



LOCAL HIGHWAYS EFFICIENCY TOOLKIT

Identifying and Measuring Efficiency In Local Highways

Prepared by the Measurement Development Group of the Highways
Efficiency Liaison Group (HELG)

April 2007

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1. Introduction

This Toolkit is to give advice and guidance to local authorities over and above, but not superseding, general government efficiency guidance, see www.rce.gov.uk on:

- How to identify and measure efficiency gains in Highways
- Quality crosschecks
- Cashable and non-cashable efficiencies
- Efficiency from use of capital expenditure
- Examples and experiences

The Toolkit has been developed by the Measurement Development Group of the Highways Efficiency Liaison Group (HELG), which includes representatives of government, local government and industry. The Toolkit builds on the 2006 version.

A number of possible areas for achieving efficiencies and methods of measurement have been shown which authorities may find useful. Of course local authorities may wish to find efficiencies in other aspects of their Highways services, and use other methods of measurement.

See www.roadsmasurement.org for additional advice and further case studies as they become available.

For enquiries or suggestions for improvement on this Toolkit please contact info@roadsmasurement.org.

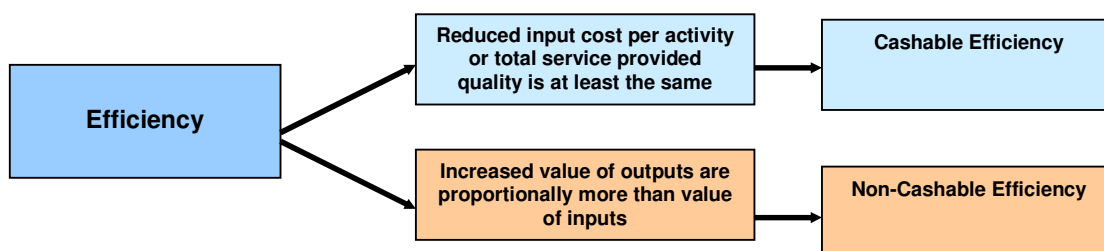
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2. Efficiency and Measurement

2.1 Efficiency Gains

Cashable efficiencies result if services are provided to at least the same level of quality for reduced cost. They are self-assessed by local authorities and the level of service must be demonstrated to be at least the same by use of quality crosschecks, see Section 3.

Non-cashable efficiencies result if service quality improves for the same cost, or proportionally more service is delivered if costs do increase.



Cashable Efficiency

Scenario 1 No change Value and ↓ Cost Cashable efficiency reported.

Non-cashable Efficiency

Scenario 2 ↑ Value and no change Cost Non-cashable efficiency reported.

Scenario 3 ↑ Value > ↑ Cost Non-cashable efficiency reported.

Cashable and Non-cashable Efficiency

Scenario 4 ↑ Value and ↓ Cost Cashable and non-cashable efficiencies reported.

No Efficiency

Scenario 5 ↑ Value < ↑ Cost No efficiency.

Scenario 6 ↑ Value = ↑ Cost No efficiency since the changes cancel each other out.

2.2 Cashable Efficiency Calculation

Efficiencies are self-assessed by local authorities. Efficiency gains must not compromise quality or reduce service, See Section 2.8, Appendix A and Appendix B.

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2.3 Quality Crosschecks

Cashable efficiencies require a quality crosscheck to demonstrate that service quality has not fallen, see Sections 3 and 4.

2.4 Non-cashable Efficiency Calculation

A formulaic approach over the whole highways service is used. Cashable and non-cashable efficiencies are revealed. Since cashable efficiencies have been separately assessed, the result is modified to show the non-cashable gain, see Section 5 and Appendix C.

2.5 Type of expenditure

Efficiencies can result from either revenue or capital expenditure if services are improved or reductions in revenue expenditure result.

2.6 Inflation

The rate of inflation to be used in highways efficiency calculations is the ROADCON index. Other construction inflation indices may be in use in individual authorities and in contracts, but ROADCON is used in efficiency calculations.

Cashable efficiency

The provisional value of ROADCON for the 2006/07 Efficiency statement is **7 %**.

If Roadcon was used in 2005/06 efficiency calculations at its provisional value of 7%, that calculation may be revisited using the final version of ROADCON for 2005/06 of **12.1%**. The additional efficiency gain should be reported in the 2006/07 submission.

Example: Revenue budget in 2004/05 was £10m. Inflation was absorbed and a quality cross check showed service levels had not fallen, see example in Appendix B.

Efficiency claimed in 2005/06	£10m x 7%	£ 700,000
Using final value of Roadcon, efficiency is	£10m x 12.1%	£1,210,000
Additional efficiency to claim in 2006/07		£ 510,000

Non-cashable efficiency See Section 5.2

2.7 Cross Service Efficiencies

Efficiencies must be in local authority highways expenditure. It is recognised that some efficiencies may have an effect on other services and can be valued, e.g. casualty reduction, but savings in other services or in other organisations expenditure cannot be counted for highways efficiency.

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2.8 Example Efficiency Areas

The potential efficiency areas below are to assist authorities. They are not endorsed by inclusion in this Toolkit.

Potential Efficiency Area	Potential efficiency actions	Measurement method
Procurement – procurement of highways related services, i.e. management and maintenance of roads, footways, bridges, lighting and other services	The Gershon review suggests that substantial efficiency gains are available through roads procurement. Actions should focus on better value for money, efficiency in the procurement process, delivering more for the same cost or the same or better for reduced cost. Actions could involve joint working between two or more local authorities or between local authorities and the Highways Agency, integration of activities, new methods, larger / longer contracts with better supply chain management.	This efficiency area is wide and potentially covers many different activities, culminating in whole service delivery to the public. Efficiency gain measurement needs to be capable of demonstrating that cashable and non-cashable gains have been achieved, and either: <ul style="list-style-type: none"> • The overall service has been maintained or improved. • A service element has been maintained or improved.
Capital Schemes – improve delivery and value for money on capital and possibly reduction in revenue spend	As 'Procurement', plus: <ul style="list-style-type: none"> • Preparation and delivery time improvements • Asset management approach 	As 'Procurement', plus: <p>Asset management approach, e.g. savings as a result of investment in new or improved assets resulting in reduced life cycle cost.</p>
E-government initiatives	<ul style="list-style-type: none"> • Electronic reporting of faults by users • Database for logging and faults and repairs • Using the internet to provide customer services 	As 'Procurement'
Recycling/reuse of waste materials	<ul style="list-style-type: none"> • Recycling of waste materials into highway and footway works. 	As 'Procurement'
Redesign/restructure of service delivery	<ul style="list-style-type: none"> • Collaborative and partnership working arrangements • New contract initiatives • Value management 	As 'Procurement'
Re-engineering processes to improve work practices	<ul style="list-style-type: none"> • Sharing activities across authorities, e.g. winter service. • Use of less expensive materials for equal quality • Vacancy management 	As 'Procurement'
Traffic and Travel	<ul style="list-style-type: none"> • Traffic enforcement/ car parking/ 3rd party claims • Travel allowances • Traffic signs 	As 'Procurement'
Withstanding inflation	<ul style="list-style-type: none"> • Efficiency gains can be claimed against rising costs of inflation if service levels remain the same or improve. 	ROADCON index

