

Implication Note: ESD IN (i)
Classification: D – Not supported and requesting that officers consider alternative options

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Street Lighting Energy Reduction
Savings (£): Financial Year: Comment:	£450,000 2016/17 New option – this should provide a part year saving of £100,000 in 2015/16 and then a full year saving of £450,000 in 2016/17. This new option considers new technologies that are only now being introduced to the market place. Confidence on their feasibility is currently being reviewed. Early indications of these reviews are positive. In order to achieve the £450,000 saving some part night light or switch off is likely to still be required to add to the introduction of LED and central management control technology. Present indications are that £290,000 can be achieved via new technologies PLUS £160,000 with switch off of 1 in 3 residential lights OR 1 in 2 part night lighting in residential areas and town centres £160,000.
<u>Cost to Implement</u>	
Staff Costs:	£25,000 to risk assess locations proposed for part night lighting/switch off.
Resource Costs:	£900k to purchase materials and contract resources to undertake adaptation. Subject to change after proposal is reviewed in more detail.
Additional Costs:	None
<u>Timeframe to Implement</u>	
Consultation:	There would need to be wide spread consultation as undertaken previously for the part night lighting of the inter-urban routes.
Statutory Process:	This would need to be stringently followed, fully documented and risk assessed.
<u>Risks of Implementation</u>	
Not Achieving – Limited risk	
Savings: Timeframe:	As detailed above. Dependent on consultation process/outcome/challenge this could be protracted.

<u>HR Implications:</u>	
Redundancy:	Not applicable, staff would still need to manage the asset.
Redeployment:	Not applicable.
Redirected Resource:	Not applicable.
<u>Other Options/Issues:</u>	
<p>Concern may be raised over health and safety where street lights are turned off or part night lit in residential areas/town centres. There may also be concerns over possible increases in anti social behaviour and crime.</p> <p>NOTE: - Junctions/roundabouts/traffic calming and security camera areas will remain switched on.</p>	

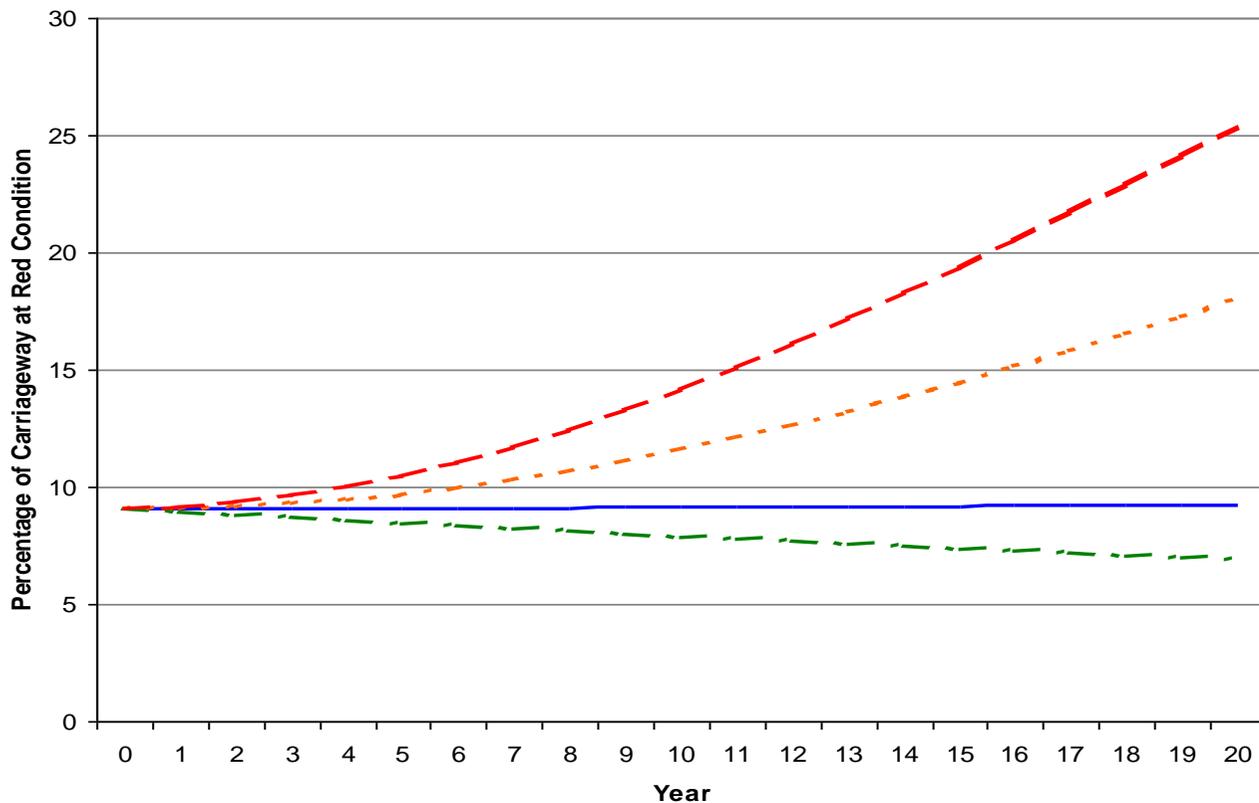
Implication Note: ESD IN (ii)
Classification: C – Not supported and requesting additional information and/or further consultation

