

**FOR PUBLICATION****DERBYSHIRE COUNTY COUNCIL****CABINET MEMBER MEETING – HIGHWAYS ASSETS AND TRANSPORT****30 September 2021**

Joint Report of the Executive Director of Place and the Director of Finance &  
ICT

**Performance and Budget Monitoring/Forecast Outturn 2021-22 as at  
Quarter 1**

**1. Divisions Affected**

1.1 County-wide.

**2. Key Decision**

2.1 This is not a Key Decision.

**3. Purpose**

3.1 To provide the Cabinet Member with an update of the Council Plan performance position and the revenue budget position of the Highways Assets and Transport portfolio for 2021-22 up to the end of June 2021 (Quarter 1).

**4. Information and Analysis****4.1 Integrated Reporting**

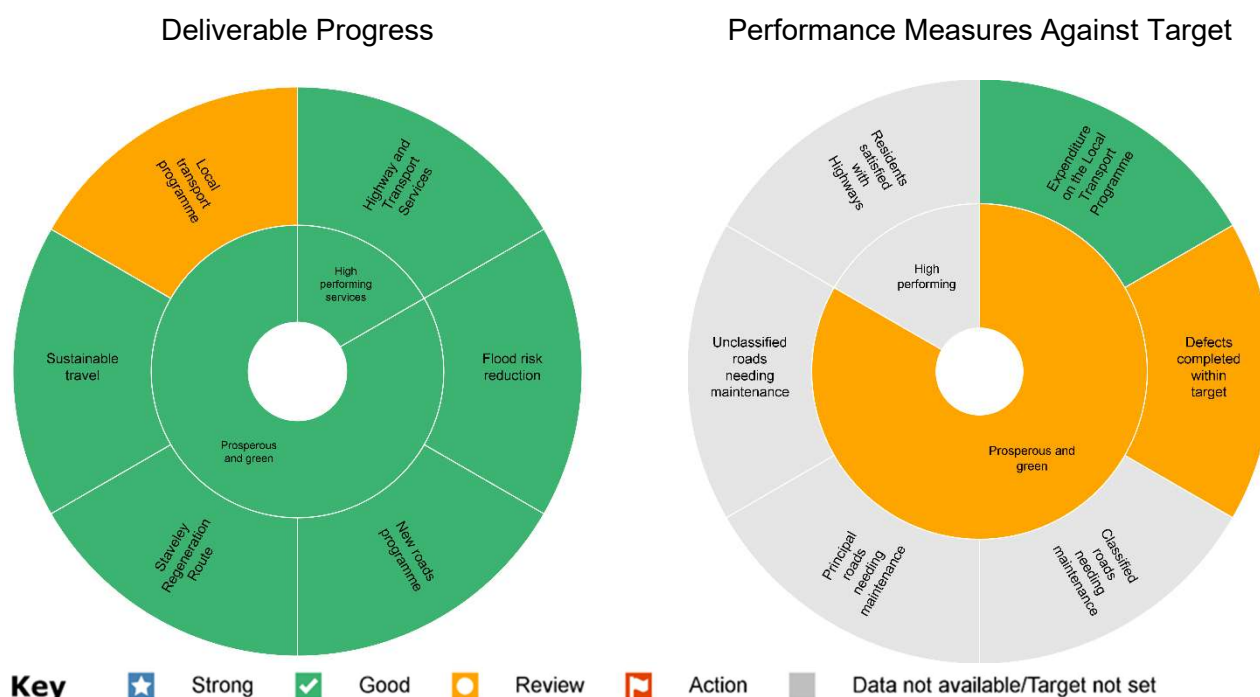
This report presents both financial and Council Plan performance data. The performance summary sets out progress on the Council Plan deliverables and measures led by the Highways Assets and Transport portfolio. The remainder of the report gives a summary and detail on the revenue budget position for the portfolio.

4.2 As an overview, the report shows that progress is “good” for the majority of the Council Plan deliverables led by the portfolio, however, the

deliverable “Delivered a £40m Local Transport Programme to provide well maintained roads and highways and address road safety concerns” has been flagged as “requiring review”. After the use of additional Covid-19 funding, the budget forecast position for 2021-22 is an overspend of £2.597m. It is forecast that £0.175m of savings will have been achieved by the year end. This compares to target savings of £3.081m and the value of savings initiatives, which have been identified for implementation in the current year, of £1.239m.

#### 4.3 Performance Summary

The following shows an overview for Quarter 1 of progress on the Council Plan deliverables and measures relating directly to Highways Assets and Transport.



4.4 Progress is “good” for the majority of the Council Plan deliverables led by the portfolio.

4.5 Key areas of success are:

- An updated value for money assessment of the Chesterfield to Staveley Regeneration Route has been carried out, with the project creating new homes and jobs for the area.
- Woodville-Swadlincote Regeneration Route and Ashbourne Airfield Link Road are both under construction and due for completion/opening to traffic in Quarter 3, 2021-22.
- The Property Flood Resilience Grant Scheme has enabled 92 Properties to be surveyed with flood resilience measures now being implemented.

