



## **OFFICER REPORT TO LOCAL COMMITTEE (WOKING)**

### **2008/09 DEVOLVED LOCAL TRANSPORT PLAN AND LOCAL ALLOCATION BUDGET**

**22 OCTOBER 2009**

#### **KEY ISSUE**

To report details of the 2008/09 devolved local transport plan and local allocation budget overspends.

#### **SUMMARY**

The report details the reasons for the overspends outlining some of the key issues and what action has been taken to ensure that this does not arise again.

#### **OFFICER RECOMMENDATIONS**

The Local Committee is asked to note the contents of the report and the actions taken by the highway service.

## 1. INTRODUCTION AND BACKGROUND

- 1.1. The Local Committee received a report in July outlining amendments to Borough's scheme programme resulting from a reduction in budget for the year arising from overspends in 2008/09. Members requested a report detailing the reasons for the overspends.
- 1.2. The acting Local Highway Manager has investigated schemes in the 2008/09 outturn and this report outlines some of the key issues and what action has been taken to ensure that the Local Committee does not experience similar problems again.

## 2. ANALYSIS

### Devolved LTP Budget

- 2.1 The 2008/09 Devolved LTP budget was £160,000. A further £342,900 was allocated by the Executive in July 2008 but after taking into account the 2007/08 overspend of £267,600 this left a budget of £235,300 to allocate.
- 2.2 The total outturn expenditure in 2008/09 was £362,651 resulting in an overspend of £127,351. Of this overspend amount £2,475 is made up of residual costs across a number of projects and £8,987 of credits for schemes from previous year.
- 2.3 There are six schemes, which have been checked as these have expenditure in excess of the budgets allocated and make up the bulk of the £127,351 overspend. These are:
  - Victoria Road/Lower Guildford Road Junction
  - Redding Way pedestrian Facilities
  - Anchor Hill Pedestrian Facilities
  - Sheerwater Road Pedestrian Facilities
  - Denton Way Pedestrian Crossing
  - Westfield Road Pedestrian Crossing
- 2.4 Annex A shows these six schemes, the budget allocation, the outturn expenditure and the reason for any additional cost.

### Local Allocation Budget

- 2.5 The 2008/09 Local Allocation Budget was £100,000 and after taking into account the 2007/08 overspend of £42,900 this left a budget of £57,100 to allocate.
- 2.6 The total expenditure in 2008/09 was £82,548 resulting in an overspend of £25,448.

- 2.7 Of this overspend £10,100 is made up of residual costs across 13 schemes for which no budget was allocated and £970 of credits for schemes from the previous year.
- 2.8 There are 4 schemes, which have been checked as these have expenditure in excess of the budgets allocated and make up the bulk of the overspend. These are:
- Westfield Road Pedestrian Crossing
  - Cycle Improvements Network Problems
  - Old Woking Speed Limit Zone
  - Signing & Safety Improvements
- 2.9 Annex B shows these 4 schemes, the budget allocation, the outturn expenditure and the reason for any additional cost.

### **Actions taken**

- 2.10 The acting Local Highway Manager has ensured that all scheme codes that have not been allocated budget have been shut down to ensure that the amount of residual costs applied throughout the year is minimised. These costs can be applied by others within the service and so not only does this stop cost being applied it also usually highlights who is undertaking work and the question can be asked, why?
- 2.11 The number of the schemes constructed in 2008/09 appear to show that more than one scheme has been assigned to one finance code. This makes financial monitoring more difficult as costs are often applied through the highway contract by others. It is essential that each scheme has its own finance code to ensure greater clarity and make budget monitoring easier.
- 2.12 Since April 2009 the manner in which schemes are developed, costed, ordered and taken forward has changed. The previous 'at cost' elements have now been removed and now all scheme costs are agreed up front prior to placing orders. Task teams meet throughout scheme development and will develop the parameters for costing schemes. Therefore, orders should not be placed until all costs are agreed. The cost of a job will vary depending on timescales and any agreed risk, accepted by either Surrey Highways or the Contractor.
- 2.13 Some of the schemes have highlighted areas where management of projects could be improved. The new task team procedures will help in this regard and all key staff involved with construction projects have received recent project management refresher training.

### 3. CONSULTATIONS

- 3.1 No consultations have been required for the production of this report. However, moving forward, members may wish to consider what level of scrutiny they wish to apply to the management of their local budgets.

### 4. FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 4.1 Monitoring of the two capital budgets is undertaken 10 times during the year to a programme determined by central finance. Since February of this year a two-tier monitoring system exists within the West Area Group to enhance its procedures, as close financial monitoring of the budgets is essential to ensure appropriate action can be taken if required. Value for money is an imperative when considering the cost and outputs for highway works.
- 4.2 Where the valuation of work has been under estimated this places pressure on the allocated budget. Where a number of schemes are under valued this will place considerable pressure on the budget as there will be an over commitment resulting in an overspend of the budget. Full scheme costs need to be accurate prior to placing and committing orders. The new process in place should help ensure this takes place.
- 4.3 The scheme at Denton Way listed in Annex A refers to a planning contribution. The value of this is £10,000 and at present the funding is still to be received. Once received the funds will be placed on the Woking balance sheet following which it can be used by the Committee to supplement future highway projects.

### 5. EQUALITIES AND DIVERSITY IMPLICATIONS

- 5.1 There are no direct equalities and diversity implications to this report.

### 6. CRIME AND DISORDER IMPLICATIONS

- 6.1 There are no direct crime and disorder implications to this report.

