
- 4.3 Personnel – None.
- 4.4 Equal Opportunities – None.
- 4.5 Legal – None.

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