4.6 Key areas for consideration are:

**Local Transport Plan Programme** – during the first quarter, Highways works totalling an estimated value of £5m have been undertaken. The exact figure will be confirmed in the Quarter 2 report.

4.7 Contract arrangements are in place to deliver significant resurfacing and surface treatment packages as part of this year's capital programme. Surface treatment works have commenced with approximately £1m delivered during the Quarter with a further £5m programme of works scheduled to be completed during Quarter 2. The delivery of surface treatment and resurfacing programmes in forthcoming months is key to adding resilience to the network and preventing and/or minimising damage through the next winter period.

4.8 Resurfacing is continuing to utilise in-house resources and the pace of delivery will increase as extra resources are brought into the county by a national contractor to enable the delivery of the full programme of works by 31 March 2022.

4.9 The additional resources employed dealing with potholes on the network has seen a reduction in the numbers to more manageable levels, with a total of 7,618 road defects being repaired during Quarter 1. A total of 85.6% of defects were completed within target, bringing performance nearer to the 90% target and a marked improvement on the 53.4% figure for 2020-21

4.10 Further information on the portfolio's Council Plan performance are included at Appendix 2.

4.11 **Budget Forecast Summary**

The net controllable budget for the Highways Assets and Transport portfolio is £30.685m. An additional £0.889m Covid-19 funding will be added to the budget to give a total of £31.574m.

4.12 The Revenue Budget Monitoring Statement prepared for Quarter 1 indicates there will be a forecast year-end overspend of £3.486m without Covid-19 funding.

4.13 As this overspend will be supported by the use of £0.889m of additional Covid-19 funding, which has been allocated to the Council to support the costs incurred as a result of the pandemic, the forecast position is an overspend of £2.597m.

