

Commentary by Director of Transport & Environment

Background

1.1 The standstill budget for T&E for 2006/07 is £41.8m excluding capital charges. This figure includes £1.1m for inflation and a further £0.2m relating to other standstill pressures. The budget is also adjusted to reflect repayment of an invest to save project to improve highways services infrastructure amounting to some £0.3m Other minor changes amounting to a net reduction of £0.5m are also included and reflect base budget transfers between departments.

1.2 The savings target for 2005/06 totals £1.356m. This is calculated on the basis of 6% for all service areas except Highways Maintenance with a target of 3.5% and Waste with a 0.5% requirement.

Key Drivers

1.3 During the last year the Department has continued its focus on delivering improved customer service and value for money. New contracts commenced in September 2005 for highways and vehicle maintenance, street lighting and design consultancy. The contract rates secured are very favourable and represent an increase in cost of just 1%. This compares well with expectations of price rises in excess of 10%. The new partnership arrangements with the main contractor, May Gurney, are settling in and are supported by the implementation of the Highways Contact Centre as well as a new shared communications resource to improve marketing and public relations. Much of this activity is in line with the corporate Access Strategy.

1.4 New planning legislation has changed the County Council's responsibilities in respect of regional and sub-regional planning matters. During the last year the Department has input significant human resource to the development of the South East Plan and has led development of the Sussex Coast sub-regional strategy including public consultation on distribution of housing figures to district level for the period 2006-20026. This will continue to be a priority into 2006/07 to ensure that the advice is followed through the statutory processes to adoption of the Plan.

1.5 Recently the Cabinet recommended to County Council adoption of the Waste Local Plan. This is the culmination of several years' effort to develop and consult on the plan which will inform decisions on planning applications for waste facilities in the future. Several major and contentious waste applications are currently being processed, including for a wastewater works, energy recovery facility, composting facility and transfer station/household waste recycling site. Should any of the applications go to a Public Inquiry significant additional costs would incurred which are not currently provided for.

1.6 There is a continued focus on waste issues and developing collaborative working with district council's. This Council is in a stronger position than many around the Country with the Integrated Waste Management Services Contract in place jointly with Brighton and Hove City Council. Nonetheless, the introduction of the Landfill Allowance Trading Scheme makes it imperative that the levels of waste delivered to landfill are reduced to permitted amounts.

Approach to the Savings Exercise

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

1. maximise efficiency / low impact savings wherever possible;
2. protection of the highest priority areas;
3. give protection to the delivery of statutory responsibilities as far as possible; and

4. although it is not possible to protect any service area completely, differential savings are proposed across service areas.

1.8 The spread of savings based on the approach outlined above is shown in Appendix E

Risks & Pressures

1.9 The key risks and pressures facing the department are outlined below:

- The savings proposed in this report will have a direct impact on the condition of the County's roads and pavements. A maintenance backlog already exists which will grow as the level of investment reduces. This is compounded by the probability of equally severe savings in the capital programme from 2007/08. Performance against key indicators will be adversely affected and the county's position nationally in relation to others will drop.
- The level of savings required now and those likely in the coming years mean that areas of work will significantly reduce or even cease. This will have a significant impact on the Council's public relations strategy as expectations will need to be managed. It's proposed for example that traffic calming measures are significantly reduced as it's a non-statutory function and doesn't contribute significantly to achievement of key targets or indicators. It will however be a noticeable drop in service from a public perspective in relation to quality of life issues.
- The exposure to legal challenges under section 56 of the Highways Act 1980 may increase as maintenance levels reduce. To date those powers have only been exercised in relation to Rights of Way and consequently the savings proposals provide for some reinvestment in that area. In other areas of the Country however challenges have been faced for failing to maintain the highway.
- Passenger Transport Services (net County Council budget of £3m) are supported by a number of different specific grants totalling some £2.8m. Many of these funding streams are coming to an end. Coupled with proposed savings from the Council's own budget to support bus services, there will be far fewer services in the future which will affect the Council's ability to deliver on targets relating to accessibility to services.
- The new CPA methodology relies heavily on performance indicators and in the case of Environment on the assessed score for the Local Transport Plan (LTP) and Annual Progress Report (APR). Performance against indicators is likely to drop as investment reduces and a poor score in LTP terms will have a significant impact, making it difficult in the longer term to retain even a score of 2 out of 4.
- In the current climate it is quite likely that staff turnover will increase at a time when recruitment and retention is already an issue. Additional resources are planned for reinvestment in staff training in 2006/07 within the department acknowledging the value of staff development.

Capital Investment

1.10 Bids for capital investment have been submitted to the Corporate Capital and Property Strategy Group (CAPS) for consideration. The most significant bid from Transport and Environment is for Bexhill and Hastings Link Road. Other bids include structural maintenance, street lighting, integrated transport measures and rights of way. While it is clear that the LTP process does not attract real support towards meeting the costs of borrowing and it is further clear that overall levels of investment will need to reduce, the impact on our staffing levels and the LTP assessment need to be clearly understood.