

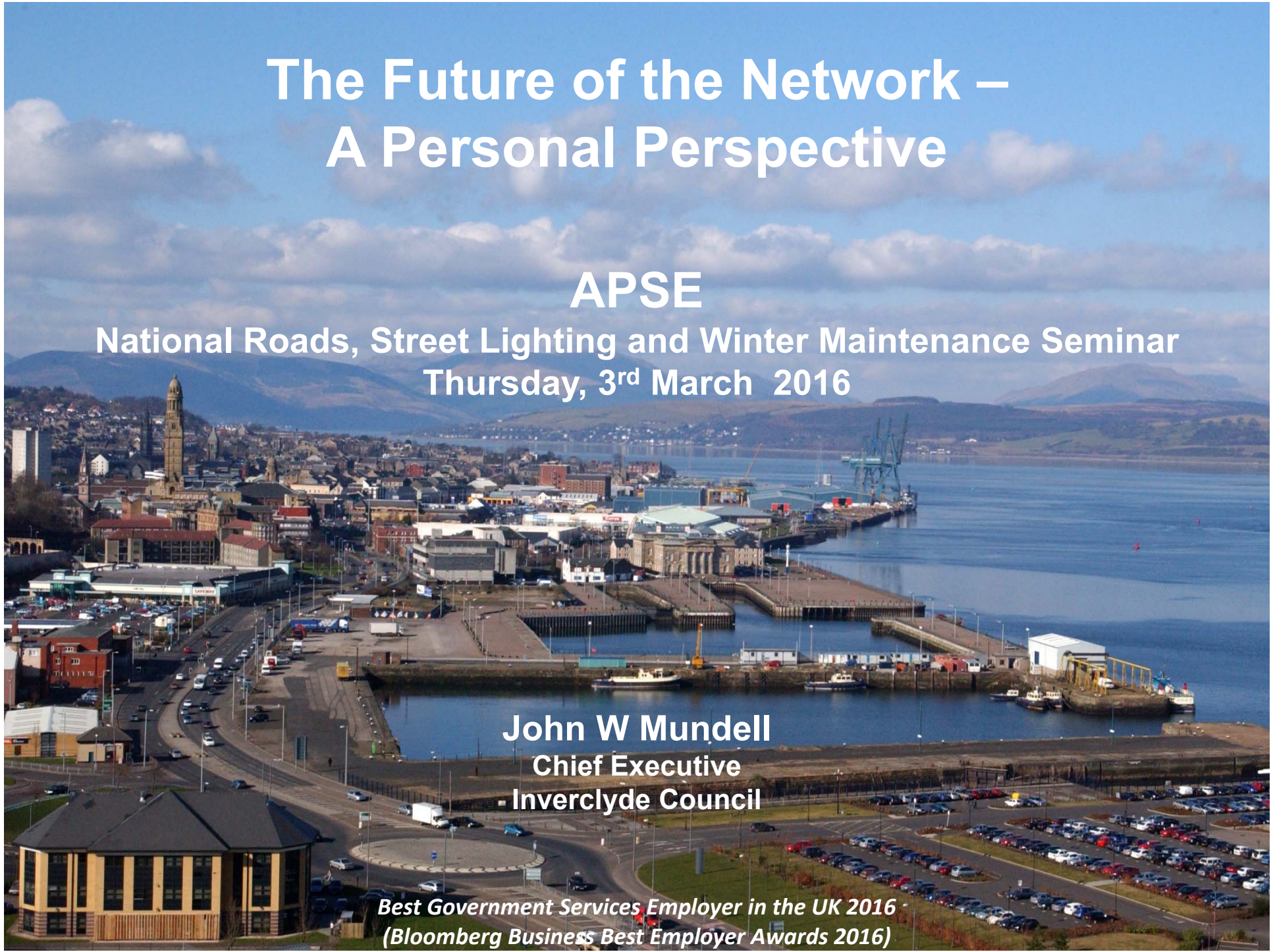
The Future of the Network – A Personal Perspective

APSE

**National Roads, Street Lighting and Winter Maintenance Seminar
Thursday, 3rd March 2016**

**John W Mundell
Chief Executive
- Inverclyde Council**

*Best Government Services Employer in the UK 2016
(Bloomberg Business Best Employer Awards 2016)*



What I will talk about:

- Roads, Highways and Street Lighting in Context
- Balancing Resources Towards Infrastructure
- A View on Collaboration
- Roads and Lighting in 10 Years Time?

