

**HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT
SCRUTINY COMMITTEE**

26TH JANUARY 2005

**REVENUE BUDGET 2005/06 AND
CAPITAL PROGRAMME 2005/06 – 2007/08**

**JOINT REPORT OF THE DIRECTOR OF RESOURCES AND THE
DIRECTOR OF HIGHWAYS, TRANSPORTATION AND WASTE
MANAGEMENT**

Purpose of Report

1. The report provides information on the proposed Revenue Budget for 2005/06 and Capital Programme for 2005/06 to 2007/08.

Background

2. The Cabinet approved the proposed Revenue Budget and Capital Programme for consultation on 13th January 2005.
3. Reports setting out the proposed 2005/06 budget and Capital Programme are being presented to the relevant Scrutiny Committees and to the Scrutiny Commission. Cabinet will consider the results of the Scrutiny process before recommending a budget and Capital Programme to the County Council on 23rd February 2005.

Proposed Revenue Budget 2005/06

4. The key factors impacting on the budgets are set out below. A summary of the proposed revenue budget is provided in Table One. A detailed analysis of the budgets is shown in Appendix A.

Inflation

The 2005/06 budget average price inflation is estimated to be:

▪ Pay*	3.2%
▪ Superannuation	10.5%
▪ Running Costs	2.5%
▪ Highways Maintenance	5.0%

* Including 2.95% for 2005/06 pay award and 0.25% for the shortfall in 2004/05

There are the further inflation problems where costs are increasing at a higher rate. Specific growth is included within the budget.

General Assumptions

5. The main assumptions that have been made by the department during the budget process include for the estimated anticipated usage on demand led budgets such as concessionary travel and waste disposal, based on current usage and predicted trends. These demand led budgets are difficult to estimate.
6. The following table sets out the proposed 2005/6 budget:

Table One - Summary Proposed Budget 2005/06

	Highways and Transportation £	Waste Management £	Total £
2004/5 Original Budget	30,126,460	15,647,100	45,773,560
Inflation to outturn	1,294,270	512,360	1,806,630
Full year effect of previous years growth and savings	(60,000)	(150,000)	(210,000)
Other changes	20,000	0	20,000
Add proposed Growth (App. B)	1,667,000	2,177,000	3,844,000
Less Proposed Savings (App. C)	(1,886,000)	(872,000)	(2,758,000)
2005/6 Proposed Budget at Outturn Prices (App. A)	31,161,730	17,314,460	48,476,190

Highways and Transportation

7. The budget includes growth of £1,667,000 (Appendix A) and savings of £1,886,000 (Appendix B). The main areas of growth are:

Service Improvements

- Development and implementation of Highways Patrol Units building upon the Roadline Initiative and which will provide further integration of inspections/repair operations through multi-functional units linked to the development of a roadworks protocol which improves repair responsiveness and communication (£300,000).

Demand and Cost Increases

- Public Transport growth due to increasing contract costs of approximately 7% arising during 2004-05 including increased fuel costs and higher re-tendering costs (£212,000)
- Additional costs of Street Lighting and Signs due to increasing energy costs in the region of 38% reflecting national trends (£250,000).

- Ongoing costs of increments (£391,000).
- Increases to operating costs including insurance (£114,000).

Reduced Income

- Reduction in Capital and Developer fees due to reduced programme income, which included no major highway schemes being approved by the Government. Whilst this reduction has been partly offset by reducing staff costs, other needs have included customer care and highway forums. (£230,000).
- Reduction in fees from Public Utilities due to changes in application following recent court case (£170,000).

Service Savings

The main savings are:

- Efficiency savings of £818,000 (including £300,000 ongoing efficiency savings from 2004/5) will be achieved through the ongoing effect of the re-organisation of parts of the Highways and Transportation organisation, reducing senior management and support service posts, and the reduction of highway management areas from three to two. (£225,000)
 - Further savings will be achieved through the continuing management of vacancies and overtime through limiting the filling of vacancies and managing turnover. (£365,000) General administration and other costs will continue to be under careful scrutiny. (£228,000)
 - Reduced provision for Concessionary Travel Scheme to reflect changes in demand (£160,000).
 - Inflation on Highways Maintenance is in the region of 5% or £810,000. The effect of restricting price increases on Highways Maintenance to 2.5% results in a shortfall of inflation (£408,000).
 - Adjustment to certain bus services by providing targetted community transport arrangements (£100,000).
 - Capitalisation of elements of Structural Maintenance (£400,000), a saving for 2005-6 only.
8. There is a specific grant for routine maintenance on roads that have recently been de-trunked (A6 and A47) of £940,000.