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Carriageway Resurfacing – Planned Maintenance
Savings (£): Financial Year: Comment:	300,000 2015/16 Reduce planned maintenance – reducing the budget could increase the risk of insurance liability. Legislation (Highways Act) states that the asset (Highway) needs to be maintained in a safe condition for users. A more refined risk rating/prioritisation process could be developed within the Highway Asset Management Plan (HAMP) process. This would involve developing the current prioritisation process further to consider additional influencing factors. A review of this process is planned for 2015/16. Currently the authority's HAMP process projected over the next 20 years identifies that the road condition will decrease unless additional funding is identified over and above what has been provided in previous years. The £300,000 equates to approximately 20% of the current revenue budget allocation. It is assumed that the Capital allocation will remain at a similar level to previous years. It should also be noted that combined with this approach, 2015/16 will see a decrease in planned carriageway resurfacing works than that experienced over the last 3 years as a result of the completion of the Welsh Government Local Government Borrowing Initiative (LGBI) scheme.
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	Nil. However there are some HR implications with staff noted below. Nil Possible increase in reactive maintenance and insurance liability. It is difficult to assess the financial impact of this going forward. However, the cumulative effect over the medium to long term could be a significant sum as less roads will be resurfaced and additional money will be required for increasing reactive maintenance. If no additional funding is identified it is likely that any planned resurfacing budget allocation could need to be diverted to reactive maintenance exacerbating the problem for the future. To bring assets back to current conditions following any proposed cuts could require an investment of full

	reconstruction rather than resurfacing if budget was not increased back to appropriate levels within a couple of years. The more patching undertaken to a carriageway the more the structural integrity is compromised which may result in additional structural maintenance repairs rather than resurfacing of the surface course layer only.
<u>Timeframe to Implement</u>	
Consultation:	Wider public consultation is not a statutory requirement for this service delivery area; a robust defence on selection process will be required to defend position against public criticism.
Statutory Process:	Will require consultation and approval by members via the MTFP / budget setting process for 2015/16.
<u>Risks of Implementation</u>	
Not Achieving -	
Savings:	Limited risk as budget is under direct control of the Highway Operations Group (HOG).
Timeframe:	Limited risk as budget is under direct control of HOG. Can be implemented from April 2015.
<u>HR Implications:</u>	
Redundancy:	None
Redeployment:	Not applicable
Redirected Resource:	0.4 FTE (HOG 0.1 / EPG 0.3) Limited effect, although cumulative effect of savings across service may impact on staffing. The 0.1 staff reduction in HOG would be utilised to further develop and implement/monitor the risk/prioritisation process and deal with any increase in complaints. The Engineering Projects Group (EPG) would need to secure additional consultancy work to cover the loss of income.
<u>Other Options/Issues:</u>	
<p>Consideration has been given to other highway budget headings. The vast majority relate to reactive maintenance and there is considered very limited scope to reduce these reactive budgets without raising major service delivery concerns. The reactive maintenance budgets are already under significant pressure and overspends are a real concern for the future.</p> <p>The previous Special Scrutiny required further information to understand the affects of the budget changes. The attachment gives an indication of how such budget changes will affect the carriageway over time.</p>	

Predicted Percentage of Carriageway at Red Condition Over Different Funding Options



- Steady State - £2.5m
- - - 2014-15 Current Budget including LGBI - £3.9m
- - - 2015-16 less £300k & less LGBI - £1.7M
- - - 2015-16 less £1.3m & less LGBI - £700K

Notes:

1. Forecasts include all carriageways.
2. Red condition means the carriageway is in an overall poor condition and maintenance should be planned soon.
3. Steady State is the investment required to keep the carriageways at the current condition level.
4. Current 2014-15 Capital and Revenue budget is £2.0m.
5. Current 2014-15 LGBI budget is £1.9m.

