

# Asset Management Framework

A component document of the Highways  
Infrastructure Asset Management Plan (HIAMP)

Version 1.0

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## EXECUTIVE SUMMARY

Southwark Council is continually driving forward improved services and better outcomes from its highway assets. The Council manages a large number of highway assets and therefore the Council needs clear guidance on how to manage these efficiently and strategically, applying a risk based approach.

Risk management is a central part of the strategic management of any organisation. The international standard, ISO 31000: “Risk Management – Principles and Guidelines” recognises the importance of feedback and the need to monitor and review risks.

The Asset Management Framework (AMF) defines how Southwark will manage its highway assets efficiently and thereby improve their performance.

This AMF should be read alongside the *Highway Asset Improvement Plan Policy, Strategy and Levels of Service* document, which sets out the Council’s vision for its highway asset which includes an improvement plan to achieve it.

The Council uses the Chartered Institute of Public Finance and Accountancy (CIPFA) definition to categorise physical assets, which are:

1. Carriageway.
2. Footways and cycle tracks (attached to the road or segregated).
3. Structures.
4. Highway Lighting.
5. Street furniture.
6. Traffic Management systems (this asset is not applicable to Southwark as it is managed by Transport for London).
7. Land.

This AMF reports on six of the asset categories. Traffic Management systems do not form part of this framework, as this asset is managed by Transport for London.

The AMF provides policies for the Council to follow, giving officers and councillors a plan of action for managing, reviewing and challenging the highway assets it manages. Supporting text in the document explains the purpose and rationale for arriving at each policy.

The AMF policies are:

### **Strategic Highway Asset Management**

- 1.1 Categorise highway assets in accordance with the requirements of the International Financial Reporting Standards.
- 1.2 Produce a valuation of the highway asset every year in accordance with Whole Government Accounting (WGA).
- 1.3 Assess the performance of the highway asset to gain a better understanding of how it compares to other local authorities and to help make strategic highway

asset decisions.

- 1.4 Monitor the highway assets against indicators to measure progress.
- 1.5 Undertake regular inspections on highway assets to ensure the safety of the public and integrity of the highway asset.
- 1.6 Evaluate the risk posed by the asset and amend the council's risk register in accordance with the asset condition.

## **Highway Asset Management**

- 2.1 Continue with the Council's highway asset maintenance programme to ensure the highway assets are kept in good repair.
- 2.2 Prepare and review asset management plans for all major investment on the highway asset.
- 2.3 Monitor and review any planning applications on sites adjacent to the Council's highway asset to ensure their impact on the Council's highway asset is fully understood and consider any opportunities to provide public realm development within the highway asset.
- 2.4 Re-assess and review risk activities and risk priorities for the coming year.
- 2.5 Assess which highway assets may be recommended to be declared surplus.
- 2.6 Follow the procedures set out in the Council's policies on Land and Disposals and the Council's Constitution once highway land is identified for sale.

The framework includes governance arrangements for these policies with a rolling programme for review.

