

Commentary by Director of Transport & Environment

Background

1.1 The standstill budget for T&E for 2005/06 is £41.6m excluding capital charges. This figure includes £1.1m for inflation and a further £0.6m relating to other standstill pressures. Other minor changes amounting to a net reduction of £0.36m are also included and reflect base budget transfers between departments.

1.2 The savings target for 2005/06 totals £0.83m. This is calculated on the basis of 5% for all service areas except Highways Maintenance with a target of 1% and Waste PFI costs with a zero requirement.

Key Drivers

1.3 During the last year the Department has focussed effort on achieving improvements in service delivery (both internal and external) to meet the Cabinet's priority to achieve excellent status. The success of the Audit Commission's Whole Service Inspection marked as "Good with Promising prospects for improvement" confirms the direction of travel within the department and we intend to build on this success and maintain the momentum. The Audit Commission report did, of course, identify some areas for improvement and these will be a high priority in 2005/06.

1.4 Some re-investment into highways maintenance is planned during 2005/06 as part of the overall programme to improve highway services to the public. This will include investment in ICT and implementation of the Distributed Service Hub model. These activities are an integral part of the overall programme to re-tender the outsourced contracts for highways and vehicle maintenance (ROCS project) and involve adopting new ways of working to deliver a more integrated, customer oriented service.

1.5 The Council needs to resource itself to be able to influence and respond effectively to the development of the South East Plan. (SEP). The SEP and its sub regional strategies (in particular, Sussex Coastal Towns and Crawley/Gatwick) will set the strategic planning framework and priorities for land use (including housing numbers, economic regeneration priorities and waste), transport and associated infrastructure to 2026. It will be, therefore, influential in investment decisions for the county's future and in guiding the Council's future service delivery.

1.6 The next financial year is the final year of Local Public Service Agreement (PSA). Performance against the stretch targets in the three areas of the department directly affected are encouraging and every effort will be made to achieve the final targets. The areas covered are Highways Maintenance, Traffic & Safety and Rights of Way.

Approach to the Savings Exercise

1.7 In approaching the savings exercise, the following factors have been taken into consideration:

1. protection of the highest priority areas above;
2. although it is not possible to protect any service area completely, differential savings are proposed across service areas;

3. give protection to the delivery of statutory responsibilities;
4. take advantage of efficiency / low impact savings wherever possible;
5. use cautiously the flexibility provided by an new income stream from the introduction of decriminalised parking schemes.

1.8 The spread of savings based on the approach outlined above gives the following proposals:

Savings Summary

	£000
<u>MANAGEMENT & SUPPORT</u>	
Low impact and efficiency savings	65
<u>HIGHWAYS MAINTENANCE</u>	
Very short term reduction in footway maintenance (until end of PSA period – <u>NB</u> – PSA measures focus on other areas of maintenance)	160
<u>TRAFFIC & SAFETY</u>	
Charge for services	31
Reduction in Safety schemes	<u>50</u>
	81
<u>ENVIRONMENT</u>	
Low impact and efficiency savings	76
Use income stream more creatively and a re-focus on core activity	<u>82</u>
	158
<u>PASSENGER TRANSPORT</u>	
Service withdrawals and increases in charges	280
<u>STATUTORY PLANS</u>	
Reduction in part time post	16
<u>WASTE DISPOSAL</u>	
Investment in equipment and infrastructure	60
<u>GENERAL</u>	
Review of fees and charges	10
Total	830

Risks & Pressures

- Any savings on Highways Maintenance will be difficult to achieve and will have a real impact. The re-tendering exercise will keep prices as low as possible but construction prices (Baxter index) continue to increase above the rate of inflation (RPI).
- The Local Transport Plan Annual Performance Report (APR) is an annually marked plan. The external assessment of “well above average” and in the top ten in the country this year demonstrates a significant improvement over last year. It will be important to maintain this level of performance as a

demonstration of the commitment at a time when we will be submitting the second generation LTP in July 2005. This score also has a significant impact on the CPA rating for the Environment Block.

- The non-PFI element of the Waste Disposal budget contributes significantly towards our achievement of recycling and recovery targets through Waste Education and awareness activities. The targets are not only important to the achievement of nationally set targets but to the overall cost and affordability of the contract. While this element of the budget is not part of the Waste PFI Contract costs the financial model supporting the contract is reliant on the achievement of increased recycling and diversion away from landfill.
- The introduction of the Landfill Allowance Trading Scheme (LATS) represents a significant risk to the council. This is covered in more detail in Annex B of Appendix C.

Capital Investment

1.9 Bids for capital investment have been submitted to the Corporate Capital & Property Strategy Group (CAPS) for consideration. Those include Bexhill & Hastings Link Road, rationalisation of highways depots as part of ROCS project, bridge repairs to public rights of way & provision of new footways. Obviously the LTP settlement will have a significant impact on the overall level of resources available.