Roads Context – An Essential Service

- Underpins all economic activity
- Directly influences all aspects of life e.g.
 - Travel times for industry and commerce
 - Quality of walking surfaces for the elderly
- Must be efficient and fit for purpose to deliver on:
 - Education
 - Health, social exclusion
 - Economic regeneration
 - Employment
- Service Users Expectations?

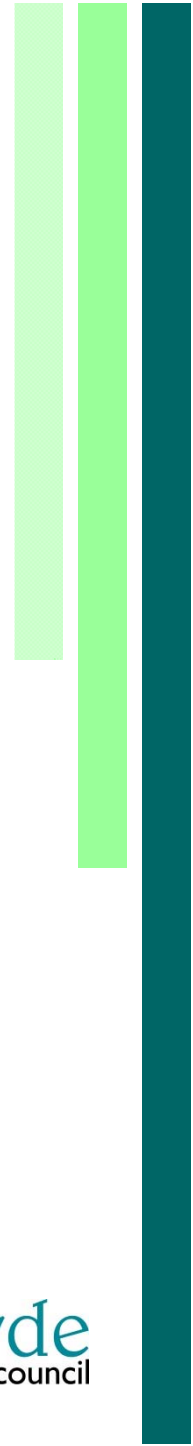
Roads Context: Significantly Increasing Demand

- 35.6 Million licensed vehicles on GB Roads (end of 2014)
 - 29.6million cars
 - 474,000 heavy goods vehicles
- 6256 Licensed HGV Operators in Scotland alone
- Number of vehicles continues to rise year on year
- Increased international HGV operators on GB Roads
- UK Transport Industry - 34% Growth 2015 -2016
- Estimated 316.1billion vehicle miles

Roads Context: Environmental Factors



Abigail, Barney, Clodagh, Desmond, Eva, Frank.....?



Roads Context: Critical Workforce Issues

- Previous staffing cuts – Capacity
- Age profile
- Loss of technical and commercial skills and expertise
- Generalists and not Specialists
- Sustained lack of investment in training and development
- Emerging recruitment and retention crisis
- Significant competition from other sectors
 - 28500 construction jobs by 2019
 - 40-50,000 professional LGV drivers needed now
 - Pay differentials

Roads Context: Other key Factors

- Public Utility Openings/Reinstatements Durability – Quality Control?
- 5G Trunk Roads Consultation – Opportunity or Threat?
- Audit Scotland – Option 30 and Performance Audit
- Spending Review
- Commission for Strengthening Local Democracy
- Forthcoming Scottish Government and Council Elections
- Financial Austerity - reduced investment over successive years
- Exponential deterioration in road condition

Balancing Resources towards Infrastructure:

Financial Pressures

- 2016/20 Settlement estimates (Scotland) suggest real terms reduction of 17-20%
- Cash terms reduction 2016/20 of 11-12%
- SG Funding Conditions (Inverclyde):
 - Council Tax Freeze (£1.01m penalty if not agreed)
 - Education protected – Maintain teacher number at 2015 levels (£0.7m penalty if not agreed)
 - Secure all Induction Scheme Probationers a place (£0.516m penalty)

Balancing Resources towards Infrastructure:

Financial Pressures (Continued)

- Social Care and Health Protected – Integrated Joint Boards
 - £250m in Health Budget for Social Care – (Inverclyde Share - £4.45m but only £1.269m accessible)
 - Living wage for Social Care providers – total funding requirement unknown/litigation risk
- NDR changes to empty property relief (Potential cost to Inverclyde area - £1.2m per annum)
- Targeted Policy Priority Spend – No Ring Fencing???
- UK Government Apprenticeship Levy – 0.5% of Paybill (2.3% of Workforce to be Apprentices)

Budget Pressures:

- Reducing Population leading to further cuts in Government Grant
- Workforce Pay Increase Demands
- Increasing elderly population
- Increased number of young people with Additional Support Needs
- Welfare Reform – Cuts in DWP funding and increased demand
- Infrastructure Maintenance (Property, Roads, Flooding etc)
- Continuing Financial Austerity to 2020 (and beyond?)
 - Reduced Government Funding
 - Reduced Partner Funding

Finance and the Gearing Effect:

	<u>£million</u>	<u>£million</u>	
Inverclyde's Revenue Budget 2015/16		196.00	100%
<u>Protected Areas</u>			
Education	70.00		
Inclusive Education	9.00		
Health and Social Care Partnership	49.00		
Loan Charges	14.00		
Pensions	<u>2.00</u>		
Sub Total		<u>144.00</u>	73%
Other Services (Inc. Roads, Environmental etc.)		<u>52.00</u>	27%

**£22.54million Estimated Savings Requirement by 2016/20
(4years) = 11-12% on all budget lines**

Finance and the Gearing Effect:

Inverclyde Council:

£22.45million Estimated Savings Requirement by end 2016/20 (4years)
= 11-12% on all budget lines

	<u>£million</u>	<u>% of Total</u>
Estimated Savings Requirement by end 2016/20 4years)	22.45	11.45%
Protected Areas – estimated maximum saving	<u>2.88</u>	1.47%
Balance of Savings from Other Services	19.57	10.00%
Other Services (Including Roads, Environment etc)	52.00	27.00%

Therefore £19.57m out of the £52m = **37.6% saving requirement**

Balancing Resources towards Infrastructure:

- Increasingly difficult to produce balanced budgets
- Political Priorities/Policies
- Remaining services will absorb higher share of cuts
- Avoid short terms focus & maintain long/medium term financial planning
- Embedding effective asset management (Accounting changes)
- Build 'Partnership at Work' with Trade Unions
- **Status quo is not a viable option** – must be prepared to change - establish new delivery arrangements

A view on Collaboration:

Key points-

- It is not just about efficiencies and savings; and
- Rationalising business systems and processes;
- It is also about resilience and sustainability.

Most Importantly –

- It is about the people & relationships;
- There is no place for professional barriers/self protectionism;
and
- It is about trust and confidence

Collaboration Objectives:

- Local Democratic Governance
- Improved performance and effective asset management
- Improved Service standardisation and consistency
- Increased specialist management capacity
- Improved staff retention, skills development and training
- Improved business resilience & sustainability
- Increased efficiency and effectiveness
- Better procurement
- Commercial Opportunities
- Delivery of Best Value

A (Personal) View on Collaboration:

“Roads, transportation and Highway planning and street lighting should be delivered on a regional basis”.

Options include:

- City Deal model/governance
- Merged Councils/Shared Management
- Shared Services (Joint Committees/Boards)
- ALEOS and Commercialisation
- Outsourcing/Externalisation

Roads and Lighting in Ten Years time?