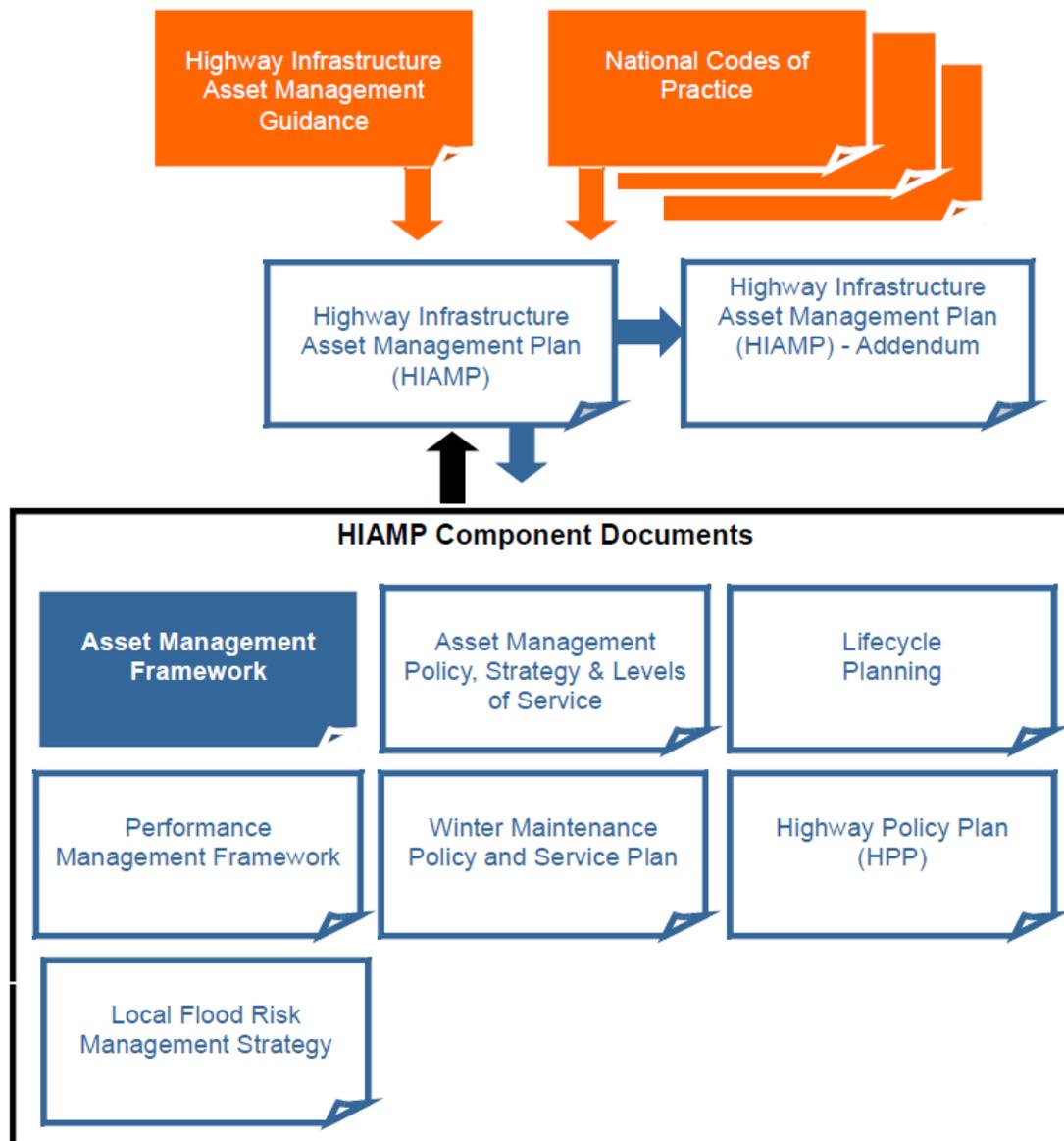
## INTRODUCTION

### Relationship of Asset Management Framework with Highways Infrastructure Asset Management Plan (HIAMP) Documentation

The HIAMP is a high level document that takes a long term view which will only need to be updated when there is a change in policy or approach, or to reflect improvement actions undertaken following a Management Review.

The Asset Management Framework to the HIAMP is a component document providing asset management information, which will be regularly updated to reflect the progress undertaken in asset management. This Asset Management Framework is an essential part of how Southwark Council manages its highway network as a strategic resource and individual highways as strategic assets.

**Figure 1 – Relationship of HIAMP documents**



## ASSET MANAGEMENT FRAMEWORK (AMF)

This framework aligns with the two fundamental themes and strategic priorities set out in the Southwark Sustainable Community Strategy 2016:

- Making the borough a better place.
- Delivering quality public services.

It also reflects the Council's highway asset aims and ambitions.

This framework compliments the Corporate Asset Management Plan. When read together with the ***Highway Asset Improvement Plan Policy, Strategy and Levels of Service***, the two documents provide a complete overview to ensure the council gains the best from its highway asset.

The AMF contains a set of policies the Council will follow to manage its highway asset effectively and to review and challenge whether to continue utilising highway assets and identify which highway assets no longer meet the Council's requirements.

The aim of the AMF is to enable the Council to achieve the desired outcome from its highway assets as set out in the ***Highway Asset Improvement Plan Policy, Strategy and Levels of Service***. Including their use to support delivery of the Corporate Plan, increased efficient use of the highway asset, improved quality of services delivered from the highway asset, maximising value, and as a lever to economic growth.

This document contains a further three sections:-

- Highway Asset Overview provides a breakdown of the Council's highway assets and an explanation of the different highway categories applied to each highway asset using the Chartered Institute of Public Finance and Accountancy (CIPFA) definition, which is based on Code of Practice on Local Authority Transport Infrastructure Assets (Transport Code) to categorise physical assets.
- Policies and Supporting Explanation sets out the AMF policies with supporting explanation. This includes how the Council will manage its highway assets strategically, as well as at an individual highway level.
- Programme and Governance Arrangements sets out the programme of when to apply each policy identifying an officer, working group or committee responsible for ensuring the Council adheres to the policy.