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3. Quality Crosschecks

Cashable efficiency improvements must not compromise quality or involve reductions in service. To enable this to be demonstrated, each sector of the AES return requires a quality crosscheck. The crosscheck should be appropriate, though not necessarily specific to the efficiency.

At least one quality crosscheck must be used for highways. Secondary crosschecks may be used as well where more than one action is recorded and it is difficult to find an appropriate single crosscheck. The indicator should be chosen from the set approved by the national Measurement Taskforce, but this is not mandatory. If a more appropriate alternative is chosen the council must justify its choice.

Approved Quality Crosschecks (from general DCLG guidance)

Description	Expressed As	QCC met If same or...
1 Number of killed or seriously injured road casualties, BV99a	Number	Decrease
2. Temporary Traffic Control, BV 100	Days	Decrease
3. Condition of Principal Roads, BV223	Percent	Decrease
4. Rectification of Street Lighting Faults, BV 215a	Days	Decrease
5. Condition of footways, BV187	Percent	Decrease
6. Non-approved indicator (see alternative quality crosschecks)		

For whole service or wide ranging efficiencies, e.g. a major procurement or withstanding inflation, authorities may wish to choose more than one, or all of the quality crosschecks.

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4. Outcome Measurement and Alternative Crosschecks

4.1 Outcome Measurement

There are few outcome measures and indicators in highways at present and many measures and indicators in use tend to be output based related to contract management and operations.

‘Well Maintained Highways’, the Code of Practice for Highway Maintenance Management, defines Highways service objectives, as Customer Service, Safety, Serviceability, and Sustainability. The Highways Agency aim is ‘Safe Roads, Reliable Journeys, Informed Travellers’.

Common aims of all highway services can therefore be described as:

- Customer service
- Safety
- Serviceability / Reliable journeys
- Sustainability

Common activities on all highway networks can be described as:

- Operate
- Maintain
- Improve

.Bringing common objectives and activities together provide a basis outcome measurement: :

	Operate	Maintain	Improve
Customer Service			
Safety			
Serviceability/ Reliable Journeys			
Sustainability			

4.2 Service Performance Measurement

A more detailed expansion of the service objectives is shown in Matrix A, see below. The detail is taken from the Code of Practice ‘Well Maintained Highways’.

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Highways Performance Measurement Matrix A					
		Local Transport Plans, Highways Agency Business Plan, Transport Asset Management Plan			
		Operate	Maintain	Improve	
		Traffic Management Plan Network Management Plan / Manual Traffic Operator	Highway Maintenance Plan	Capital Improvement Programme	
Objectives	Customer Service	Customer satisfaction	User satisfaction		
		Overall Transport Service	Independent audit of services		
		Responding to enquiries	Effectiveness of customer response		
	Safety	Ensuring Safety	Safety inspections. 3 rd Party Claims. Accidents and incidents on the network.		
	Serviceability / Journey time reliability	Ensuring availability	Road user network availability Effectiveness of response to emergency incidents		Impact of scheme on availability of road Predictability of times to deliver schemes
		Achieving integration	Balance of facilities for different users		Impact of scheme on integration of transport modes
		Maintaining reliability	Journey time reliability for different users Peak period traffic flows		
		Maintaining Highway Condition		Condition of various types of asset	
	Sustainability / Respecting the Environment	Minimising costs over time		Reactive maintenance costs. Whole Life costing principles	Cost predictability for delivery of schemes. Works defects
		Maximising environmental contribution		Recycled material used for maintenance. Inspection of amenities	Recycled material used in schemes. Air pollution levels
		Maximising value to community	Quality of Life, e.g. social inclusion, regeneration, street scene and community safety		

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4.3 Performance Indicators

Matrix B, see below, uses the same framework and contains a selection of nationally recognised performance indicators which have a relationship to service to the public.

Indicators have been sourced from statutory indicators, Codes of Practice, and DfT guidance. Highways Agency indicators are included for use if authorities consider them appropriate. Indicators relating to service management or to contract management have not been used.

4.4 Using the Measurement Matrices

Crosschecks may be devised at an appropriate level in the matrix, from a high-level whole service approach involving baskets of indicators, to a single indicator approach.

If the indicators in the matrix are not appropriate for a particular efficiency then other indicators may be justified and used.

4.5 Examples using Alternative Quality Crosscheck matrices

Example 1.

An authority makes a cashable efficiency in its customer response service. It considers that the Taskforce approved checks are not appropriate to this aspect of the service. It refers to the matrix of alternative crosschecks. The Service Objective 'Customer Service' - Responding to Enquiries, offers a choice of indicator CS3 from the Code of Practice or the Highways Agency indicator API3. The authority selects CS3 and is able to show that the value CS3 is at least the same as the previous year.

Example 2.

An authority makes a cashable saving in its activities to maintain highway condition. It considers that the Taskforce approved crosschecks do not adequately cover all of this aspect of the service. It refers to the matrix of alternative crosschecks. The Service Objective of 'Serviceability' – maintaining highway condition – and 'Maintain' offers several indicators covering roads, lighting and bridges. The authority decides the appropriate crosscheck is a balanced basket of these indicators.

