

7b 2012/13 Budgets

- Purpose of Report

To agree Capital and Revenue Budgets for 2012/13, subject to available funding being confirmed.

- Background

A suggested Revenue Budget has been prepared for discussion that reflects anticipated funding levels from both Council Partners and the Scottish Government. The indicative budget of £1,026,350 has been based on a 5% reduction from the previous year's revenue contribution levels from Council partners. There is no reduction anticipated from previous years revenue support from the Scottish Government.

The Board previously approved the Nestrans Delivery Plan as a priority setting document that shows a general programme of works to deliver the Regional Transport Strategy. It is accepted that this would be subject to future budget and partner agreements. The section of the Delivery Plan showing the Actions and Projects with Nestrans Involvement in 2012/13 has therefore been used as the basis for developing the proposed Budgets.

The Delivery Plan had anticipated funding levels, however in advance of Council partners' budget deliberations the Capital Budget for 2012/13 has been indicated to us to be £2.132M. This comprises allocations from Aberdeenshire Council of £1.172M and Aberdeen City Council of £960,000.

The proposed budgets may still be subject to amendment by the Board following final confirmation of budget allocations by the Councils and formal confirmation of the Government Grant.

- Consideration

2012/13 Revenue Budget

The proposed budget has again been drafted to support the implementation of the Regional Transport Strategy. The Core Costs reflect the running costs of Nestrans and have been based on previous allocations, with adjustments applied in accordance with savings being achieved through joint accommodation, staffing, PR support and general reductions to office and associated costs in view of continued cuts in available revenue funding. The following table shows the changes to Core Costs within Approved Budgets in recent years along with the proposed allocation for 2012/13:

	08/09	09/10	10/11	11/12	12/13
Core Costs	£600,000	£548,500	£561,025	£539,520	£505,780

The Non Core Costs are for the development of projects within the various Action Plans developed to support delivery of the Regional Transport Strategy and feasibility assessments to prepare Regional Transport Projects and Travel Planning.

The proposed budget is attached as Appendix 1 along with indicative proposals for the detailed expenditure within each project heading in Appendix 2, but in summary it is:

Revenue Income of £1,026,350 amounting from:

Government grants (assumed no reduction from 2011/12 funding level)	£782,000
Local Authorities funding (assumed 5% reduction from 2011/12)	£244,350
Giving total income of	<u>£1,026,350</u>

Expenditure on the Revenue Budget is proposed at:

Core running costs of a Nestrans Board, team and support	<u>£505,780</u>
Rail Action Plan Projects	£71,000
Freight Action Plan Projects	£40,000
Health & Transport Action Plan Projects	£25,000
Bus Action Plan Projects	£114,570
General projects outwith Action Plans	£10,000
Project Feasibility and Monitoring	£175,000
Contingency	£10,000
Travel Planning	£75,000
Giving total non core costs of	<u>£520,570</u>

2012/13 Capital Budget

The Delivery Plan gave a starting point for the formation of the Capital Budget and the projects with Nestrans Involvement it contained for 2012/13 are shown in Appendix 3. As in previous years it is recognised however that the Delivery Plan is not an agreed spending Plan and will require revision throughout the period of its operation as more detailed investigations are undertaken and proposed projects are completed, abandoned or superseded by proposals or further opportunities that may arise. A number of the projects proposed for 2012/13 within the Delivery Plan therefore no longer require funding and these sums have been shaded within the Appendix along with a statement as to why they are not being progressed at this time.

A team of Nestrans officers and Council colleagues have put forward a series of further projects based upon the actions from the various Nestrans Action Plans and previously commissioned feasibility studies. Consideration was also given to the likelihood of projects being undertaken in time, other constraints limiting progress, legally committed projects, building upon previous year's expenditure and the fit to the aims of the Regional Transport Strategy.

The team also considered the extent to which projects would require ongoing revenue support, possible future year's capital expenditure contained within the Delivery Plan and to what extent projects were also being part funded by other bodies such as partner Councils and other external funders. The proposed budget aims to achieve a balance of expenditure across the objectives with the greatest chance of deliverability.

It was considered important to include funding for projects, such as the A96 & A90 Park & Choose sites and Third Don Crossing, which have the potential to be included within a construction contract for the Aberdeen Western Peripheral Route, to ensure that they have been progressed to a sufficient level to allow this to happen and thus benefit in the longer term from the reduced delivery costs that could therefore be achieved.

The proposed budget is contained in Appendix 3 along with the base Delivery Plan projects. The proposed expenditure has been grouped into projects matching the strands of the Regional Transport Strategy. Full details are shown in the Appendix, but in summary it is:

RTS Strand	Delivery Plan	Proposed Budget
Rail	£1,050,000	£0,000
Strategic Road - Capacity Improvements	£100,000	£315,000
Strategic Road - Safety Improvements	£350,000	£150,000
Strategic Road - Prioritised Maintenance	£0	£450,000
Bus Improvements	£1,200,000	£760,000
Transport Interchange	£50,000	£100,000
Walking and Cycling	£500,000	£344,000
Various	£200,000	£13,000
Total	£3,450,000	£2,132,000
Assumed Budget Availability		£2,132,000

At the time of preparing this report the Councils still had to meet to agree their budgets for 2012/13 and there is a potential that Aberdeen City Council may also allocate funding towards the Third Don Crossing. Should this be the case, it is requested that the Board agree to any resultant reduction in the funding requirement within the proposed budget for this scheme being used to deliver further Walking and Cycling projects. It is suggested that any additional funding agreed towards this budget heading be used to continue delivery of the Aberdeen to Blackburn cycle path route and increase the amount available for Core Paths.

The Inverurie Interchange and Ellon Park & Ride extension both require land acquisition and it is recognised that this could pose a risk to the expenditure of the proposed budget in 2012/13. Further priority projects within maintenance and bus improvements have been identified by officers for future consideration should either of these risks materialise. These projects relate to resurfacing of the A952 Burnside to Wester Pettymarcus and additional support to the Fraserburgh bus station refurbishment project.

A full reserve list of projects, including the above mentioned priorities, has been prepared and is shown in Appendix 4 and should the need arise will be further reported to a future Board for approval.

- Recommendation

It is recommended that the Board:

1. Approve the 2012/13 Revenue and Capital Budgets as shown in the Appendices, subject to anticipated funding levels being confirmed and making any appropriate adjustments following the Board's consideration.

Alan Wood
Acting Treasurer

Derick Murray
Director

3 February 2012