

Discussion Paper

Paper to:

Subject: CEC Resources and Funding

Agenda item:

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Summary

There is currently budgeted provision in the tram project budget for costs rechargeable by CEC for staff working on design approvals and elements of traffic management in relation to the project with a total Anticipated Final Cost of £1.168m.

This report looks at three elements of CEC costs, one of which is recognition in budgetary terms of slippage related to the design process and the requirement to continue to resource the design approvals and traffic management team. Furthermore the report addresses the issue of CEC staff recharges and value of lost parking spaces due to tram works.

Approvals Team

There is currently budgeted provision in the tram project budget for costs up to the end of Financial Year 2008/09 related to CEC staff working on design approvals and certain elements of traffic management. A breakdown of the staff costs associated with this work forms Appendix A of this report.

Agreement on the staff that could be charged to this budget was established based on a report to the Tram Project Board (TPB) on 9th January 2008. Elements of CEC staff that had previously been charged to the project undertaking work on Legal support and Communications were absorbed by CEC budgets, leaving staff working on the approvals process and traffic management issues charged to the project.

The current AFC for this element of the project is £1.168m, with £433k attributable to the current financial year. Due to slippage in the design programme and ongoing work related to the TRO process and temporary traffic management, there is a need to provide a budget in Financial Year 2009/10 to resource these work streams.

The need for resources on temporary traffic management and the TRO process still exists and will be required for the whole financial year with the staff working on design approvals still required to take account of design construction changes.

The associated costs of this work are £460k in 2009/10. Elements of these costs would continue going forward into future years depending on programme and design related construction issues.

Further Staff Recharges

A large number of CEC staff in addition to those involved in the approvals process has been working on project issues. Currently circa 6000 hours at a cost of £222k has incurred by CEC staff on the project, the full year effect next financial year would be £400k.

Normal practice for CEC staff working on any Capital project would result in their time being recharged to the project; an exception has been made in relation to tram.

In the current year a pressure of £400k exists within CECs revenue budget as a result of this practice. The revenue budget in 2009/10 has highlighted a further budget pressure which means that the current position is unsustainable.

The further expenditure that would require to be budgeted for in the tram budget for 2009/10 would therefore be £400k. Should the need exist for this work continue beyond 2009/10 there may be further budgeted resources required.

Services Provided

The following activities have been resourced by CEC in relation to the tram project:

- General Project Management and Co-ordination
- Traffic Signals Management
- Traffic Management Support
- Co-ordination of road works on the wider road network
- Estates Management
- Lighting Technical Approvals
- Planning Approvals
- Structural Approvals
- TROs and signs approval
- Planning – Management of Approvals Process and resolution of design issues.
- Legal Support
- Project Supervision Audit

Use of Parking Bays

A substantial part of CEC's budget is derived from on street parking which is used to balance other transport related priorities.

CEC land that previously accommodated significant numbers of valuable on street parking places have been gifted to the project to allow construction of the tram scheme.

The permanent tram scheme has resulted in giving up land used for pay and display parking worth £458k to CEC in 2008/09. The temporary scheme has resulted in

giving up land worth £596k in 2008/09. This has been a pressure which the Council has had to manage and react to in the current financial year.

Faced with a further reduction in income from increased loss of spaces in 2009/10 and 2010/11 CEC cannot continue to absorb this. The forecast figure for lost parking bays in 2009/10 is £2.09m and £1.27m in 2010/11. CEC have endeavoured to absorb as much as possible saving £880k in 2009/10 transport budgets to offset this.

Therefore TPB are requested to approve a total AFC of £2.47m, £1.2m relating to 2009/10 and £1.27m in £2010/11. Appendix B provides the detail behind the parking figures.

Impact on programme

Assuming the recommendation is approved, there will be no impact on the Tram Project programme.

Impact on budget

Assuming the recommendation is approved the impact on the tram budget would be:

A summary of the cost estimate to support the budget adjustment is shown below. The total costs associated with the above would require the TPB to approve a change in the project AFC of £3.330m which does not include any provision in future years for the approvals and traffic management team and the CEC staff recharges.

Approvals and Traffic Management Team

Financial Year 2009/10 £460k
Future Years Costs driven by Programme

CEC Staff Recharges

Financial Year 2009/10 £400k
Future Years Costs driven by Programme

Parking Bay Land

Financial Year 2009/10 £1.2m
Financial Year 2010/11 £1.27m

Impact on risks and opportunities*

Recommendation

FOISA exempt
 Yes
 No

The slippage in the design process means the requirement for CEC staff costs associated with the approvals process goes beyond the budget in the current financial year. Therefore, it is recommended that the current budgeted allocation of is extended into 2009/10, the quantum of which would be £460k, to support this work which will be linked to the progress of the design programme.

Given the pressure on the CEC revenue budget CEC are no longer able to carry on the additional works as a result of the tram project without recharging the associated costs. In order for CEC to continue to support the tram project and undertake the necessary work on activities such as Co-ordination, Traffic Signals, Traffic Management, Estates, Planning and Legal and Communications related issues it is proposed that a provision of £400k is made in the Tram Budget with a review annually to assess the quantum and associated work streams related to this budget.

It is also recommended that the shortfall in the CEC budget related to parking pay and display of £1.2m is recognised as a cost to the project in 2009/10.

Decision(s) / support required

Appendix A – Approvals/TM Team, please see separate attachment

Appendix B - Lost Parking Bays, please see separate attachment