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Highways Performance Measurement Matrix B					
		Local Transport Plans, Highways Agency Business Plan, Transport Asset Management Plan			
		Operate	Maintain	Improve	
		Traffic Management Plan Network Management Plan / Manual Traffic Operator	Highway Maintenance Plan	Capital Improvement Programme	
Objectives	Customer Service	Customer satisfaction	CS 1 CS 2 HA Customer Satisfaction Measures		
		Overall Transport Service	LTP / APR Score		
		Responding to enquiries	CS 3 API 3		
	Safety	Ensuring Safety	BV 99 SA 1 SA 2 SA 3 SA 4 HA Safety Measures API 2 API 11		
		Serviceability / Journey time reliability	Ensuring availability	BV 100 BV 178 API 1 API 13	SE 2 API 9 B2
	Achieving integration		BV 165 LTP 1 LTP 3 LTP 4		
	Maintaining reliability		LTP 2 LTP 6 LTP 7 HA Congestion Measures	SE 5 SE 6 B3	
	Maintaining Highway Condition			BV 187 BV 215 BV 223 BV 224 SE 11 L(a) L(b) L(c) L(d) B1 B4 API 12 API 14	
	Sustainability / Respecting the Environment	Minimising costs over time		SU 1 SU 2 SU 3	SU4 API 7 API 10
		Maximising environmental contribution	LTP 8	SU 6 SU 7 API 4	API 15
		Maximising value to community		SU 5 Quality of Life Indicators	

Note: LTP/APR score not used in 2006/07

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Performance Indicators used in Matrix B

Best Value Performance Indicators – see DCLG website

- BV 99 – Road Casualties
- BV 100 – Temporary Traffic Control
- BV 165 – Pedestrian Crossings with Facilities for Disabled People
- BV 178 – Rights of way
- BV 187 – Condition of Footways
- BV 215 – Rectification of Street Lighting Faults
- BV 223 – Condition of Principal Roads (was BV 96)
- BV 224 – Condition of Non-Principal Roads (was BV 97)

Local Transport Plan Indicators – see Local Transport Plans Guidance, DfT website

- LTP / APR Score
- LTP 1 – Accessibility
- LTP 2 – Change in area wide road traffic mileage
- LTP 3 – Cycling trips
- LTP 4 – Mode share of journeys to school
- LTP 6 – Changes in peak period traffic flows to urban centres
- LTP 7 – Congestion
- LTP 8 – Air quality

Code of Practice for Highway Maintenance – published by TSO, July 2005.

(Refers to similar indicators in the 2001 edition, published by the Institution of Highways and Transportation)

Where indicators are the same as BVPIs, only the BVPI occurs in the matrix.

Customer service:

- CS 1 – Net satisfaction with the service (SE4)
- CS 2 – Net satisfaction with consultation and information
- CS 3 – Dealing with requests, complaints and claims within policy timescales.

Safety:

- SA 1 – To measure the timelines of safety inspections (SA1)
- SA 2 – Safety defects repaired on time
- SA 3 – Skidding resistance of Principal Roads (SA2)
- SA 4 – Third party claims repudiation rate (SA5)

Serviceability:

- SE 1 – Temporary Traffic Control [BV100]
- SE 2 – Winter service precautionary salting (SE5)
- SE 3 – Public rights of way easy to use [BV178]
- SE 4 – Pedestrian crossings with facilities for disabled people [BV165]
- SE 5 – Schemes value managed
- SE 6 – Works completed within published dates
- SE 7 – Principal roads where maintenance should be considered [BV 223]
- SE 8 – Non - Principal classified roads where maintenance should be considered [BV224a]
- SE 9 – Non - Principal unclassified roads where maintenance should be considered [BV224b]
- SE10 – Category 1 and 2 footways where maintenance should be considered [BV 187]
- SE11 – Category A and B cycle routes where maintenance should be considered

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Performance Indicators used in Matrix B (cont)

Sustainability:

- SU 1 – Asset preservation
- SU 2 – Reactive maintenance compared to planned
- SU 3 – Claims compared to planned maintenance
- SU 4 – Schemes subject to maintainability audit
- SU 5 – Schemes subject to sustainability audit
- SU 6 – Works undertaken with recycled and secondary aggregates (SU 3)
- SU 7 – Amenity index

[Code of Practice for Highway Lighting Management](#) – published by TSO, November 2004

- L (a) – Number of faults
- L (b) – Lights working as planned
- L (c) – Failed service connections
- L (d) – Damage incidents

[Code of Practice for Management of Highway Structures](#) – published by TSO, September 2005

- B1 - Condition
- B2 - Availability
- B3 - Reliability
- B4 - Backlog

Highways Agency Area Performance Indicators – information on APIs can be obtained from CETeam@highways.gsi.gov.uk as given in the API Handbook Issue 04 dated February 2005 (note that these are subject to continuous improvement by the Highways Agency)

- API 1 Response to Emergency Incidents
- API 2 Response to Category 1 Defects
- API 3 Customer Satisfaction
- API 4 Environmental Amenity Index
- API 6 Predictability of Discrete Schemes - Time
- API 7 Predictability of Discrete Schemes - Cost
- API 9 Winter Maintenance
- API 10 Defect Free Work
- API 11 Road Traffic Accidents at Roadworks
- API 12 Street Lighting Outages
- API 13 Network Availability
- API 14 Third Party Claims
- API 15 Recycling and Re-use

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5. Non-cashable Efficiency Calculation

5.1 Formulaic Approach

A formulaic approach which covers performance over the whole highways service can be used. Performance change is derived from a specific basket of indicators. Costs are the total revenue and capital expenditure. Local policy priorities can be reflected through weighting indicators and through addition of certain published local indicators.

Efficiency Gain = net improvement in value minus net increase in cost.
 = % change in performance multiplied by base year spend (allowing for inflation) minus any increase between base and current year spend (allowing for inflation).

The calculation is performed using the indicators and rules below. The formula reveals both cashable and non-cashable efficiencies. Since cashable efficiencies have been separately assessed, the result is modified to provide only the non-cashable gain.

Efficiency Gain (£) = (P x B) - (C - B)

Where:

P = Percentage change in performance

B = Base year spend, inflated using the Roadcon index

C = Current spend (£)

If (C - B) is negative, ie costs have reduced, (C - B) is not included in the calculation since a cashable gain will have been claimed elsewhere.

