

7a 2015-2020 Five Year Budget Plan

o Purpose of Report

To ask the Board to consider the principle of developing a 5 year budget plan for the period 2015-2020. Any such plan would however be subject to available funding being confirmed and individual detailed programmes being brought forward for approval on an annual basis.

o Background

The Transport Scotland (Scotland) Act 2005 stipulates that constituent authorities are required to meet the net expenses of the Partnership. This has been interpreted by Audit Scotland as meaning that it is not possible for Nestrans to retain a surplus or deficit in any year and therefore it is not possible for Nestrans to have a general fund balance or reserve.

Capital funding is now requested from Aberdeen City and Aberdeenshire Councils to deliver the Regional Transport Strategy. Both Councils have longer term capital programmes in place that indicate a continuation of funding support to Nestrans and as a result it is proposed that Nestrans develop a 5 year budget plan for the period 2015-2020.

This would enable a more strategic approach to transport planning and potentially allow a profiling of capital contributions within the overall indicated budget total from each Council over this 5 year period. Subject to future budget and Council agreements this would ensure that budget allocations made within the overall 5 year programme can be delivered without the need to reallocate expenditure at the end of each year to other projects if a slippage is identified, or indeed to draw down additional budget from a future year in advance if required.

o The Delivery Plan

The Board previously approved the Nestrans Delivery Plan for the period 2010 – 2021 as a priority setting document that shows a general programme of works to deliver the Regional Transport Strategy (RTS). The Delivery Plan was based on information within the various Action Plans developed in support of the RTS and feasibility studies for a variety of projects. It has given the starting point for the formation of the annual Nestrans' Strategic Investment Programme, but it is recognised that it is not an agreed spending plan and revisions have been required as more detailed investigations are undertaken and proposed projects are completed, abandoned or superseded by proposals or as opportunities have arisen. Since publication of the Delivery Plan in 2010 the RTS has been refreshed, as has the Freight and Health and Transport Action Plans and an Active Travel Action Plan has been introduced.

It is suggested that the Delivery Plan will provide a useful basis in the development of a new 5 year Capital Programme, but it is recognised that they require to be reviewed and built upon given the policy and project development that has taken place since it was published.

o 2015-2020 Budget Plan

Finance officers at both Councils have indicated that, subject to Council approval, there may be flexibility to move the Nestrans capital budget allocations between years as required, either carrying forward allocation to the following year if it is not all used, or bringing forward budget from a future year if more is required in any particular year. This could be particularly advantageous in years when Nestrans may wish to contribute to large infrastructure projects

such as the new station at Kintore or the A90 (S) Park & Choose facility. It would also assist in the situation where delays, such as land acquisition difficulties cause a project to extend into the following financial year and thus avoid end of year reallocation of funds to alternative projects purely to ensure full expenditure of the allocation within that year.

The timing of completion of works has always been problematic. Due to the nature and scale of these projects, the timeline is often extended because of a number of factors. Consequently, the decision to delay draw down of funds for a number of projects scheduled for 2014/15 to 2015/16 has been discussed and agreed in principle with both partner Councils. This is discussed in more detail under the Budget Matters Report 7b on the agenda.

The 5 year programmed plan will not become an agreed spending plan as it will be subject to future budget and partner agreements, but it will indicate the potential profiling of expenditure during the 5 year period and show a general programme of works based on current estimated costs linked to partner Councils own programmes that can be considered as a basis for preparing annual budgets to 2020.

Should the principle of a 5 year budget plan be agreed, it is proposed that Nestrans develop a draft for consideration at a future Board meeting. This would be prepared with partner organisations as it is recognised that they may be progressing a number of the projects within the plan to which Nestrans will be making a contribution. The exact timescale and achievement of certain projects will therefore be largely dependent upon partner organisations budgets and the plan should seek to reflect their budget proposals and include best estimates of the level of contribution to be made by Nestrans.

Should the Board agree a 5 year budget plan, it would also have to be considered and agreed by Aberdeen City and Aberdeenshire Councils. They will both have to agree to the principle of Nestrans having a 5 year plan and have the opportunity to comment and input to the plan with a view to agreement on the priorities therein. This consideration and agreement will be vital to ensure that the principle of profiling the capital contributions to Nestrans over a 5 year period is acceptable and that they are in agreement with the priorities to achieve the aims of the Regional Transport Strategy within the period of the plan to ensure that the projects can be implemented.

o Recommendations

It is recommended that the Board:

1. Agree to the principle of developing a 5 year programme for the period 2015-2020.
2. Instruct the development of a proposed 5 year programme for consideration at a future Board meeting and for subsequent input and comment by the two Councils as an integrated part of their respective budget preparation processes.

JA/3 February 2015