## HIGHWAY ASSET OVERVIEW

This section sets out the AMF categorisation of the highway assets policies to manage and review Council highway assets with an explanation of the purpose and rationale of each. A programme of actions and governance arrangements is included in the AMF.

### By Category

The Council's Asset Register provides a list of all publicly maintainable highway land and assets managed by the Council identifying each by name, unique reference number, category and other highway features.

### Defined Highway Asset Categories

The Council categorises its highway assets in line with the IFRS based Code of Practice on Local Authority Accounting (the CIPFA Code), published by CIPFA.

The definition of each highway asset category is summarised as follows:

Level 1	Level 2	Level 3
Asset type	Asset group	Components that level 2 implicitly cover (*not applicable to Southwark)
Carriageway	<ul style="list-style-type: none"> <li>Area (square metre) based elements</li> <li>Flexible pavements</li> <li>Flexible composite pavements</li> <li>Rigid composite pavements</li> </ul>	<ul style="list-style-type: none"> <li>Pavement layers</li> <li>Other surface types, e.g. paved</li> <li>Central reservation, roundabout, lay-by, traffic island, etc.</li> <li>Earthworks (embankments and cuttings, retaining walls height &lt;1.35m)</li> <li>Traffic calming</li> <li>Fords and causeways*</li> </ul>
	Linear elements	<ul style="list-style-type: none"> <li>Kerbs</li> <li>Line markings</li> <li>Road studs</li> <li>Road drainage elements (gullies, drains, etc., but not large structures)</li> <li>Boundary fences</li> <li>Hard strip/shoulder verges/vegetation</li> </ul>
Footways and cycletracks (attached to the road or segregated)	<ul style="list-style-type: none"> <li>Footways</li> <li>Pedestrian areas</li> <li>Footpaths</li> <li>cycletracks</li> </ul>	<ul style="list-style-type: none"> <li>Pavement layers</li> <li>Other surface types, e.g. block paving, unbound materials</li> </ul>
Structures	<ul style="list-style-type: none"> <li>Bridges (span &gt;1.5m)</li> <li>Cantilever road significant chamber/cellar/vault</li> <li>Culverts (span &gt;0.9m)</li> <li>High mast lighting columns (height &gt;20m)</li> <li>Retaining walls (height &gt;1.35m)</li> <li>Sign/signal gantries and cantilever road signs</li> </ul>	<ul style="list-style-type: none"> <li>All elements identified on the CSS inspection pro forma</li> <li>Smaller water-carrying structures are considered as road drainage</li> </ul>

Level 1	Level 2	Level 3
Asset type	Asset group	Components that level 2 implicitly cover (*not applicable to Southwark)
	<ul style="list-style-type: none"> <li>Structural earthworks, e.g. strengthened/reinforced soils (all structures with an effective retained height of 1.5m or more)</li> <li>Subway: pipe</li> <li>Tunnel (enclosed length of 150m or more)</li> <li>Underpass/subway: pedestrian (span of 1.5m or more)</li> </ul>	
Highway Lighting	<ul style="list-style-type: none"> <li>Lighting columns</li> <li>Lighting unit attached to wall/wooden pole</li> <li>Heritage columns</li> <li>Illuminated bollards</li> <li>Illuminated traffic signs</li> </ul>	<ul style="list-style-type: none"> <li>Columns and foundations</li> <li>Bracket</li> <li>Luminaires</li> <li>Control equipment, cables</li> <li>Control gear, switching, internal wiring cabling (within ownership)</li> </ul>
Street Furniture	<ul style="list-style-type: none"> <li>Transport</li> <li>Highways</li> <li>Street scene/amenity</li> </ul>	<ul style="list-style-type: none"> <li>Traffic signs (non-illuminated)</li> <li>Safety fences</li> <li>Pedestrian barriers</li> <li>Street name plates</li> <li>Bins</li> <li>Bollards</li> <li>Bus shelters</li> <li>Grit bins</li> <li>Cattle grids*</li> <li>Gates</li> <li>Trees/tree protection, etc.</li> <li>Seating</li> <li>Verger marker posts</li> <li>Weather stations</li> </ul>
Traffic Management Systems*	<ul style="list-style-type: none"> <li>Traffic signals</li> <li>Pedestrian signals</li> <li>Zebra crossings</li> </ul>	<ul style="list-style-type: none"> <li>Different types</li> </ul>
	<ul style="list-style-type: none"> <li>In-station</li> </ul>	<ul style="list-style-type: none"> <li>Complete installation</li> </ul>
	<ul style="list-style-type: none"> <li>Information systems</li> <li>Safety cameras</li> </ul>	<ul style="list-style-type: none"> <li>Variable message signs</li> <li>Vehicle activated signs</li> <li>Real time passenger information*</li> </ul>
Land	<ul style="list-style-type: none"> <li>Freehold</li> <li>Rights land</li> </ul>	<ul style="list-style-type: none"> <li>Features on the land are not taken into account in the valuation.</li> </ul>