5.2 Calculation from Base Year

The calculation should ideally be performed as cumulative from 2004/05. In normal circumstances indicators used to evaluate change in performance would be consistent throughout. Highways and local transport indicators have changed significantly and this produces a particular difficulty in 2007 since only a few indicators have been available throughout. Authorities may therefore choose to calculate on an annual or cumulative basis in 2007, see below and Appendix C. If authorities choose to use one of these methods, they must satisfy themselves that it reasonably reflects their position.

- a) Cumulative from 2004/05. ROADCON in previous years is re-evaluated, and the provisional compound value from 2004/05 to 2006/07 is **20 %**.
 For the 2006/07 claim, non-cashable efficiency claimed in 2005/06 must be deleted from the cumulative result.
Only a few indicators have been consistent from 2004/05 to 2006/07 and these may not fully represent the service.
- b) Annual, i.e. 2005/06 to 2006/07. ROADCON is as for cashable efficiency, see 2.6.
If a non-cashable calculation was submitted in 2006, there may be a difference in using two annual calculations rather than a cumulative one.
- c) Choose not to claim non-cashable efficiencies by this method until a stable set of indicators can be used.

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5.3 Performance Change (P)

See notes below for calculation details and rules.

Service Objective	Indicator	Base Indicator (Converted Score) (see notes)	Current Indicator (Converted Score)	Change in score + or –	Local Weighting (High/Med/Low) (optional)	Weighted % Change (optional) + or –
Overall	Local Transport Plan					
Safety	Cat 1 defects repaired within 24 hours					
Serviceability	BV 100					
	BV 165					
	BV178					
	BV 187					
	BV 215a*					
	BV 223					
	BV 224a					
	BV 224b					
All published Local Indicators (%'s only) (Optional)						
Average Change in Value (P)						

*Note: BV 215a, 223 and 224a not used in the 2005/06 calculation and LTP/APR not used in 2006/07 calculation due to changes in regimes. BV 99 not used since this is a cross service activity.

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5.4 Performance Scores (see chart above): Indicators are expressed such improvement is a positive percentage change. Conversions are:

Indicator	Description	Conversion to Score
Local Transport Plan		n/a due to change in assessment regime
Cat 1 defects	% of Cat 1 defects repaired within 24 hours	No conversion
BV 100	Days of temporary traffic control	100 - (current days x100, divided by 4.8) *
BV 165	% pedestrian crossings with facilities for disabled	No conversion
BV 178	% Rights of Way that are easy to use	No conversion
BV187	% Cat 1 Footway for maintenance	100 – BV187
BV 215	Days to repair lighting faults	100 - (current days x100, divided by 6.4) ^
BV 223	% Primary roads for maintenance	100 – BV 223
BV 224a	% Non-primary classified roads for maintenance	100 – BV 224a
BV 224b	% Unclassified roads for maintenance	100 – BV 224b
Local indicators	From BVPP (see below)	None or 100 – the % to make improvement positive

[*4.8 is the upper limit, using the top 95th percentile of all LAs in 2003/04

[^6.4 is the upper limit, using the top 95th percentile of all LAs in 2005/06]

5.5 Expenditure

Revenue (from Local Authority General Fund Revenue Account Out-turn RO2 submission)

Line 11: Highway maintenance planning policy and strategy

Line 20: Construction

Line 31: Structural maintenance – Principal Roads

Line 32: Structural maintenance - other roads

Line 33: Structural maintenance – bridges

Line 41: Environmental, safety and routine maintenance - Principal Roads

Line 44: Environmental, safety and routine maintenance - other roads

Line 48: Winter maintenance

Line 49: Street Lighting

Line 54: Safe routes (incl. school crossing patrols)

Line 58: Road safety education and other traffic management

Capital (roads, bridges, lighting) Exclude major schemes.

LTP maintenance spend

LTP Integrated Transport (except public transport related)

Locally funded maintenance (e.g. prudential, receipts, etc)

5.6 Local Priorities

Local indicators - Authorities can opt to supplement the indicators in the calculation by adding **all** their local highways related indicators as published in their Best Value Performance Plan (BVPP). However, given the variability of local indicators, conversion rules are difficult to establish and only local indicators which are expressed as percentages may be used.

Local weighting – Authorities can opt to weight changes in scores to reflect local policy priorities. The number of High weightings must be the same as the number of Low weightings. Weighting must be the same year on year, or the efficiency based on previous weighting shown as well.

Adjustments:	High	- increase a positive percentage change by 5% (e.g. 5% to 5.25%) or decrease a negative percentage change (e.g. -5% to -4.75%)
	Medium	- none
	Low	- decrease positive percentage change by 5% (e.g. 5% to 4.75%), or increase a negative percentage change by 5% (e.g. -5% to -5.25%)

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Appendix A

LA Efficiency Experience

The table provides examples of **local transport (highways)** further efficiency gains claimed and quality crosschecks used in 2005/06, taken directly from the DCLG website (www.communities.gov.uk)

The example efficiencies are provided to assist authorities when compiling their own returns. They are not endorsed by inclusion in this Toolkit.

LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Bradford Metropolitan District Council	727,900	<p>Bradford secured savings in the electricity costs for street lighting by entering into a fixed price contract. These gains will continue only until the end of the contract and have been excluded from the ongoing total. The efficiency return for 2006-7 will include the gains for the remainder of the contract period. Other gains arise through the continued benefit of joint tendering arrangements and the beginning of a new term contract for road maintenance.</p> <p>Quality crosscheck notes The non-approved indicator is BV 165 the percentage of pedestrian crossings with facilities for disabled people - 2004-5 94.47%; 2005-6 98.50%</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Cornwall County Council	899,100	<p>1. £77,000 Reorganise and rationalise the way that the find & fix process is working.</p> <p>2. £186,500 Re-tendered energy prices for street lighting</p> <p>3. £21,000 Procurement - Use of the County Council's Highway Strategic partner for transportation studies.</p> <p>4. £172,000 Deferred term contract saving on tendering costs</p> <p>5. £9,000 Reduced number of skips used through recycling at Bodmin / Scorrier depots</p> <p>6. £331,600 Road planning savings - Waste disposal, transport and tipping costs</p> <p>7. £2,000 Income from sale of scrap as a result of recycling systems</p> <p>8. £36,600 Revision to staffing structure in Highways Electrical</p> <p>9. £63,400 The Contractor is currently and has been providing defect repair on street lighting better than the timescales required in the Contract</p> <p>Quality crosscheck notes</p> <p>BV97b - Condition of unclassified roads 2004/05 16.43% 2005/06 13.52%</p> <p>BV 224b - % of unclassified road network where structural maintenance should be considered (new for 05/06) 2005/06 13.52% 2006/07 Target 13.20%</p> <p>BV 100 Number of days temporary traffic controls 2004/05 0.55 2005/06 0.40</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Derbyshire County Council	1,624,168	<ul style="list-style-type: none"> • Efficiencies within the in-house contracting unit enabling rates to be held at 2004/05 levels • Utilisation of the surplus capacity within the in-house contracting unit enabling additional income to be generated. • Redesign of the administration service allowing new responsibilities imposed by the Traffic Management act to be undertaken within existing resources. • Revised arrangements for the review of insurance claims resulting in a reduction in payments made. <p>Quality crosscheck notes Local Transport Plan - combined annual progress report (for 05/06) and delivery report on 2nd 5 year LTP. 2004/05 - 81% 2005/06 - Due December 2006. Some difficulty encountered in progressing major schemes due to statutory procedures. In common with other authorities, annual killed and seriously injured statistics (KSI) peaked in 2002. There has been an improving trend in subsequent years with the latest figures bringing our progress back on track.</p>
Essex County Council	868,000	<p>One-off efficiency gains of £868,000 have been achieved during 2005/06 through the renegotiation of highways works contracts and securing improved contract terms for works which took place during the year. These savings were not included in the original forward-looking AES for 2005/06 as it was not evident at that time whether they would be achieved; however, they were subsequently identified as part of the authority's in-year efficiency process. The initial forecast identified efficiencies of £196,000 which have since been included within the backward looking AES for 2004/05 and removed from the 2005/06 forecast.</p> <p>Quality crosscheck notes</p> <p>2004/05 2005/06 Met? BV96 Percentage of the principal road network not in good condition 7.08% 4.49% Y The methodology for calculating the percentage of the principal road network not in good condition changed fundamentally in 2005. BV223 is based upon the new methodology, for which a comparative figure for 2004/05 cannot be provided. Due to the nature of the methodology change, BV223 is not comparable to BV96. Figures were calculated for BV96 using the old methodology and these show that service quality has improved between 2004/05 and 2005/06.</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Hertfordshire County Council	3,024,000	<p>New contract for Hertfordshire Highways resulted in savings over the rates that were previously being obtained by tendering for individual schemes. Working with partners to integrate work programmes more closely and reduce duplication.</p> <p>Quality crosscheck notes</p> <p>We have used 'Progress with Local Transport Plan' as our primary indicator. Other indicators are; 2004/05 = number of killed or seriously injured road casualties (BV99ai) 691, number of days of temporary traffic lights 1.74, percentage of footways where structural maintenance should be considered (BV187), percentage of unclassified roads where structural maintenance should be considered (BV224b) 19.29% and 2005/06 = number of killed or seriously injured road casualties (BV99ai) 603, number of days of temporary traffic lights 0.37, percentage of footways where structural maintenance should be considered (BV187) 36%, percentage of unclassified roads where structural maintenance should be considered (BV224b) 18.69%</p>
Kent County Council	7,365,000	<ul style="list-style-type: none"> • Efficiencies through the ability to maintain costs of servicing the roads despite an increase in inventory road length (£225K) (Non-cashable) (on-going) • Efficiencies from Redesign and restructure of KCC service delivery arrangements through the Kent Highways Partnership. This has been delivered through a number of actions including co-location working (£157K) (Cashable) (Ongoing) • Efficiencies of non inflation for overheads and highways inflation (£2,271K) (Cashable) (Ongoing) • Increased productivity of our highways services producing increased outputs for same level of inputs, using HA/DfT developed non Cashable efficiency model. (£4,563K) (Non-cashable) (One off) <p>Quality crosscheck notes</p> <p>Progress with LTP (APR Assessment)• was 66% in 2004/05 and 84% in 2005/0</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Lancashire County Council	787,000	<p>Contract savings on the street lighting contract (£692k) and a 5% reduction on the Baxter inflation rate absorbed into the LCES contract (£95k saving)</p> <p>Quality crosscheck notes LNSL 098 - % of street lights not working as planned (04/05 / 05/06): 0.66% / 0.42% Note BVPI180b is no longer collected by LCC</p>
Leicestershire County Council	1,438,414	<p>We achieved ongoing cashable efficiency savings of £472k by managing staff vacancies, £769k by holding costs down below inflation and £5k by disposing of surplus assets. In addition we made one-off cashable efficiency savings of £182k net, by leaving posts vacant without undermining service quality, and £10k by renegotiating fuel prices for the direct labour organisation.</p> <p>Quality crosscheck notes Number of people slightly injured in road traffic casualties (BV99c(i)): 2,750 in 2004/05, 2,714 in 2005/06. Decrease is good, therefore quality crosscheck met.</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Lincolnshire County Council	994,054	<p>1. (£67,260) Highways Works Term Contract renegotiated reduction in rates. 2. (£569,821) Technical Services Private Sector Partnership negotiated reduction in rates. 3. (£34,000) Midlands Service Improvement Group Asset Management Project achieved a reduced contribution as project costs were shared between 11 partners. 4. (£89,000) Various improvement to the Traffic Signals Term Contract. 5. (£30,000) Recycled material utilised for A1073 ditch works 6. (£7,836) Road gulley emptying transferred from other provider. 7. (£138,137) Increased recycling efficiencies to reduce landfill tax payable 8. (£48,000) Damage to roads and pavements now dealt with by Term Contractor without need for Highways Officer inspection. 9. (£10,000) Recovery of maintenance costs from third party for accelerated deterioration of highway.</p> <p>Quality crosscheck notes Primary Quality Crosscheck 1. Re £67,260 Highways Works Term Contract. Quality crosscheck = BV224b Percentage of unclassified roads where structural maintenance should be considered. 2004/05=23.38%, 2005/06=19.35%. This indicator represents one year of a four year rolling programme surveying approximately 25% of the unclassified road network. The indicator shows improvement on the previous year but on a different part of the network. Targets have been recalculated 2006/07=19.35%, 2007/08=19.26%, 2008/09=18.76%.</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
London Borough of Wandsworth	864,000	<p>Budget review saving (Street furniture advertising) - R&T OSC Paper 05/1 Jan. '05 £17,000 (half-year effect). Annual parking income review (volume and enforcement efficiency, not charges) - R&T OSC Paper 05/1 Jan. '05 £500,000. Competitive re-tendering of parking enforcement contract - R&T OSC Paper 04-385 July '04 £347,000.</p> <p>Quality crosscheck notes Saving is mainly related to improved traffic management/parking enforcement. Indicator demonstrates reducing percentage of Penalty Charge Notices issued that are subsequently withdrawn 2004-5 16.5% 2005-6 12.7%.</p>
Northumberland County Council	693,000	<p>Review and reduce Policy and Information team Review and reduce Centralised Operations team; Review and reduce North/South Areas; Review and reduce Senior Management structure; Improve Fleet Efficiencies (Highways); Grass Cutting Contract; Review and reduce Workshop staffing; Review and reduce Senior Management structure; Introduce centralised Distribution Services; Improve Social Services Minibus Brokerage Service; Improve Fleet Efficiency (Transport).</p> <p>Quality crosscheck notes Local Indicator BV 105 - Damage to roads and pavements repaired within 24 hours, improved from 83.2 to 94. BV 100 (Days traffic controls in place), improved from 2.74 to 2.2; BV 187 (Condition of footways), improved from 28.27 to 25.37, since 2005; BV 224b (condition of unclassified non-principal roads) improved from 14.69 to 14.56, since 2005.</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Oxfordshire County Council	912,000	<p>Cash releasing projects are: £25k saving on operating cost of bus lane camera enforcement £25k reduce revenue funded consultancy fees £285k savings on Combined maintenance contract £52k from managing vacancies £15k reducing the district agency fee Non-cash releasing projects are: £188k from street light maintenance £320k applying 'walk and talk' principles to planning road repair projects £2k from highway search enquiries</p> <p>Quality crosscheck notes Casualty figures have fallen. They relate to the previous year, so the 2005/06 figure is data for 2004.</p>
Sunderland City Council	818,108	<p>LT8/9: In line with Government proposals concerning the procurement of construction services, the Council adopted the New Engineering form of contract for works undertaken as part of the Southern Radial Route contract. Savings were achieved following negotiation of the contract and partnership working with the selected contractor. Additional savings were achieved from improved monitoring arrangements generating a total cashable efficiency saving of £574,496. This saving is not ongoing. LT17: The Highways Maintenance Inspections service has been re-modelled by amalgamating two teams under one management structure and implementing changes to working practices. As a result, the service is delivering proportionately more inspections from the additional resources applied to the service. Ongoing, non-cashable, savings have been achieved during the year of £60,962. LT3/LT15: Minor, ongoing efficiencies of £13,731 have been achieved, of which £3,565 is cashable and £10,166 non-cashable. Budget Planning Framework driven efficiencies arising from need to maintain same level of service without full allowance for inflation (net). This reflects the position at Outturn, generating efficiency savings of £168,919.</p> <p>Quality crosscheck notes LT3: MORI – satisfaction with street lighting 2004/5: 77% 2005/6: 83% LT17: BVPI 223 - % of the local authority principal road network where structural maintenance should be considered 2005/06: 11.65% 2004/05: new crosscheck</p>