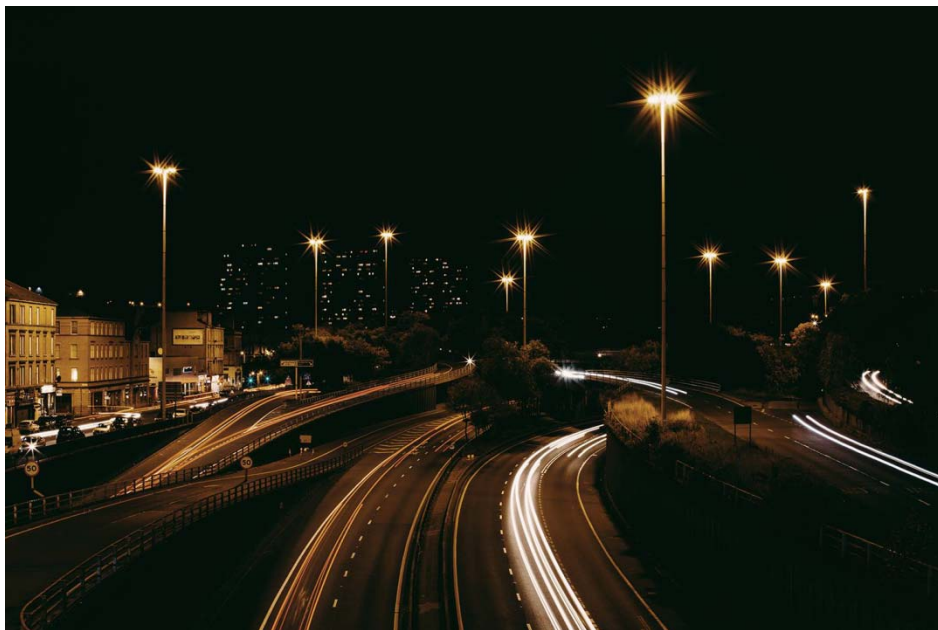
- The public do not care who delivers the roads infrastructure;
- Traffic volumes and congestion will increase;
- Street Lighting will be more Energy Efficient;
- Substantial Funding pressures will continue for years to come;
- Urgent need for genuine Transformational Change – Governance, resourcing, resilience more effective asset management;
- Collaboration and Coordination will need to significantly increase (locally and nationally);

Roads and Lighting in Ten Years time?

- Dramatic improvement in management of PU reinstatement performance – Minimum 10 year maintenance requirement;
- Much better Quality Control, inspection regimes;
- Road materials durability improvements essential; and
- Engineers need to continue to innovate to respond to changing service user needs.

Engineering Innovation and Use of Technology

Glasgow's Future City Project



Cartsburn, Inverclyde



Responding to Service User Innovation?

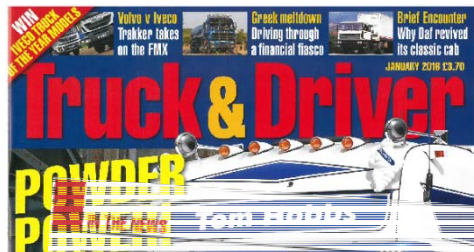


Freightliner Trucks has unveiled the world's first public trials of its new AV truck, a concept that could revolutionize the way trucks are driven. The AV truck is a self-driving truck that can be controlled remotely by a driver in a control room. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

The AV truck is a 2015 Freightliner truck that has been modified to include a self-driving system. The system is controlled by a driver in a control room, who can take over the truck at any time. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

BATTERY POWERED TRUCKS | NEWS
ELECTRIC DREAMS
Tesla Motors plans to spend further investment in electric trucking.

On the road
The world's first public trials of a self-driving truck are underway. The truck is a 2015 Freightliner truck that has been modified to include a self-driving system. The system is controlled by a driver in a control room, who can take over the truck at any time. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.



Fears for truckers' lives as Calais crisis worsens
Truckers in firing line as violence escalates

The Calais crisis has become a major concern for truckers, as violence has escalated in the region. Truckers are being targeted by extremists, and there is a real danger that they will be killed or injured. The situation is becoming increasingly dangerous, and it is clear that the lives of truckers are in jeopardy.

Driverless trials due soon
Trials of driverless trucks are set to begin in the near future. The trials will involve a self-driving truck that can be controlled remotely by a driver in a control room. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

Stun gun found in cab
A stun gun was found in the cab of a truck. The gun was found by a driver who was driving the truck. The gun was found in a hidden compartment in the cab. The driver was arrested and charged with possession of a weapon.



