

THE EXECUTIVE

30 NOVEMBER 2004

REPORT OF THE DIRECTOR OF OPERATIONAL SERVICES AND DIRECTOR OF ENVIRONMENT

HIGHWAYS LOCAL TRANSPORT PLAN CAPITAL EXPENDITURE

1. SYNOPSIS

This report sets out the implications on highways and transportation of limiting capital expenditure to a sustained level of £10m per annum over the next 10-15 years. The report also estimates the approximate costs of offsite highway works required by the Putting the Learner First (PLF) proposals.

2. IMPLICATIONS (include references to budget and policy framework)

Policy:

Local Transport Plan (LTP) and Local Public Service Agreement (LPSA) policies and objectives have been set in line with previous expenditure proposals. The proposed expenditure profile will require significant amendment to these policies and objectives, with a consequent reduction in outcome targets.

Financial:

LTP Capital expenditure needs to be considered as part of the overall Medium Term Financial Plan for the Authority as a whole.

LTP Capital is supported capital. This attracts revenue support towards the cost of borrowing in the Formula Spending Share (FSS). Central Government is likely over time to reduce the level of revenue support for borrowing to correspond to the level of LTP Capital expenditure. This will need to be taken into account in long term financial planning.

Costs of potential redundancies also need to be considered.

The cost of offsite highway improvements necessitated by PLF proposals need to be considered as part of the costs associated with the overall PLF project. These costs should ideally be borne by each development however some allowance may need to be made in LTP programmes in recognition of PLF highway implications.

Personnel:

The Highways Service currently employs 308 staff, of whom approximately 180 are employed on capital and external works. Proposals for LTP capital expenditure at £10m/annum would require a reduction in the number of employees (both staff and operatives) employed on capital schemes of between 50 and 80. Other service providers, including District Councils, may see proportionate effects on personnel due to the reduced level of capital expenditure.

Property:

None.

Crime and Disorder:

LTP strategies have included measures to assist in crime reduction, such as street lighting. Policies and programmes would continue to consider implications of crime and disorder/community safety, however rate of progress on improvements for crime reduction would be slowed.

Equalities:

LTP strategies have included measures for social inclusion and for the disabled such as accessibility planning, dropped kerbs, tactile paving and pedestrian crossings. The Directory of Public Requests for integrated transport capital schemes currently includes over 2000 projects and is increasing year on year. Implementation of such measures would continue but at a reduced level.

Customer Considerations

Condition of highways and footways has been consistently highlighted as an area of public concern. Targeted capital funding of highway maintenance over the last four years has arrested the deterioration in road network condition. Expenditure at £10m/annum will continue to allow some maintenance and infrastructure projects to be delivered, however condition of highways and footways will decline and the pace of infrastructure improvements will be reduced.

3. CONSULTATIONS

The Executive Member for Highways and Operations and the Director of Finance have been consulted upon this report.

4. RECOMMENDATIONS

4.1 The Executive are recommended to:-

Take account of the implications on highways and transportation of setting LTP capital expenditure at £10m/annum when considering overall proposals for PLF and the Medium Term Financial Plan.

Include the costs of off site highway works required by PLF within the financial plans for the project and the Medium Term Financial Plan.

5. BACKGROUND (including options and reasons)

5.1 All English local Highway Authorities are required to prepare a Local Transport Plan. This sets out the Authority's overarching strategy and policies for highways and transport. The latest LTP covers five shared priorities agreed between the Local Government Association and Central Government:-

- Improving accessibility
- Air quality
- Road safety
- Tackling congestion
- Quality of life

The LTP sets out the authority's vision for local transport and its links to issues such as social exclusion, regeneration, community safety, health initiatives and neighbourhood renewal.

5.2 The LTP also acts as a bidding document and all LTP capital expenditure up to limits determined by Central Government is supported capital expenditure. This brings significant revenue support towards the cost of borrowing the capital.