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LOCAL AUTHORITY	EFFICIENCY GAIN (£)	KEY ACTIONS UNDERTAKEN TO ACHIEVE EFFICIENCY GAIN
Surrey County Council	1,018,000	<p>Increased use made of 'hot boxes' to store resurfacing material on site, rather than collecting from the supplier as required (£321,000). Reductions in sub-contractor costs (£115,000) Process and material changes allowing potholes to be repaired in one visit rather than two (£221,000). Improvements in safety inspection programming (£68,000). Reductions in plant costs (£45,000). Service restructurings (full benefit will be reflected in 2006/07, as severance costs have reduced the 2005/06 benefit) (£113,000)</p> <p>Quality crosscheck notes</p> <p>The non-approved indicator used for 2004/05 (Transportation CPA sub-score) is no longer available as a result of changes to the CPA framework. In consequence, it is proposed to substitute the nearest equivalent measure, as below. Primary indicator: Environment service block CPA score (includes transportation) - 2004/05 = 3, 2005/06 = 3.</p>
Wigan Metropolitan Borough Council	781,069	<p>1. The Council has its own Direct Labour organisation for schedule of rates based Highway maintenance work. It invites this service to tender for non schedule of rates work to ensure its in house service is competitive and to hold down prices on tendered work. This has resulted in large savings through the DLO's tender success rate (£159,155). Operating costs are constrained by the budget process which allows inflation commensurate with GDP inflator and not ROADCON indices saving £199,869.</p> <p>2. The Street lighting service procures "green" energy through the Yorkshire Purchasing (YPO) consortium contract arrangements. The collaboration in a larger purchasing requirement has yielded significant procurement savings (£400,304).</p> <p>Quality crosscheck notes</p> <p>The quality crosscheck refers to the % of dangerous roads & pavements repaired within 24 hours (formerly a Best Value Indicator) 99% in 2004/05, 100% in 2005/06. The Council regards this as a key indicator and continues to sue it as such both in monitoring contractor responsiveness and as a safety assurance. A similar response indicator applies to the repair of street lighting faults within 24 hours where the relevant performance increased from 95% in 2004/05 to 97.7% in 2005/06 (reports to Environmental Panel 2005/06)</p>

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Appendix B Cashable Efficiency Examples

a) Two Contracts Combined into One

London Borough of Bromley has let a new street lighting contract, combining improvement works and maintenance, which were previously two separate contracts awarded to different contractors. The new contract provided tenderers with an option to apply for one or both contracts. Where tenderers applied for both contracts, a discount was offered. This left the potential to remain with the current service split, dependent on the “best value” (ie monetary and quality) option.

The discount offered by tenders ranged between 2.6% and 5% year-on-year on a contract with an annual worth of £1.7 million (£1 million maintenance; £700,000 improvement works). For the tender selected, the saving made by combining the two contracts amounts to £50,000 per year.