Waste Management

9. The proposed budget includes growth of £2,177,000 (Appendix A) and savings of £872,000 (Appendix B) the main areas of growth are:

Service Improvements

- To allow for further development of the Leicestershire Green Initiative which focuses on joint working with District Councils in a partnership arrangement (£50,000). Funding is provided to consider and monitor current strategy and identify medium term options to meet targets and reduce landfill.
- Improvements to the management and operation of Recycling and Household Waste Sites arising from the Best Value Review. This includes improving accessibility and recycling arrangements (£100,000).

Demand and Cost Increases

- Growth in landfill tax by £3 per tonne to £18 per tonne (£820,000).
 - Increased payments of Recycling Credits to District Councils as the amount of waste recycled increases (£280,000).
 - Increased costs of processing hazardous and special waste including tyres (£100,000) and electrical goods (£400,000) reflecting new legislation.
 - Increase in landfill, haulage and other costs relating to closure of key landfill sites (£550,000).
 - Increased costs of new contracts at Recycling and Household Waste Sites (£100,000)
10. The cost of growth items is partly offset by funding from a Waste Performance and Efficiency Grant (£273,000) from DEFRA.

Service Savings

- Efficiency savings of £72,000 through management of non-demand led budgets
- Reduction in waste tonnages requiring to be sent to landfill. The 2004-5 budget included provision for Landfill growth of 3% the figure is currently around 1.5% mainly due to increased recycling and composting of green waste (£800,000).

Capital Programme 2005/06

11. A summary of the proposed Capital Programme is set out in Table Two below. The detailed programme over the three years is shown in Appendix D.

Table Two – Summary/Capital Programme

Project	2005/06 £'000	2006/07 £'000	2007/08 £'000
Highways and Transportation	21,360	18,745	16,500
Waste Management	700	850	1,100
Total	22,060	19,595	17,600

Highways and Transportation

12. The capital programme for Highways and Transportation is comprised of £15.57m relating to the Local Transport Plan (LTP) Settlement, £4.0m relating to developer funded schemes in the vicinity of junction 21 of the M1 and Bardonia, £1.9m grant for the detrunking of A6 and A47 and discretionary funded schemes of £1.07m.
13. The LTP Settlement in 2005/06 is significantly lower than the £21.6m received in 2004/05. This is principally because in 2004/05 £5.9m was received for the Rearsby By-pass. In 2005/06 neither of the two major schemes, Leicester West Park and Ride or Earl Shilton by-pass were approved. This reflects the national picture where only 8 out of 46 major schemes were approved. Resources have been included in the 2005/06 capital programme to continue to work on these schemes so bids can be re-submitted in future.
14. The LTP includes £5.56m to be spent on integrated transport schemes within Leicestershire. These measures include town centre improvements, casualty reduction, speed management, safer routes to schools and bus improvements (table three).

Table Three Integrated Transport Schemes 2005/06

Measure	Central Leics LTP 2005/06 £000's	Leics LTP 2005/06 £000's	Total £000's
Bus Improvements	360	205	565
Walking Improvements	285	195	480
Cycling Improvements	285	156	441
Disability Improvements	75	60	135
Casualty Reduction	550	515	1065
Speed Management	460	350	810
School Travel	380	322	702
Town Centre Improvements		550	550
UTMC Development	80	65	145
Street Lighting	105	94	199
Network Signing	30	22	52
Freight Strategy	50	179	229
Monitoring	60	50	110
Land Purchase	20	10	30
Flood Alleviation - Contribution to Districts		50	50
Total	2,740	2,823	5563