Implication Note: ESD IN (iii)
 Classification: C – Not supported and requesting additional information and/or further consultation

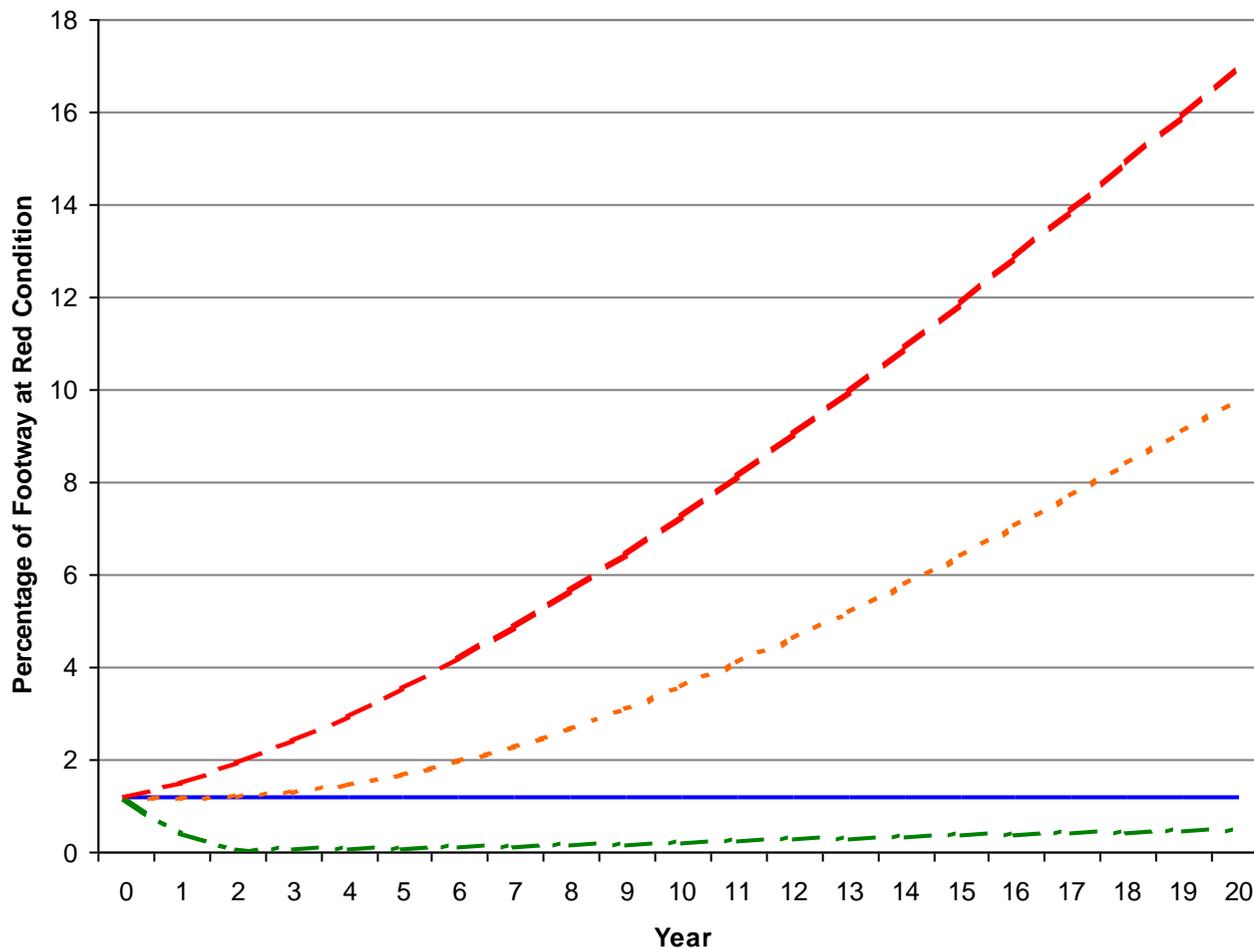
Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Footway Resurfacing – Planned Maintenance
Savings (£): Financial Year: Comment:	<p>60,000 2015/16 Reduce planned maintenance – reducing the budget would increase the risk of insurance liability. Legislation (Highways Act) states that the asset (Highway) needs to be maintained in a safe condition for users. A more refined risk rating/prioritisation process could be developed within the HAMP process. This would involve developing the current prioritisation process further to consider additional influencing factors. A review of this process is planned for 2015/16. Currently the authority's HAMP process projected over the next 20 years identifies that the footway condition will decrease unless additional funding is identified over and above what has been provided in previous years. The £60,000 equates to approximately 12% of the previous revenue budget allocation. It should also be noted that combined with this approach, 2015/16 will see a decrease in planned footway resurfacing works than that experienced over the last 3 years as a result of the completion of the Welsh Government Local Government Borrowing Initiative (LGBI) scheme.</p>
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	<p>Nil. However there are some HR implications with staff noted below. Nil Possible increase in reactive maintenance and insurance liability. It is difficult to assess the financial impact of this going forward. However, the cumulative effect over the medium to long term could be a significant sum as less footways will be resurfaced and additional money will be required for increasing reactive maintenance. If no additional funding is identified it is likely that any planned resurfacing budget allocation could need to be diverted to reactive maintenance exacerbating the problem for the future.</p>