Quality cross-check: BV215

Contact for further enquiries: Kirsty Armstrong, Business Coordinator, London Borough of Bromley (Tel: 020 8313 4317; Email: kirsty.armstrong@bromley.gov.uk)

b) Proprietary Road Repairs

A ‘Jetpatching’ process was used to repair potholes in order to improve cost efficiencies and value for money when compared with conventional methods of repair.

Patch	Traditional Hand Lay (per sq. m)	Jet Patch (per sq. m)	Difference (per sq. m)	Annual Quantity (sq. m)	Efficiency Gain (£)
50mm	38.49	24.59	13.90	13,770	£191,403
80mm	64.81	39.34	25.47	96	£2,445
				Total	£ 193,848

Quality crosschecks: Compares favourably with traditional hand-laying processes. Has additional substantial benefits over temporary repairs, namely safety, time, and process benefits. Minimises disruption to traveling public during application.

Contact for further enquiries: Tim Pemberton, Network Management, Cheshire County Council (Tel: 01244 603938; Email: tim.pemberton@cheshire.gov.uk)

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c) Electronic Integrated Control System for Highway Maintenance

A review was carried out of the order and payment processes associated with highway maintenance operations. Separate systems and processes were replaced by an integrated system that enables highways client/supplier and highways client/corporate services to communicate electronically. The efficiency gain is calculated as the difference between the cost of the process before the efficiency measure and with the new integrated system in place.

	2006/07	2007/08	2008/09
Cost of software, development and implementation	£44,500		
Savings - systems	£39,100	£39,100	£39,100
- release of staff resources	<u>£24,600</u>	<u>£24,600</u>	<u>£24,600</u>
Total	£63,700	£63,700	£63,700
Efficiency Gain	£19,200	£63,700	£63,700

Quality Crosschecks: BV187, BV 223, BV224 and BV224b.

NB: The savings anticipated are in respect of 3,400 orders per year. The number of orders will increase to 26,000 per year to comply with the requirements of the Traffic Management Act. This will generate a future non-cashable efficiency of £420,000.

Contact for further enquiries:

GSD Wilkinson, Best Practice Manager, Cambridgeshire County Council (Tel: 01354 753815; Email: geoff.wilkinson@cambridgeshire.gov.uk)

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d) Minor Works by Parish Lengthsmen

Parish Councils have the option of having minor works prioritised and addressed by the Term Maintenance Contractor (TMC) according to the Highways Management Plan, or to take a £2,000 contribution to the cost of a locally employed Parish Lengthsman. The Parish Lengthsman is managed by the Parish Council giving local control to works undertaken and to the level of service. There is a reduction of workload on the TMC. The Parish Lengthsman reports problems he cannot deal with, providing higher quality communication and clarity. Local residents feel 'someone cares' and report higher satisfaction. There are 44 parishes participating in this scheme.

Brief figures:

Parishes: Contribution: £2,000/year. After clerk's administration costs this equates to £1,850/year for works. At £10/hr this is 185 hours work/year.
TMC: Two-man teams, so equivalent for comparison is half i.e. 92.5 hours. Since the TMC is not local, add travelling time at 3 hours/month i.e. 36 hours/year. Therefore hours/year = 92.5 + 36 = 128.5.

For 2005/06, comparing the TMC team with the cost of the lengthsman, there is a saving of £3,358 per Parish. With 44 parishes participating this would give an efficiency of £147,000, however Parishes took up the offer at different times in the year and the actual efficiency was £120,000.

Quality crosschecks: The QCC used is the result of satisfaction surveys undertaken with parishes participating in the scheme.

Contact for further enquiries:

Nick Yarwood, Partnerships & Contracts Manager, Worcestershire County Council (Tel: 01905 728648; Email: nyarwood@worcestershire.gov.uk)

e) New Street Lighting Contract

Efficiency savings on a street lighting contract were made through a new contract. A comparison is made using the current contract and the 2005/06 contract prices inflated using ROADCON at 7% (illustrative value).

Cost based on previous contract	£633,000
Actual cost 2006/07	£551,000
Efficiency	£ 82,000

Quality crosscheck:

	2005/06	2006/07	Change
Time to rectify faults, BV 215a	3.34	3.09	Improved

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f) Withstanding Inflation

An Authority has a revenue budget of £10M for highway works in 2005/06 and 2006/07. Service Levels within the whole service have remained the same and it has absorbed inflation. The ROADCON inflation factor is 7% ,see section 2.6.

$$\text{Efficiency} = \text{£10m} \times 7\% = \text{£ 700,000}$$

Quality crosscheck: For a whole service efficiency gain, the Authority has determined that all the approved crosschecks should remain the same or improve:

<i>Crosschecks</i>	<i>2004/05</i>	<i>2005/06</i>	<i>Change</i>
Killed or seriously injured road casualties, BV99a	200	196	improved
Temporary Traffic Control, BV 100	2 days	2 days	same
Condition of Principal Roads, BV 223	7%	7%	same
Rectification of Street Lighting faults, BV 215a	3 days	3 days	same
Condition of Footways, BV 187	15%	15%	same

g) Proprietary Resurfacing

An Authority found that five sections of the slow lane amounting to 17,500 sq meters on a major road were showing evidence of wearing course rutting. Conventional treatment would have been to plane out 45mm and replace with 45mm of 14mm size Stone Mastic Asphalt. It was decided that only 25mm was to be removed and the road repaved with 25mm of 10mm size proprietary surface course. 20mm of material remained in situ and the works were carried out significantly more quickly with fewer possessions.

Cost of traditional treatment	£331,400
Cost of new treatment	£224,400
Efficiency	£107,000

Quality crosscheck: Previous trials have shown that the proprietary surfacing performs better in resistance to rutting than the traditional method, and that the whole life performance of road is improved.

Note: This is only a one-off efficiency. It can be included in the appropriate years efficiency claim but cannot be counted in cumulative savings. The process is repeatable at other locations and the example is therefore useful in this context.

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h) Increasing Highway Inspection to Reduce Unjustified 3rd Party Claims

An Authority increases its inspection and support to undertake a locally enhanced inspection regime. It improves the recording of defects and claims handling and reduces sums paid out on unjustified claims. Systems were modified and strengthened to improve the Authorities ability to repudiate unjustified claims and to contest others where necessary. A rigorous review of claims received is undertaken which provides evidence to support claims handling.