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<b>BACKGROUND PAPERS:</b>	None

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## Annex A

Scheme	Scheme Budget	Outturn Cost	Overspend	Reasons
Victoria Road/Lower Guildford Road Junction	£24,000	£34,319	£10,319	£1,032 credit applied to 09/10 so overspend is £9,287. The order value was £23,832 and work commenced 6 June 2008 and completed on 3 July 2008. The final work cost was £30,416. There was a general labour rate adjustment across all schemes (contractual) applied after the order was placed. An additional 3 days were spent on site and additional works of additional bollards, the removal of bollards and a sign have all contributed to the increased work cost. In addition £1,518 of SCC officer time and £1,682 of external contractor costs have been charged to the project. Included in costs was a charge for a roller, which was incorrectly applied and has resulted in a credit being applied this year. Overall it is considered that the original budget allocation was insufficient for both the work and SCC officer time spent.
Redding Way pedestrian Facilities (Also includes budget for Broadway Road Scheme)	£6,000	£45,482	£39,482	This project appears to cover schemes at 3 different locations. It appears that two budgets of £3,000 each were allocated to take account of return visits for the completion of construction due to delays with EDF attending to provide supplies to the crossings and street lighting and for other incomplete works. Of the £39,482 additional costs these include electrical connections, street lighting work, British Telecom works and traffic signal equipment cost all which do not appear to have been collated in the original estimates prior to placing of the original works orders. Insufficient budget provision was made in 2008/09 to cover the cost of all outstanding work including the

				laying of anti skid material. There was a general labour rate adjustment across all schemes (contractual) also applied to the scheme of £1,514. £3,230 of SCC officer time has also been applied to the three schemes in 2008/09. Construction spanned two financial years but a lack of clarity on original costs and the amount of works still to complete in 2008/09 suggests that the supplementary budget allocation made was again inadequate.
Anchor Hill Pedestrian Facilities	£25,000	£60,034	£35,034	This scheme commenced in 2007/08 and had a budget of £60,000. £32,608 was charged in 2007/08. The works order value was £51,861. Budget provision of £25,000 was made in 2008/09 to complete the work. Over the two periods SCC officer time charged to the scheme was £10,363. The total cost over the two years for work is £92,641 indicating additional cost of £32,641 over the original scheme budget. Surrey's contract performance team reviewed the scheme and the view is that productivity was low leading to a longer construction period. This added greater cost due to the traffic management being operated for the scheme, which included a road closure. Some costing errors were identified and a credit has been applied in 2009/10 of £1,147.
Sheerwater Road Pedestrian Facilities	£3,000	£10,907	£7,907	Additional costs have arisen due to additional ducting required as the existing ones were deemed to be unsatisfactory, during construction. This included additional draw pits. EDF costs were not originally included in the original cost estimates and a return visit was also required to complete construction following the electrical connections. Construction spanned two financial years but a lack of clarity on the amount of works still to complete in 2008/09 suggests that the budget allocation made was again inadequate.

Denton Way Pedestrian Crossing	£60,000 (including £10,000 Section 106 contribution)	£94,924	£34,924	The scheme estimate was £62,361 and so already over committed against the budget. £5,864 credit applied to 09/10 so actual overspend is £29,060. The main element of additional cost has been labour on site. An additional 2 weeks was required. Pre-cast draw pit units could not be used and brick built ones had to be constructed instead taking extra time. Additional concrete was also required and an additional length of anti skid was also laid. Extra traffic management was required for the traffic signal installation and the original white lining estimate fell short of what was required to be done. £2,228 of SCC officer time has also been charged to the scheme. Overall it is considered that the budget allocation was insufficient for the scheme and additional works have been added and taken place during construction without due regard to how this would impact on an already over committed budget.
Westfield Road Pedestrian Crossing	£73,000	£120,951	£47,951	The scheme estimate was £80,287 and so already over committed against the budget. External contractor costs were received for street lighting, alteration to the bus stop, British Telecom and EDF. None of this was included in the estimate. SCC officer costs of £4,770 were also charged to the scheme without budget provision. Additional work on site increased the original construction cost and this covers additional ducting, alterations to kerbing an additional footway to the rear of the bus shelter and the removal of 5m3 of concrete footings. Overall it is considered that the budget was insufficient for the scheme and that additional works have been added and taken place during construction without due regard to the impact on the already over committed budget.

## Annex B

Scheme	Budget	Outturn	Overspend	Reasons
Westfield Road Pedestrian Crossing	£1,000	£4,802	£3,802	All these cost relate to additional SCC officer time undertaking this scheme. It is not clear why two scheme codes existed for which officer time was applied.
Cycle Improvements Network Problems	£2,100	£18,795	£16,695	A modest budget was allocated to undertake some cycle improvement work but more work was ordered as the momentum increased on the Cycle Woking initiative. It appears that the additional costs should have been applied to another budget. Regrettably, it is not possible to transfer these at this late stage.
Old Woking Speed Limit Zone	£1,000	£1,658	£658	All these cost relate to SCC officer time undertaking this scheme. The original budget was insufficient to cover the work required. There are also traffic order costs relating to this scheme of nearly £600, which appear to have been charged to the signing and Safety improvements allocation below.
Signing & Safety Improvements	£6,000	£31,101	£25,101	This budget has had numerous costs applied from various projects. There appear to be cost applied following former work on the VAS programme, traffic order costs, EDF costs for work in Byfleet and works in Carhouse Lane. The order value for the work in Carhouse Lane was £10,000 and the final account for this work was £12,625. The additional cost was due to the contractor having to pull off site and return later with revised traffic management due to safety concerns raised during initial construction. The scheme was budgeted at £6,000 in 2008/09. Overall the additional cost for Carhouse Lane and the application of various other costs has added pressure to budget. A one scheme one code principal needs to be applied to reduce the chances of this occurring in future.