APPENDIX 4

<u>Timeframe to Implement</u>	
Consultation:	Wider public consultation is not a statutory requirement for this service delivery area; a robust defence on selection process will be required to defend position against public criticism.
Statutory Process:	Will require consultation and approval by members via the MTFP budget setting process for 2015/16.
<u>Risks of Implementation</u>	
Not Achieving -	
Savings:	Limited risk as budget is under direct control of Highway Operations Group (HOG)
Timeframe:	Limited risk as budget is under direct control of HOG. Can be implemented from April 2015.
<u>HR Implications:</u>	
Redundancy:	None
Redeployment:	Not applicable
Redirected Resource:	0.1 FTE HOG plus up to 1 FTE NCS Limited effect, although cumulative effect of savings across service may impact on staffing. The 0.1 HOG staff member could be allocated works reviewing and updating the risk/prioritisation process along with dealing with any increase in complaints. The 1no NCS staff member could be covered by reducing agency/sub-contractor usage. Works currently undertaken by agency and sub-contractors would need to be reviewed. There would be some additional training required for new methods of work if implemented. This should negate any staffing implications.
<u>Other Options/Issues:</u>	
<p>Consideration has been given to other highway budget headings. The vast majority relate to reactive maintenance and there is considered very limited scope to reduce these reactive budgets without raising service delivery concerns. The reactive maintenance budgets are already under significant pressure and overspends are a real concern for the future.</p> <p style="color: blue;">The previous Special Scrutiny required further information to understand the affects of the budget changes. The attachment gives an indication of how such budget changes will affect the footway over time.</p>	

Predicted Percentage of Footway at Red Condition Over Different Funding Options



— Steady State - £900k
- - - 2014-15 Current Budget including LGBI - £1.3m
- - - 2015-16 less £60k & less LGBI - £440k
- - - 2015-16 less £300k & less LGBI - £200k

Notes:

1. Forecasts include all footways.
2. Red condition means the footway is in an overall poor condition and maintenance should be planned soon.
3. Steady State is the investment required to keep the footways at the current condition level.
4. Current 2014-15 Revenue budget is £500k.
5. Current 2014-15 LGBI budget is £800k.