15. The majority of the LTP is for capital maintenance £9.57m. Although progress has been made in tackling the backlog of structural highway maintenance, further work still needs to be carried out particularly on the non-principal network including footways.
16. In future years the basic LTP funding will be subject to a new formulaic approach. There will also be a performance related element. The current provisional allocations (issued December 2004) assume continuing LTP1 levels of expenditure and do not in any way reflect the proposed LTP2 methods of allocation. The firm LTP2 allocations will only become clear with the December 2005 and 2006 settlements.
17. The programme includes schemes funded from non LTP sources, i.e. capital receipts and prudential borrowing to complete works to reorganise area accommodation that arise from the Best Value Review of Highways and £450,000 for Street Lighting. The backlog in replacing structurally unsound lighting columns remains a problem and options for funding this work are under review.
18. The programme includes a self-financing scheme, the decriminalisation of parking enforcement (DPE). DPE makes parking enforcement a civil rather than criminal matter and allows it to be undertaken by local authorities. At present there is a degree of uncertainty surrounding both the timing and cost of introducing DPE across the County. In partnership with district councils work is being undertaken to determine both the financing and operation of the scheme.

Cabinet will need to approve the scheme before resources are committed for inclusion in the capital programme.

Waste Management

19. The three year £2.65m waste capital programme is mainly to be spent on improving Recycling and Household Waste Site provision throughout the County in order to meet the increasing targets for waste recycling. This is part of a long-term programme to improve Recycling and Household Waste Sites and facilities for processing waste. Future options for facilities and funding will be considered as part of the review of waste strategy and include options to replace landfill.
20. In 2005/06 the major improvement will be at Oadby Recycling and Household Waste Site and will allow for extending the site, improving accessibility and recycling facilities. Future improvements include alternative provision for the Sileby Recycling and Household Waste Site.

Recommendation

21. Members are asked to consider the report and any response they may wish to make to Scrutiny Commission.

Equal Opportunities Implications

No direct implications.

Circulation under Sensitive Issues Procedure

None.

Officers to Contact

Pat Sartoris Tel. (0116) 265 7642
Bruce Jamieson Tel. (0116) 265 7000

Background Papers

None.

List of Appendices

- A 2005/06 Volume Standstill
- B 2005/06 Growth
- C 2005/06 Savings
- D Capital Programme 2005/06 to 2007/08

HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENTAPPENDIX ASUMMARYBUDGET 2005-2006

DESCRIPTION	EMPLOYEES	RUNNING EXPENSES/ OPERATIONAL	EXTERNAL INCOME	INTERNAL INCOME	ESTIMATE 2005-6
	£	£	£	£	£
HIGHWAYS & TRANSPORTATION	10,290,100	21,809,880	(4,024,330)	(4,614,410)	23,461,240
PUBLIC TRANSPORT	750,340	9,340,130	(5,418,640)	(15,000)	4,656,830
WASTE MANAGEMENT	651,770	17,734,490	(1,061,800)	(10,000)	17,314,460
SUB TOTAL	11,692,210	48,884,500	(10,504,770)	(4,639,410)	45,432,530
MANAGEMENT AND SUPPORT SERVICES	1,679,680	1,656,920	(9,240)	(283,700)	3,043,660
TOTAL HIGHWAYS, TRANSPORTATION & WASTE	13,371,890	50,541,420	(10,514,010)	(4,923,110)	48,476,190

HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT

HIGHWAYS & TRANSPORTATION

BUDGET 2005-2006

DESCRIPTION	EMPLOYEES	RUNNING EXPENSES/ OPERATIONAL	EXTERNAL INCOME	INTERNAL INCOME	ESTIMATE 2005-6
	£	£	£	£	£
STAFFING & ADMIN COSTS	10,163,940	1,142,860	(2,388,860)	(4,414,410)	4,503,530
<u>TRAFFIC STRATEGY</u>					
TRAFFIC DATA COLLECTION/ANALYSIS		243,150	(106,860)		136,290
<u>TRAFFIC CONTROLS</u>					
URBAN TRAFFIC CONTROL		574,370			574,370
TRAFFIC MANAGEMENT		284,570			284,570
<u>TRAFFIC SAFETY</u>					
ROAD SAFETY	126,160	211,070	(150,260)		186,970
REDUCING ROAD CASUALTIES		47,380			47,380
TRAVELWISE		28,380			28,380
<u>HIGHWAY MAINTENANCE</u>					
STRUCTURAL MAINTENANCE		9,614,920			9,614,920
SAFETY MAINTENANCE		1,603,520			1,603,520
ENVIRONMENTAL MAINTENANCE		1,416,700			1,416,700
STREET LIGHTING MAINTENANCE		2,755,230	(18,270)		2,736,960
WINTER MAINTENANCE		1,991,350			1,991,350
OTHER MAINTENANCE		423,080			423,080
FLOOD ALLEVIATION		113,220			113,220
PRINCIPAL ROAD DETRUNKING GRANT		940,000	(940,000)		0
CONTRIBUTION FROM OPERATIONS				(200,000)	(200,000)
RECHARGEABLE WORKS		420,080	(420,080)		0
TOTAL HIGHWAYS & TRANSPORTATION	10,290,100	21,809,880	(4,024,330)	(4,614,410)	23,461,240

HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT

PUBLIC TRANSPORT

BUDGET 2005-2006

DESCRIPTION	EMPLOYEES	RUNNING EXPENSES/ OPERATIONAL	EXTERNAL INCOME	INTERNAL INCOME	ESTIMATE 2005-6
	£	£	£	£	£
REVENUE SUPPORT, CONCESSIONARY TRAVEL & SCHOOL TRANSPORT	750,340	486,890	(728,970)	(15,000)	493,260
PUBLIC BUS SERVICES		4,466,510	(1,340,000)		3,126,510
IVANHOE OPERATING DEFICIT		493,000	(194,220)		298,780
CONCESSIONARY TRAVEL		3,893,730	(3,155,450)		738,280
TOTAL PUBLIC TRANSPORT	750,340	9,340,130	(5,418,640)	(15,000)	4,656,830

HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT

WASTE MANAGEMENT

BUDGET 2005-2006

DESCRIPTION	EMPLOYEES	RUNNING EXPENSES/ OPERATIONAL	EXTERNAL INCOME	INTERNAL INCOME	ESTIMATE 2005-6
	£	£	£	£	£
STAFFING & ADMIN COSTS	651,770	65,540	(6,650)	(10,000)	700,660
DISPOSAL CONTRACTS		10,859,750			10,859,750
RECYCLING & HOUSEHOLD WASTE SITES		3,545,750			3,545,750
TRADE WASTE & COMMERCIAL BIN INCOME			(782,150)		(782,150)
MATERIAL RECOVERY FACILITY		335,000			335,000
RECYCLING INITIATIVES		228,580			228,580
RECYCLING CREDITS		2,217,410			2,217,410
ENVIRON		24,460			24,460
BEST VALUE REVIEW		100,000			100,000
WASTE STRATEGY REVIEW		50,000			50,000
WASTE PERFORMANCE AND EFFICIENCY GRANT		273,000	(273,000)		0
PARTNERSHIP		35,000			35,000
<u>TOTAL WASTE MANAGEMENT</u>	651,770	17,734,490	(1,061,800)	(10,000)	17,314,460

HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT

MANAGEMENT AND SUPPORT SERVICES

BUDGET 2005-2006

DESCRIPTION	EMPLOYEES	RUNNING EXPENSES/ OPERATIONAL	EXTERNAL INCOME	INTERNAL INCOME	ESTIMATE 2005-6
	£	£	£	£	£
STAFFING & ADMIN COSTS	1,679,680	73,260	(9,240)	(283,700)	1,460,000
<u>DEPARTMENTAL COSTS</u>					
LS./I.T. - EQUIPMENT/SOFTWARE/MAINTENANCE		336,300			336,300
DEPARTMENT GENERAL EXPENDITURE		367,110			367,110
INSURANCE		880,250			880,250
<u>TOTAL MANAGEMENT AND SUPPORT SERVICES</u>	1,679,680	1,656,920	(9,240)	(283,700)	3,043,660

APPENDIX B

2005/06 REVENUE BUDGET - GROWTH

HIGHWAYS & TRANSPORT

	2005/06 £000	2006/07 £000	2007/08 £000
Service Improvements			
Highways patrol units	300	125	125
Demand & cost increases			
Public Bus Service contracts - price increases	212	212	212
Street Lighting energy price increases	250	250	250
Employee increments (net of turnover)	391	391	391
Other operational	114	114	114
Reduced Income			
Reduction in Capital and Developer fees	230	230	230
Reduction in fees from public utilities	170	170	170
Total	1,667	1,492	1,492