### By Highway Asset Type

A breakdown of the highway assets by Level 1 is contained in the [Highway Infrastructure Asset Management Plan - Addendum](#).

## By Highway Asset Value

**Figure 2** illustrates the breakdown of value by highway asset (level 1). The chart shows that the Council's land asset contains the greatest value in the Council's highway asset.

**Figure 2. – Depreciated Replacement Cost (DRC) of Highway Asset**



Based on 2017 WGA figures in £000s

## POLICIES AND SUPPORTING EXPLANATION

This section sets out the AMF policies to manage and review Council highway assets with an explanation of the purpose and rationale of each. A programme of actions and governance arrangements are included in a separate section.

### Strategic Highway Asset Management

#### POLICY 1.1 – Categorise highway assets in accordance with the requirements of the International Financial Reporting Standards

All highway assets will be categorised in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code referred to in section detailing the **Highway Asset Overview**. as the basis of valuation depends on how the asset is categorised. The Council will review the highway assets annually as part of its year-end submission of financial accounts.

#### POLICY 1.2 – Produce a valuation of the highway asset every year

The financial statements of local authorities must be produced in accordance with the CIPFA Code, which states that valuations shall be made with sufficient regularity to ensure that the value in the financial statements does not differ materially from the actual value of the asset at the end of the financial reporting year.

Each year the Council will undertake a full asset valuation in accordance with the most up to date CIPFA Code relevant at the time. The basis of the valuation will be in accordance with the method outlined in the CIPFA Code and in accordance with valuation standards contained in the Code of Practice on Local Authority Transport Infrastructure Assets (Transport Code).

Local authority infrastructure assets are included in the Statement of Financial Position at historical cost less depreciation. Infrastructure assets include highways infrastructure assets held by local authorities. Local authorities prepare their accounts on a historical cost basis for those assets, compared to the depreciated replacement cost basis used by all other government entities.

At its meeting on 8<sup>th</sup> March 2018, the CIPFA Code Board decided not to proceed with a the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits of switching to a depreciated replacement cost basis are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.

The Board recognises the work undertaken by accounts preparers, auditors and highways engineers in preparing for the planned changes and would encourage continued improvement of the management of the highways network asset through better inventory and cost information.

**POLICY 1.3 – Assess the performance of the highway asset to gain a better understanding of how it compares to other local authorities and to help make strategic highway asset decisions**

The Council needs to provide clear evidence of highway asset performance. Using comparative benchmarking, the Council can make informed decisions and be in a position to identify any emerging trends or changes to the highway asset and its performance.

The Council currently works with other London Boroughs through the London Technical Advisors Group (LoTAG) and the State of the City Report which has the aim of:

***“Developing, implementing and sustaining good transport asset management practice, as this is vital for well-informed decisions about asset usage, maintenance and investment.”***

The group provides Southwark Council with robust and comparative data that it can use to demonstrate the performance of the highway asset, when compared to other London boroughs. It also provides flexibility to introduce any new indicators required by changes in Government policies.

The ***Highway Asset Improvement Plan Policy, Strategy and Levels of Service*** sets out information on benchmarking highway asset performance and the use of highway asset indicators for this purpose.

**POLICY 1.4 – Monitor the highway assets against indicators to measure progress**

Southwark Council has a significant level of capital committed to the highway asset. To ensure it receives value for money from these highway assets, the Council will test the individual highway assets against defined performance measures to ensure the highway asset is fully accountable. Accountability requires clarity about individual highway asset value, and outstanding investment requirements to safeguard value for money.

The Council will use a series of indicators relevant to how the Council wishes to measure its highway assets performance in future.

These will include indicators the Council already has in place and is measuring contained in the ***Highway Infrastructure Asset Management Plan – Addendum***.

**POLICY 1.5 – Undertake regular inspections on highway assets to ensure the safety of the public and integrity of the highway asset.**

The Council will undertake regular inspections of its highway assets to ensure the safety of the public and that the integrity of individual highway assets is maintained. Detailed criteria on inspection frequencies and levels of service have been produced and are contained in the supplementary document, the ***Highways Policy Plan (HPP)***. The investigatory levels are set with regard to those of adjacent highway authorities as recommended by Well Managed Highway Infrastructure: A Code of Practice.