Implication Note: ESD IN (iv)
Classification: C – Not supported and requesting additional information and/or further consultation

Medium Term Financial Plan – 2015 – 2016

Highway Reactive Maintenance	
With all the possible reductions in the majority of the highways budget there is a very real risk that the amount of reactive works and insurance liabilities will increase significantly. This will be detrimental to the current strategies and HAMP, which is designed to try and preserve our assets at the current condition rather than deteriorate. It is already evident that this strategy will not work unless additional funds are allocated to Highways budgets. Highway maintenance is a statutory provision covered by the Highways Act and any reduction will have H&S implications.	
Budget Title / Ref:	Highway Reactive Maintenance - Option 1
Savings (£):	50,000
Financial Year:	2014/15
Comment:	A reduction of 4% of the current budget and is considered a high risk to the authority.
Cost to Implement	
Staff Costs:	Nil
Resource Costs:	Nil
Additional Costs:	There could be an increase of third party claims against the authority which creates a vicious circle of increasing premiums and compensation payments which could further reduce available reactive maintenance budget.
Timeframe to Implement	
Consultation:	Not applicable
Statutory Process:	Policy will need to be developed/strengthened to justify why we are departing from recommended codes of practice. Although these are not legislative they can be considered best practice.
Risks of Implementation	
Not Achieving -	
Savings:	Risk is apparent if defects are identified that are outside our intervention criteria they must be repaired. This is unpredictable due to varying factors such as age of asset, weather, traffic volumes, etc
Timeframe:	Can be achieved in the first instance but there is the real risk that the budget could overspend by year end.

HR Implications:	
Redundancy:	The authority will still require staff to undertake the highway safety inspections and will have further increased demands to possible increase in work required to justify strategy and defend insurance claims in court.
Redeployment:	There would be knock on effects to NCS the in-house contractor who would have reduced workload. If redundancies were required this could be managed via vacancy management.
Redirected Resource:	Given the possible impacts on staff numbers from this option there is a likelihood that staff numbers affected of approx 1no FTE. Alternate work could need to be sourced in other service areas.
	If needed try and identify additional sources of work such as works currently undertaken by external contractors.
Other Options/Issues:	
<p>Following requests from Scrutiny for additional information in relation to the impacts of this saving, it is envisaged that this will now be mitigated by reduced costs with the approved invest to save option to purchase a jet patcher. This new equipment will allow more surface area to be repaired at a lower cost. This should ensure that service provision is not compromised.</p> <p>It should be noted that the above mitigation will be impacted upon with the reduction in planned carriageway resurfacing. This reduction may increase the amount of reactive maintenance required.</p> <p>Dependant on other budget cuts that may impact on NCS workload there may be implications in relation to the size of the core workforce that may impact on out of hours emergency cover for flooding and winter maintenance emergencies.</p> <p>There may be increased public complaint due to possible lower maintenance standards for the network.</p> <p>If there is reduced reactive maintenance works undertaken this will result in probably more insurance claims against the authority and subsequent increases in future insurance premiums. This is a vicious circle as increases in premiums will result in even less budget being available for maintenance works in the future.</p>	

Implication Note: ESD IN (v)
Classification: D – Not supported and requesting that officers consider alternative options

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Winter Maintenance
Savings (£):	60,000
Financial Year:	2014/15
Comment:	New option - Reduce winter maintenance gritting routes from 9 to 8 by using route optimisation. This is a saving of 7% of the budget and is considered a low risk to the authority, as the route coverage will still be maintained with lesser vehicles.
<u>Cost to Implement</u>	
Staff Costs:	£1500 to input data undertake analysis
Resource Costs:	£5000 to purchase appropriate software to allow route optimisation including licence.
Additional Costs:	Possible additional specialist consultancy £1000
<u>Timeframe to Implement</u>	
Consultation:	Not required.
Statutory Process:	As no changes to route coverage no action needed.
<u>Risks of Implementation</u>	
Not Achieving -	
Savings:	Limited risk as these costs are generally consistent and annual.
Timeframe:	Limited risk as this work is under the direct control of Highways and can be adjusted relatively quickly following approval.
<u>HR Implications:</u>	
Redundancy:	There would be limited effect on staff as this is generally an out-of-hours service covered by overtime.
Redeployment:	Not applicable
Redirected Resource:	Not applicable
<u>Other Options/Issues:</u>	
There could be public concern if the route treatment times extended significantly. It is envisaged that this should not be a major issue at this time.	
This is a high profile customer focussed frontline service.	