WASTE MANAGEMENT

	2005/06 £000	2006/07 £000	2007/08 £000
Service improvements			
Waste Strategy Review - supporting Leicestershire green initiatives	50	0	0
Civic Amenity Sites	100	100	100
Demand & cost increases			
Impact of Landfill Tax (£3 per tonne)	820	820	820
Tradeable Permits	50	50	50
Increase in recycling credits	280	280	280
Hazardous Waste - Tyres	100	100	100
Disposal of electronic goods (mainly TVs / PCs)	400	400	400
Waste Transfer due to closure of Bradgate/Narborough	300	300	300
New Landfill Contracts - Bradgate/Narborough	250	250	250
New Civic Amenity Site Contracts	100	125	125
Total Growth	2,450	2,425	2,425
Funding from Specific Grant			
Waste Performance and Efficiency Grant	-273	-273	-273
Net Total	2,177	2,152	2,152

2005/06 REVENUE BUDGET - SAVINGS**HIGHWAYS & TRANSPORT**

	2005/06 £000	2006/07 £000	2007/08 £000
Efficiency Savings (including full year effects of 2004-05 efficiency savings)			
Staffing (Management of vacancies and overtime)	-365	-380	-380
Operational budgets - cash-limited inflation allowance	-228	-213	-213
Staffing savings - management restructuring	-225	-225	-225
	-818	-818	-818
Demand & cost decreases			
Concessionary Travel	-160	-160	-160
Other savings			
Shortfall of inflation on Highways Maintenance	-408	-408	-408
Capitalisation of elements of Structural Maintenance	-400	0	0
Adjustment to certain bus services	-100	-100	-100
Total	-1,886	-1,486	-1,486

WASTE MANAGEMENT

	2005/06 £000	2006/07 £000	2007/08 £000
Efficiency Savings			
General capping of inflation on non-demand led budgets	-72	-72	-72
Demand & cost decreases			
Reduction in tonnages mainly from increase in recycling / green waste composting	-800	-800	-800
Total	-872	-872	-872

CAPITAL PROGRAMME 2005/06, 2006/07 & 2007/08

APPENDIX D

LOCAL TRANSPORT PLAN	2005/06		2006/07		2007/08	
	(Actual)		(Provisional)		£'000	
MAJOR SCHEMES					(Provisional)	
Rearsby Bypass		441		132		
TOTAL	0	441	0	132	0	0
INTEGRATED TRANSPORT SCHEMES						
Measure	Central Area	County Area LTP	Central Area LTP	County Area LTP	Central Area LTP	County Area LTP
Bus Improvements	360	205				
Walking Improvements	285	195				
Cycling Improvements	285	156				
Disability Improvements	75	60				
Casualty Reduction	550	515				
Speed Management	460	350				
School Travel	380	322				
Town Centre Improvements	0	550				
UTMC Development	80	65				
Street Lighting	105	94				
Network Signing	30	22				
Freight Strategy	50	179				
Monitoring	60	50				
Land Purchase	20	10				
Flooding - Contribution to Districts		50				
SUB-TOTAL	2740	2823	2650	2767	2650	2767
TOTAL	2740	2823	2650	2767	2650	2767
MAINTENANCE						
Bridge Programme		1200				
Structural Maintenance						
Principal Roads Structural Maintenance		1532				
Non-Principal Roads Structural Maintenance		5234				
Footway Maintenance		1600				
TOTAL		9566		9596		9763
TOTAL INDICATIVE SETTLEMENT		15570		15145		15200
DE-TRUNKING PROGRAMME		1900				
LCC-DISCRETIONARY PROGRAMME						
(Capital Receipts)						
TRANSPORTATION						
Decriminalisation Parking Enforcement		500		1000		
Accommodation		780				
Street Lighting		450		600		550
Major Schemes Advanced Works		250		100		150
Local Parking (Inc Contribution Districts)		140				
Earl Shilton Bypass		70				
Flooding				100		100
Sub-Total		2190		1800		800
Developer Programme		1700		1800		500
WASTE MANAGEMENT						
CA Site Improvements		200		200		200
Coalville C A Site		50				
Qadby & Wigston CA Site		450		550		
Sileby CA Site				100		900
Sub-Total		700		850		1100
TOTAL CAPITAL RECEIPTS		2890		2650		1900
TOTAL CAPITAL PROGRAMME		22060		19595		17600
VEHICLES		700		700		600
Funded from Renewals & Capital Investment Reserve Fund						