## Highway Asset Management

**POLICY 2.1 – Continue with the Council’s highway asset maintenance programme to ensure the highway assets are kept in good repair**

The Council will arrange a repairs and maintenance programme that will include a three-year rolling programme reviewed annually.

Responsibility for organising highway asset repairs and maintenance for most Council highway assets, excluding Street Lighting and Street Furniture, is undertaken by the Highways Division. Repairs and maintenance for Street Lighting and Street furniture is organised by Asset Management Services.

**POLICY 2.2 – Prepare and review asset management plans for all major investment on the highway asset.**

The Council will arrange a capital maintenance programme that will include a three-year rolling programme which will be reviewed annually.

Assessment of a highway asset will be as defined in the *Highway Infrastructure Asset Management Plan – Addendum* and will be recorded in the form of an individual asset management plan with a final decision for recommendation for each highway asset.

All major spend on highway assets will be reviewed through the annual capital bid application process and a report to the Cabinet Member for Transport Management and Air Quality submitted annually.

**POLICY 2.3 – Monitor and review any planning applications on sites adjacent to the Council’s highway asset to ensure their impact on the Council’s highway asset is fully understood and consider any opportunities to provide public realm development within the highway asset.**

As part of the Council’s corporate objectives to support the economy, the Council will review any planning applications that could impact on Council owned highway assets. The Council will implement development appraisals and consider potential improvements to the highway through Section 106 agreements. Such appraisals will be undertaken jointly with other partner organisations, especially where the site may contribute towards a key strategic proposal or regeneration project.

**POLICY 2.4 – Assess which highway assets will be recommended to be declared surplus**

Areas of highway land containing highway assets may cease to function as a highway. This can be through the implementation of a local property development, or through changes to the layout or functionality of the highway. Where it is determined that the highway land has ceased to function as a highway then a decision to declare the land surplus shall be made by the Head of Highways.

**POLICY 2.5 – Follow the procedures set out in the Council’s policies on Land and Disposals and the Council’s Constitution once highway land identified for sale.**

All highway land asset sales will follow the requirements and processes set out in the Council’s Constitution and will be carried out having regard to the 1980 Highways Act and any relevant legislation.

## PROGRAMME AND GOVERNANCE ARRANGEMENTS

The governance arrangements to ensure officers and councillors follow the AMF policies are set out below with a rolling programme for review.

### Strategic Highway Asset Management

Policy No	Policy	Frequency	Responsibility
1.1	Categorise highway assets in accordance with the requirements of the International Financial Reporting Standards.	Annually	Highway Maintenance Team
1.2	Produce a valuation of the highway asset every year.	Annually	Highways Maintenance Team in liaison with Street Lighting
1.3	Assess the performance of the highway asset to gain a better understanding of how it compares to other local authorities and to help make strategic highway asset decisions.	Annually	Highway Maintenance Team and the Street Lighting
1.4	Monitor the highway assets against indicators to measure progress.	Annually	Highway Maintenance Team and the Street Lighting
1.5	Undertake regular inspections on highway assets to ensure the safety of the public and integrity of the highway asset	As defined in the Highway Policy Plan	Highway Maintenance Team and the Street Lighting

### Highway Asset Management

Policy No	Policy	Frequency	Responsibility	Governance
2.1	Continue with the Council's highway asset maintenance programme to ensure the highway assets are kept in good repair	Annually	Highway Maintenance Team in liaison with Street Lighting	Cabinet Member Environment and the Public Realm
2.2	Prepare and review asset management plans for all major investment on the highway asset.	Annually	Highway Maintenance Team in liaison with Street Lighting	Cabinet Member Environment and the Public Realm
2.3	Monitor and review any planning applications on sites adjacent to the Council's highway asset to ensure their impact on the Council's highway asset is fully understood and consider any opportunities to provide public realm development within the highway asset	When Applicable	Development Control	Cabinet Member for Regeneration and New Homes
2.4	Assess which highway assets will be recommend to be declared surplus	Annually	Highway Maintenance Team and GIS Team	Cabinet Member for Regeneration and New Homes
2.5	Follow the procedures set out in the Council's policies on Land and Disposals and the Council's Constitution once highway land identified for sale	Annually	Highway Maintenance Team and GIS Team	Cabinet Member for Regeneration and New Homes