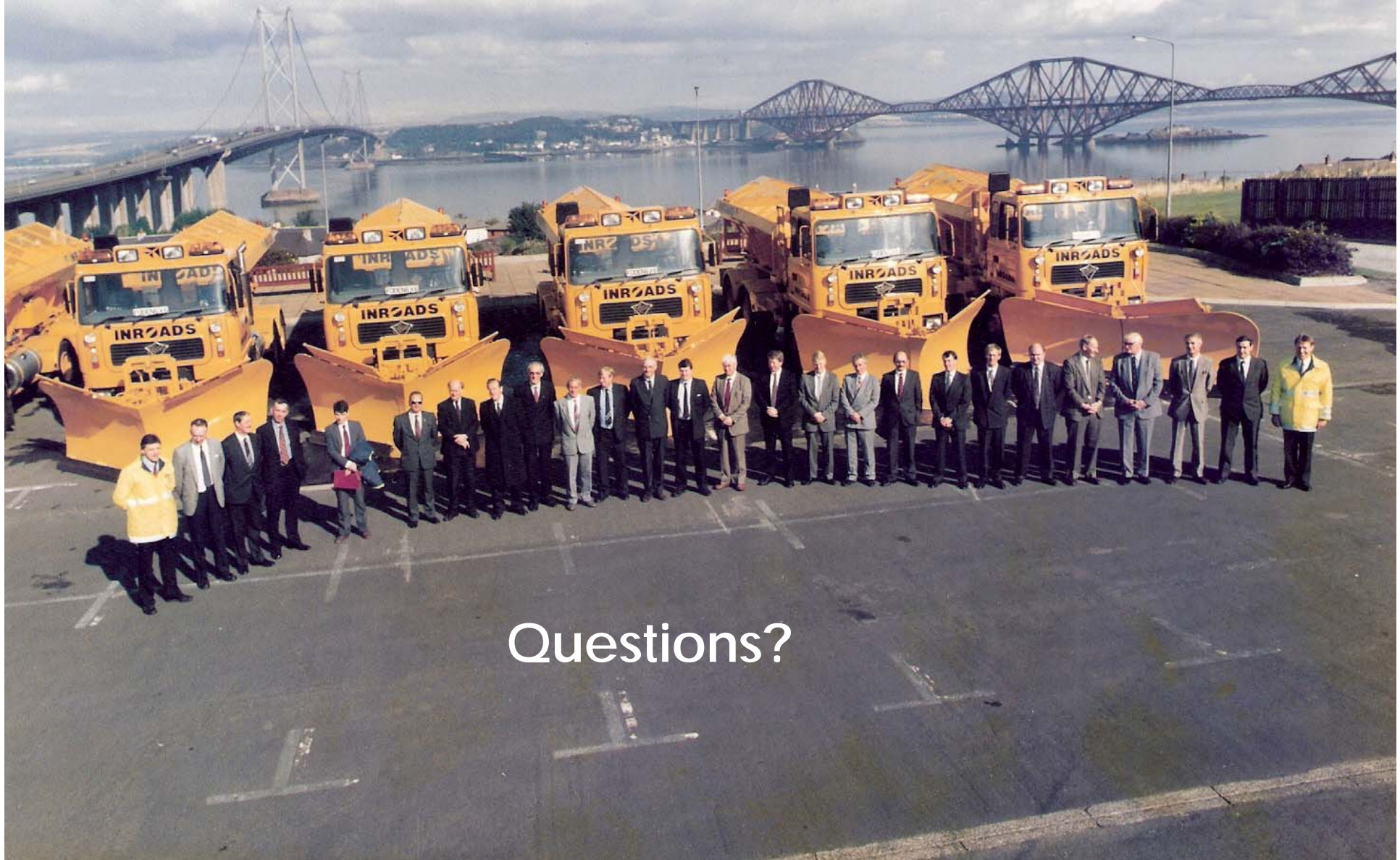
DAF demos 'EcoTwin' auto truck concept
DAF has unveiled its 'EcoTwin' concept truck, a self-driving truck that can be controlled remotely by a driver in a control room. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

The 'EcoTwin' concept truck is a 2015 DAF truck that has been modified to include a self-driving system. The system is controlled by a driver in a control room, who can take over the truck at any time. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

Renault fizzes with Coke truck milestone
Renault has achieved a major milestone in the trucking industry. The company has launched its first self-driving truck, which is being tested on a closed course. The truck is currently being tested on a closed course, but it is expected to be used in public trials in the near future.

DIESEL PRICES
Diesel prices have risen significantly in the past few months. This is due to a combination of factors, including a shortage of oil and a strong demand for diesel fuel. Diesel prices are expected to continue to rise in the near future.

Shared roads services for regional delivery is essential.



Questions?