5.3 In 2004/05 the supported capital expenditure totalled £18.249m with a further 1.1m Transport Supplementary Grant for Pegswood Bypass. This funding was used to maintain the authority's 5000km of road, 2000 bridges and to provide improvements to integrated transport including road safety, traffic calming and speed reduction, street lighting, public transport and measures for pedestrians and cyclists.

5.4 In July 2004 the Executive considered a report on LTP Proposed Capital Expenditure in 2005/06. This included a predicted LTP supported capital expenditure of £21.852m with a further £1.834m of Transport Supplementary Grant. The Executive approved the inclusion of this proposed expenditure in the LTP Annual Progress Report which was submitted to Government Office in July 2004, though also noting that the expenditure should be considered as part of the overall budget setting process for 2005/6.

- 5.5 Re-profiling LTP Expenditure would clearly have significant implications compared to the expenditure levels noted above. These implications are set out in sections 6 to 8 below which each assume an overall £10m/annum LTP supported Capital Expenditure.
- 5.6 It should be noted that we are not aware of any other Highway Authority in the country which is planning to restrict LTP capital expenditure at a level below the indicative levels set by Central Government and for which supported borrowing is given.
- 5.7 The PLF proposals for some sites are expected to necessitate improvements to access roads, footways, cycling and pedestrian facilities and traffic safety measures. The costs of these improvements directly related to the development of the sites needs to be borne by the County Council as part of the overall PLF project. It is important that the County Council should be treated as any other developer promoting a scheme. Other improvements not directly related to the development proposals may come forward as part of on-going initiatives to promote walking, cycling, public transport and to improve the safety of school children. The costs of these schemes would continue to be linked to Local Transport Plan policies and programmes.
- 5.8 An initial assessment of possible off site highways requirements at a sample of typical site types has been carried out and an outline estimate of the likely costs has been identified. This assessment has shown that the cost of off site highway works could be in the order of £3m. Due to the nature of this assessment these costs are not fully reliable at this stage and should be used for indicative purposes only. A further study of off site highways costs should be conducted as proposals for specific sites are developed.

6. EFFECTS ON OUTCOMES

- 6.1 The Governments Ten Year Transport Plan set targets to stop the deterioration in road condition by 2004 and eliminate the backlog in maintenance by 2010.
- 6.2 Sustained and targeted capital funding for highway maintenance in Northumberland over the last 4 years has arrested the deterioration in road network condition. However, the road maintenance backlog is currently estimated at £100m and it is calculated that an annual capital investment of £9m is required for carriageway maintenance alone to retain a steady state of repair. This does not include for any essential footway, drainage or bridge works. Significant reduction in real terms in highways revenue works expenditure since 1992 have led to an absolute reliance on capital funding to maintain roads, footways and bridges to a safe standard.
- 6.3 Condition data provided by the nationally accredited Pavement Management System shows in excess of 1000km of carriageway which has reached an intervention level where major repair work should be undertaken. The majority of this length is estate roads within towns and villages and rural unclassified roads.

6.4 Road Condition performance indicators show the percentage of road length which has reached an intervention level where major repair work should be undertaken. These performance indicators are predicted to follow the pattern below with an overall LTP supported capital expenditure of £10m/annum.


PI Ref	PI Description	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10
BVPI 196	Condition of Principal Roads	6.54	6.00	8.38	10.76	13.14	15.52	17.89
BVPI 197a	Condition of Classified Roads	13.75	12.0	14.22	16.45	18.67	20.90	23.12
BVPI 197b	Condition of Unclassified Roads	24.80	25.33	25.87	26.42	26.96	27.50	28.05

Deteriorating condition will lead to an increase in public liability claims and accidents.