Implication Note: ESD IN (vi)
 Classification: C – Not supported and requesting additional information and/or further consultation

Medium Term Financial Plan – 2015 – 2016

Structures and Retaining Walls	
Reduce the limited planned maintenance works to structures.	
Budget Title / Ref:	Structures and Retaining Walls Option 1
Savings (£): Financial Year: Comment:	50,000 2014/15 Option 1 reduced from £485k to £435k; there would be longer term increases in reactive maintenance. This is approx. 10% of the budget.
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	Nil Nil There could be an increase of third party claims against the authority which creates a vicious circle of increasing premiums and compensation payments which could further reduce available reactive maintenance budget. There is a further risk due to a possible reduction in the Structures SLA that there could be unpredicted failures of some structures due to lack of maintenance/inspection.
<u>Timeframe to Implement</u>	
Consultation: Statutory Process:	Not applicable Policy will need to be developed/strengthened to justify why we are departing from recommended codes of practice. Although these are not legislative they can be considered best practice.
<u>Risks of Implementation</u>	
Not Achieving -	
Savings: Timeframe:	Risk is apparent if defects are either not identified or have their repair delayed due to budget difficulties. This is unpredictable due to varying factors such as age of asset, weather, changes in environmental factors such as drainage, vegetation growth, etc Can be achieved in the first instance but there is the real risk that the budget could overspend in the medium/longer term.

HR Implications:	
Redundancy:	The authority will still require staff to undertake the structures inspections and will have further increased demands to possible increase in work required to justify strategy and defend insurance claims in court. There would be a small knock on effect to NCS the in-house contractor who would have reduced workload. If redundancies were required this could be managed via staff reaching retirement age within NCS and EPG identifying additional work from other sources.
Redeployment:	Not applicable
Redirected Resource:	If needed try and identify additional sources of work such as works currently undertaken by external contractors/consultants.
Other Options/Issues:	
<p>Following request for additional information from Scrutiny this area has been reviewed further. The proposed saving has been set at the lower level of £50,000. The risk prioritisation methodology has been further considered and has been deemed appropriate. The review has identified that a number of future projects should be defined as “Capital” Rather than “Revenue”. As such appropriate business cases will be produced to provide substantiation for bids to the Capital Strategy group.</p> <p>Dependent on other budget cuts there may be a cumulative effect on Structures and NCS that would need consideration.</p> <p>There may be increased public complaint due to possible lower maintenance standards for the network.</p>	

Implication Note: ESD IN (vii)
Classification: A – Supported by Scrutiny but with direct impact on service users

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Highways Adoptions and Agreements Fees
Savings (£):	15,000
Financial Year:	2016/17
Comment:	Income target for 2014-15 is £151,000 (lowered from £165,000 in previous years because of the downturn in the economy affecting the pace of development): increase fees to 10%. Note fees were last increased in 2012. Since then there are positive signs that development activity is increasing and all local authorities are reviewing their charges.
<u>Cost to Implement</u>	
Staff Costs:	None
Resource Costs:	None
Additional Costs:	None
<u>Timeframe to Implement</u>	
Consultation:	Scrutiny and Cabinet
Statutory Process:	Not applicable
<u>Risks of Implementation</u>	
Not Achieving -	
Savings:	Budgets cuts would be required elsewhere to higher risk services.
Timeframe:	No risk anticipated
<u>HR Implications:</u>	
Redundancy:	None
Redeployment:	None
Redirected Resource:	None
<u>Other Options/Issues:</u>	
The fee increase in 2012 has had no appreciable impact on development in the borough. With neighbouring authorities also considering increases in fees, this proposal is not expected to result in any significant detrimental effect on CCBC's attractiveness for developers. A comparison of fees and charges across Welsh local authorities is attached, as requested by Special Scrutiny on 12/06/14 .	

ESD In (vii) Highways Adoptions and Agreements – Comparison Chart

	Blaenau Gwent	Bridgend	Caerphilly	Cardiff	Carmarthen	Ceredigion	Merthyr Tydfil	Monmouth
Section 38 Highway Adoption Agreement Fees:	Varies 3% - 10% (Sliding scale up to £100,000)	7% + 1% for Legal Services	8%	7% + 1.5% Legal Services (8.5% total)	8%	8%	6.5%	Sliding scale of 3-5 %
Section 278 Highway Improvement Agreement Fees	As Section 38	As Section 38	8%	6% + 1.5% Legal Services (7.5% total)	Actual Cost	9%	6.5%	5 % of contract

