

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	30 January 2015
Subject:	Project Plan for the Implementation of the Code of Practice on Transport Infrastructure Assets
Report by:	Head of Financial Services and Section 151 Officer
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to disclose the Project plan for the Implementation of the Code of Practice on Transport Infrastructure Assets contained in the Appendix.

2. Recommendations

That the project plan for the implementation of the Code of Practice On Transport Infrastructure Assets contained in Appendix A be noted

3. Background

The Chartered Institute of Public Finance and Accountancy Code of Practice on Transport Infrastructure Assets is concerned with changing the valuation basis for highways assets from depreciated historic cost to depreciated replacement cost for the 2016/17 financial statements. The Council is required by statute to have regard to the Code of Practice on Transport Infrastructure Assets.

4. Reasons for Recommendations

Work already undertaken has identified that the new basis for valuing the Council's highways infrastructure (depreciated replacement cost) will increase the value of the transport infrastructure assets by an estimated £1.7bn from £87m to £1.8bn. To put this into context, the Council's net assets are currently £0.6bn, but would increase to £2.3bn.

In addition the annual depreciation charge for transport infrastructure assets will increase by an estimated £29.4m from approximately £2.6m to £32m. Again, to put this into context, the Council's gross expenditure on highways and transport services, currently £44m, would increase to £73m.

Whilst this will represent a significant increase in the balance sheet value of the Council's assets, and a corresponding significant increase in the cost of the Council's services, these increases will not affect the Council's overall budget and financial position.

Implementing the Code of Practice on Transport Infrastructure Assets will amount to a major project over three years and will require input from the Transport and Environment Service and the Council's Highways Private Finance Initiative Contractor in addition to Financial Services. As a statutory obligation, this work will need to take priority over other important activities of a more discretionary nature.

5. Equality impact assessment (EIA)

The contents of this report do not have any relevant equalities impact and therefore an equalities impact assessment is not required.

6. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

7. Finance Comments

Failure to follow the Code would be likely to result in the auditors qualifying the Council's financial statements in 2016/17 with consequent poor publicity and reputational damage to the Council.

.....
Signed by Head of Financial Services and Section 151 Officer

Appendices:

Project Plan for the Implementation of the Code of Practice on transport Infrastructure Assets

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Closing of accounts files	Financial Services

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Governance and Audit and Standards Committee on 30 January 2015.

.....
Signed by: the Chair of the Governance and Audit and Standards Committee