- 6.5 The CSS Bridges Group report "Funding for Bridge Maintenance" suggested an approximate budget need of £5m/annum for Northumberland's bridges alone to meet Government targets. The County Council bridge stock still has approximately 250 bridges which require strengthening or further assessment to cater for 40T vehicles. Progress on this strengthening programme will be slow and weight limits may need to be imposed on some structures assessed below the 40T limit, with implications for agricultural and freight vehicle movements.
- 6.6 Under the proposed funding a lesser number of integrated transport projects would be able to be delivered. This could effect accident remedial measures, provision of safe routes to schools, improvements to street lighting, traffic calming and speed restriction schemes.
- 6.7 Major improvements in town centres such as those carried out at Morpeth and Berwick would be highly unlikely to be funded. Public Transport proposals would be re-prioritised, with bigger, most significant public transport and accessibility improvement schemes curtailed.
- 6.8 It is highly unlikely that any major schemes other than Pegswood Bypass could be developed within the ten year period.
- 6.9 Highways impact significantly on the quality of life of communities, as a key aspect of the built environment. Opinion surveys and focus groups have shown that road and footway maintenance are areas of high priority for the public, but that levels of satisfaction are low. Reducing capital expenditure to the levels indicated in the report is likely to be negatively received by the public and this is likely to continue to influence public satisfaction with highways maintenance.

7. EFFECTS ON FINANCE AND PERSONNEL

7.1 The Highways Service currently employs 308 people. Proposed levels of capital expenditure would lead to between 50 and 80 redundancies (both staff and operatives) within the directly employed workforce, together with a reduction in workload for partners and other service providers. Should redundancies of this order be necessary costs may be in the range £2.5 to £4m. Significant redundancies have been successfully avoided in the past through the implementation of redeployment, seeking other workload opportunities and other practices. These measures will again be employed to minimise redundancy needs, however given the other financial pressures facing the authority at this time it is likely that significant redundancies will be necessary.

 Other service providers such as partners and District Councils (particularly Blyth Valley and Wansbeck) also deliver significant elements of capital works for the County Council. Personnel requirements within these service providers will also be affected by the reduction in capital expenditure although at this stage no discussions have been held with them to identify the effects.

7.3 Significant values of central overheads are also currently covered by the capital delivery areas and these would need to be redistributed across the Council.

7.4 Funding for highways and transportation may be reduced by Central Government should the Department for Transport perceive that funding intended for highways is being spent on other issues or due to poor performance against LTP targets. This could result in:-

- Reduction in overall level of support for borrowing included in FSS
- A further reduction in highways element of FSS calculation
- Reluctance to support future major schemes through grant allocation
- Reduction in match funding through Rural Bus Challenge and other initiatives (Rural Bus Challenge funding of £800k is currently being utilised).

8 EFFECTS ON ASSESSED PERFORMANCE

8.1 The 2004/05 LTP settlement letter expressed concern that Northumberland was not on track in achieving all LTP targets although progress was considered to be reasonable overall. Areas of concern included targets relating to travel plans, bus patronage, cycling and reduction of slight injury accidents.

8.2 The proposed funding level will inevitably lead to a need to review targets and possible achievement levels. It is likely that assessed LTP performance will deteriorate.

8.3 The 2004/05 LTP settlement letter also expressed concern regarding revenue expenditure on maintenance. These concerns will be heightened as capital maintenance expenditure will also be below identified supported capital levels.

8.4 Local Public Service Agreement (LPSA) targets for highways maintenance will not be met. Prospects of meeting LPSA targets for public transport will also be weakened.

8.5 Effects on LTP and LPSA performance are likely to impact on CPA for the Environment block. Effects on CPA for 2005 are expected to be limited, but will be more significant post 2005.

9. BACKGROUND PAPERS

Local Transport Capital Settlement 2004/05 – Letter dated 19.12.03

Executive Report – Local Transport Plan – Proposed Capital Expenditure 2003/6 – 12 July 2004

Northumberland Local Transport Plan Annual Progress Report 2003-4

10. CONTACT OFFICER(S)

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