	Neath Port Talbot	Newport	Pembroke	Powys	Rhondda Cynon Taff	Swansea	Torfaen	Vale of Glamorgan
Section 38 Highway Adoption Agreement Fees:	7%	8%	Currently 5% of Bond	7% of bond	8% of which 1.5% is for Legal Services	8% including 1% for Legal Services	7%	6.5%
Section 278 Highway Improvement Agreement Fees	7% of bond + 1% for Legal Services	Actual Incurred	Inspecting drawings & inspecting works	7% of bond	8%	7% inc Legal Services £1500 min. Legal Services min £500	6-10%	As Section 38

Note: All percentages relate to the percentage of the calculated value of the proposed highway works unless stated otherwise.

Implication Note: ESD IN (viii)
Classification: C – Not supported and requesting additional information and/or further consultation

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Management of Off Street Car Parks (Sunday Charging)
Savings (£): Financial Year: Comment:	10,000 2015/16 Introduce parking charges in all car parks on Sunday. Estimated £15k additional income. 13 LAs charge on Sundays. 2 LAs (Carmarthenshire & Monmouthshire) are currently considering introducing charges on Sunday. Torfaen & Blaenau Gwent do not charge for parking.
<u>Cost to Implement</u>	
Staff Costs: Resource Costs: Additional Costs:	None Implementation costs of approximately £5k Depends if enforcement is required. If yes, then additional hours will need to be paid (up to £10k per annum depending on the level of enforcement).
<u>Timeframe to Implement</u>	
Consultation: Statutory Process:	Town and community councils, community partnerships, members and the public in accordance with the Council's constitution. Traffic Regulation Order process
<u>Risks of Implementation</u>	
Not Achieving -	
Savings: Timeframe:	Budgets cuts would be required elsewhere to services likely to be of a higher impact. Some possible. Only part year savings could be achieved in 2015/16 allowing for consultation and implementation.
<u>HR Implications:</u>	
Redundancy: Redeployment: Redirected Resource:	None Possibly if additional resources are required Not applicable
<u>Other Options/Issues:</u>	
Highly likely to lead to public objections	

Implication Note: ESD IN (ix)
Classification: D – Not supported and requesting that officers consider alternative options

Medium Term Financial Plan – 2015 – 2016

Budget Title / Ref:	Public Transport Subsidy – Confirmed Option
Savings (£):	150,000
Financial Year:	2015/16: £24,000 (part year savings); 2016/17: £150,000 (full year savings)
Comment:	Review of spend and services to include; contracts with the highest subsidy per passenger, fare paying school buses and consideration of times when usage is lowest, or when reasonable alternatives exist. This will include working with existing service providers to look at where efficiencies in provision can be made, with the minimum impact on passengers. £24,000 target will be achieved in 2015/16, with full saving of £150,000 for 2016/17.
<u>Cost to Implement</u>	
Staff Costs:	None.
Resource Costs:	None.
Additional Costs:	Further changes in external funding for bus services (e.g. concessionary travel reimbursement; bus service support grant), may result in additional reductions to bus services in the county borough and the need to re-prioritise how savings can be achieved.
<u>Timeframe to Implement</u>	
Consultation:	Extensive consultation required with town and community councils, community partnerships, members and other key stakeholders (e.g. equality groups) in accordance with the Council's constitution.
Statutory Process:	12 weeks notice would have to be served on contracts.
<u>Risks of Implementation</u>	
Not Achieving -	
Savings:	Budgets cuts would be required elsewhere to services.
Timeframe:	Not anticipated provided consultation undertaken in 2014/15 and 2015/16.
<u>HR Implications:</u>	
Redundancy:	None anticipated.
Redeployment:	None anticipated.
Redirected Resource:	None anticipated. There may be the opportunity to introduce the Connect2 service to cover some services, but this would be dependent on a worthy business case (e.g. capacity, cost effectiveness etc).

Other Options/Issues:

Likely to receive objections from the public and community representatives . There would be an impact on the public, employment opportunities etc.

The impact could be compounded if Welsh Government (WG) implement further cuts to the concessionary fares reimbursement scheme and other grants. Likely to be a significant detrimental effect on bus services and bus operators in 2015/16 if these are realised. Difficult to predict at this stage and the situation could be quite volatile.