The efficiency gain is calculated as the difference between the cost of the service without the efficiency measure and with the cost of activities undertaken. The reduction of claim costs occurs over a short period and will then be maintained at the lower level.

Efficiency gains recorded in the Annual Efficiency Statement will be related to the actual achievement in reductions in claims in the appropriate year.

	Year 1	Year 2	Year 3	Year 4
Cost of additional Inspection	£60,000	£60,000	£60,000	£60,000
New reductions in 3rd Party Claims	£165,000	£90,000	£80,000	£0
New efficiency gains	£105,000	£30,000	£20,000	£0
Efficiency Gain	£105,000	£135,000	£155,000	£155,000

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i) Capital Investment in a Programme of Carriageway and Footway Strengthening

An Authority adopts a capital programme of renewals rather than annual localised patching to provide performance and safety improvements and reductions in future revenue maintenance expenditure.

Roads that have a high annual maintenance requirement are targeted so that future annual maintenance will be reduced. This will include roads where high traffic disruption is caused by patching works. A 'one-off' capital programme is developed for strengthening of targeted roads. The efficiency gain is calculated as the difference between the cost of the service without the efficiency measure and with the cost of activities normally undertaken.

Additionally there may be improvements in the measured condition of the road network (BV223 & BV224), temporary control measures (BV100), condition of footways (BV187), and the number of people killed or injured in road traffic collisions (BV 99).

	Year 1	Year 2	Year 3	Year 4, etc
Capital Works with a 20 year life	£403,800			
Annualised cost (Cost of capital)	£21,199	£21,199	£21,199	£21,199
Alternative revenue maintenance	£27,690	£27,690	£27,690	£27,690
Efficiency per annum	£6,490	£6,490	£6,490	£6,490

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j) Capital Investment in Upgrading Traffic Signal Heads

An Authority invests capital in a programme of new LED Traffic Signal Heads. This will reduce energy requirements and lamp replacement costs. Existing lamps are around 50 watts and LEDs are around 15watts - approximately 300kwh/year reduction. Existing lamps have to be replaced every 6 months whereas the LEDs are assumed to last for 10 years. (LEDs have substantial life which is yet to be established but railway LED signals are known to have remained operational for 15 years).

The efficiency gain is calculated as the difference between the cost of the service without the efficiency measure and with the cost of activities undertaken.

The efficiency gains are also likely to enhance the image of the Authority by improving signal performance and reducing energy requirements.

	Year 1	Year 2	Year 3	Year 4, etc
Capital Works with a 10 year life	£39,500			
Annualised Cost (cost of capital)	£4,148	£4,148	£4,148	£4,148
Alternative revenue maintenance	£5,782	£5,782	£5,782	£5,782
Efficiency per annum	£1,636	£1,636	£1,636	£1,636

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Appendix C – Non-cashable Efficiency Examples

a) Cumulative Calculation 2004/05 to 2006/07 Authority A

Service Objective	Indicator	Base Indicator (2004/05 Converted Score)	Current Indicator (2006/07 Converted Score)	Change in score (%) + or –	Local Weighting (High/Med/Low) (optional)	Weighted % Change (optional) + or –
Overall	Local Transport Plan			n/a*		
Safety	Cat 1 defects repaired within 24 hours	92.3	98.9	6.6		
Serviceability	BV 100	77.1	83.3	6.2		
	BV 165	82.0	92.0	10.0		
	BV178	68.0	65.0	-3.0		
	BV 187	82.0	84.0	2.0		
	BV 215a*			n/a*		
	BV 223			n/a*		
	BV 224a			n/a*		
	BV 224b	80.0	81.5	1.5		
All published Local Indicators (%'s only) (Optional)						
Average Change in Value (P)				3.88 %		

*Note: Consistent Indicators for the LTP score, BV215a, 223 and 224a have not been available for the whole period.

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(cont)

Spend

2004/05	Revenue	£16,250,000	Total £ 20,000,000 inflated using Roadcon @ 20 % = £ 24,000,000	(B)
	Capital	£ 3,750,000		
2006/07	Revenue	£18,700,000	Total = £ 24,100,000	(C)
	Capital	£ 5,400,000		

Non-cashable Efficiency

$$E = P \times B - (C - B) = \text{£ } 931,200 - (100,000) \\ = \text{£ } 831,200$$

If a non-cashable efficiency was calculated in 2004/05, it must be deducted from the cumulative calculation.

Non-cashable efficiency claimed in 2004/05 to 2005/06 return was £ 250,000

Non-cashable efficiency to claim in 2005/06 to 2006/07 return

$$= \text{£ } 831,200 - \text{£ } 250,000 \\ = \text{£ } 581,200$$

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b) Annual Calculation 2005/06 to 2006/07 Authority B

Service Objective	Indicator	Base Indicator (2005/06 Converted Score)	Current Indicator (2006.07 Converted Score)	Change in score + or –	Local Weighting (High/Med/Low) (optional)	Weighted % Change (optional) + or –
Overall	Local Transport Plan			n/a*		
Safety	Cat 1 defects repaired within 24 hours	97.0	98.9	1.9		
Serviceability	BV 100	80.0	83.3	3.3		
	BV 165	86.0	88.0	2.0		
	BV178	68.0	65.0	-3.0		
	BV 187	81.0	83.0	2.0		
	BV 215a*	86.0	90.0	4.0		
	BV 223	91.0	93.2	2.2		
	BV 224a	87.0	90.4	3.4		
	BV 224b	77.0	81.5	4.5		
All published Local Indicators (%'s only) (Optional)						
Average Change in Value (P)				2.10 %		

*Note: A consistent indicator for the LTP score has not been available in this period.

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(cont)

Spend:

2005/06	Revenue	£14,600,000	Total £ 20,100,000 inflated using Roadcon @ 7 % = £ 21,507,000	(B)
	Capital	£ 5,500,000		
2006/07	Revenue	£16,000,000	Total = £ 21,000,000	(C)
	Capital	£ 5,000,000		

Non-cashable Efficiency

$$E = P \times B - (C - B) = £ 451,647 - (-507,000)$$

(C – B) is negative and is therefore discounted from the calculation (see section 5.1)

$$\text{Non-cashable efficiency} = £ 451,647$$