Forecast outturn against target budget

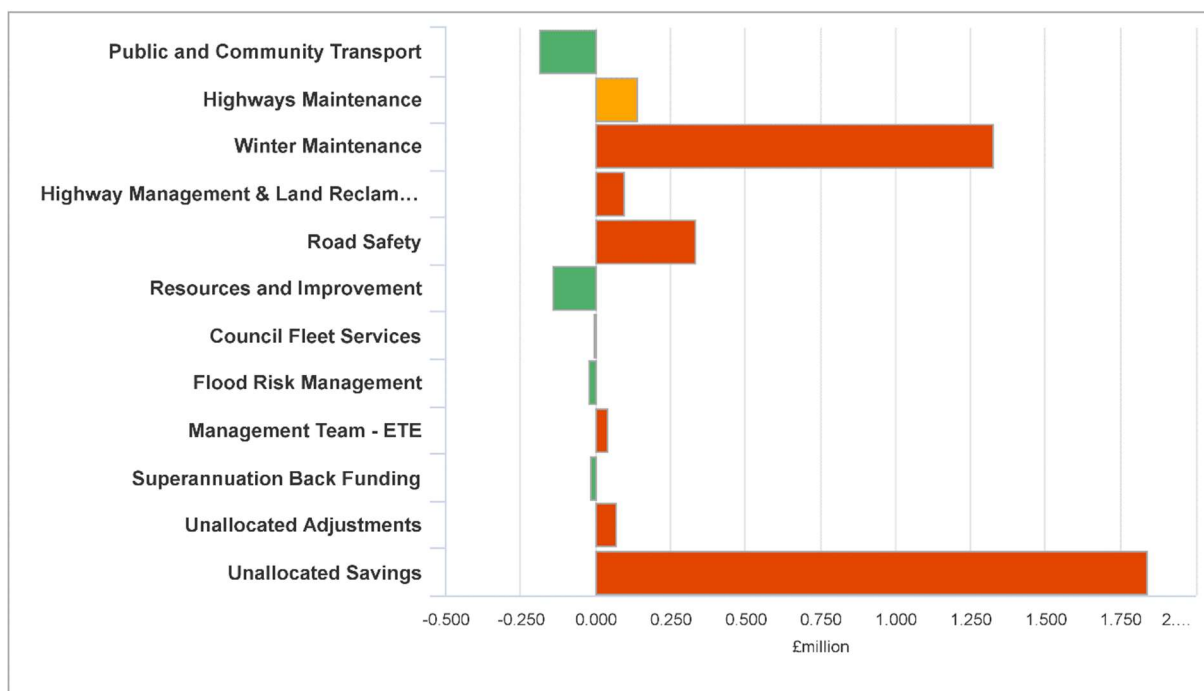


4.14 The areas which make up this forecast are shown in the following table and graph below:

Highways Assets and Transport Budget Items

	Controllable Budget £m	Full Year Forecast £m	Forecast Under (-)/Over Spend £m	Percentage Under (-)/Over Spend	Budget Performance
Public and Community Transport	14.195	14.008	-0.187	-1.3%	✓
Highways Maintenance	11.495	11.637	0.142	1.2%	⚠
Winter Maintenance	2.173	3.500	1.327	61.1%	⚠
Highway Management & Land Reclamation	2.352	2.446	0.094	4.0%	⚠
Road Safety	0.091	0.425	0.334	367.0%	⚠
Resources and Improvement	1.673	1.533	-0.140	-8.4%	✓
Council Fleet Services	-0.768	-0.770	-0.002	-0.3%	✓
Flood Risk Management	0.431	0.409	-0.022	-5.1%	✓
Management Team - ETE	0.615	0.656	0.041	6.7%	⚠
Superannuation Back Funding	0.329	0.316	-0.013	-4.0%	✓
Unallocated Adjustments	-0.059	0.011	0.070	118.6%	⚠
Unallocated Savings	-1.842	0.000	1.842	100.0%	⚠
Total	30.685	34.171	3.486	11.4%	⚠
Covid-19 Funding	0.889				
Total after use of additional funding	31.574	34.171	2.597	8.2%	⚠

Forecast Under (-)/Over Spend



#### 4.15 Key Variances

Public and Community Transport, underspend £0.438m

The main area of underspend is within Gold Card. Due to Covid-19 guidance restricting travel, the operators have not been paid the full amount that they would usually have been.

#### 4.16 Winter Maintenance, overspend £1.327m

Much of the cost for an average winter is paid in advance of any severe weather. Grit salt is a major item of expenditure and stocks are maintained in accordance with Department for Transport recommendations. Fleet is the other major cost with the gritting and associated vehicles being paid for at the beginning of the financial year.

#### 4.17 Unallocated Savings, overspend £1.842m

This overspend is an accumulation of unallocated savings targets. More information is included in the Budget Savings Section later in the report.

#### 4.18 Budget Savings

Budget reduction targets totalling £1.239m were allocated for the year. Further reductions allocated in prior years, totalling £1.842m, had not been achieved and were brought forward to the current year. This has resulted in total reduction targets to be achieved of £3.081m at the start of the year.

4.19 The value of the savings initiatives which have been identified for implementation in the current year is £1.239m.

4.20 The shortfall between the total targets and the identified savings initiatives is £1.842m



4.21 Savings shortfall of £1.842m was b/f for this Portfolio from previous years a target of £1.239m has been allocated this current year giving a total savings target of £3.081m with £0.175m expected to be achieved in year.

4.22 It is forecast that £0.175m of savings will have been achieved by the year-end. The table below shows performance against the target.

#### Budget Savings Initiatives

	Budget Reduction Amount £m	Forecast to be Achieved by the end of 2020/21 £m	Shortfall (-)/ Additional Savings Achieved £m	
Highways Staffing	0.637	0.000	-0.637	❏
Resources and Improvement Staffing	0.427	0.150	-0.277	❏
Parking	0.025	0.025	0.000	✅
Agency Agreements	0.150	0.000	-0.150	❏
Total Position	1.239	0.175	-1.064	❏
Shortfall/(Surplus) of Identified Savings	1.842	0.000	-1.842	

	Budget Reduction Amount £m
Prior Year B/f	1.842
Current Year	1.239
Budget Savings Target	3.081

#### 4.23 Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2021-22:

#### 4.24 Winter Maintenance - £0.700m ongoing

Cabinet approved the growth bid of £0.700m in January 2021, this is to realine the winter maintenance budget so that it more accurately reflects the expenditure required during a mild winter.

#### 4.25 Financial Risks

There is a risk that the following issues could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above:

#### Financial Risks

Service	Risk	Sensitivity* £m	Likelihood 1 = Low, 5 = High
Winter Maintenance	Impact of severe winter.	1.500	4
Street Lighting Energy and Maintenance	Further energy price increases, or slippage in implementation of the LED programme.	0.300	2

Flooding and/or extreme weather	Emergency response procedures are in place to minimise the impacts of these emergencies, however, they have to be dealt with retrospectively.	1.000	3
Department General	Failure of assets including roads, pavements, bridges, retaining walls, street lighting columns, safety fencing, gullies, countryside assets, canals, reservoirs etc.	1.000	5

\*Sensitivity represents the potential negative impact on the outturn position should the event occur.

#### 4.26 Earmarked Reserves

Earmarked reserves totalling £17.692m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves		£m
ETE Underspend reserve (to assist with managing the department's savings programme)	=	7.519
ETE underspend reserve (committed to specific projects)	▼	3.773
Winter Maintenance	=	2.000
Committed Liabilities - Revenue	▼	1.845
Committed Liabilities - Capital	▼	1.006
Grants	▼	0.895
Derby and Derbyshire Road Safety Partnership	↑	0.581
Renewals funds regarding Lab and Fleet equipment	=	0.037
Money held on behalf of other Councils and Partnerships	▼	0.036
<b>Total Reserves</b>	<b>▼</b>	<b>17.692</b>

#### Key

- ↑ Reserve has increased over the quarter
- = Reserve is unchanged over the quarter
- ▼ Reserve has decreased over the quarter

#### 4.27 Debt Position

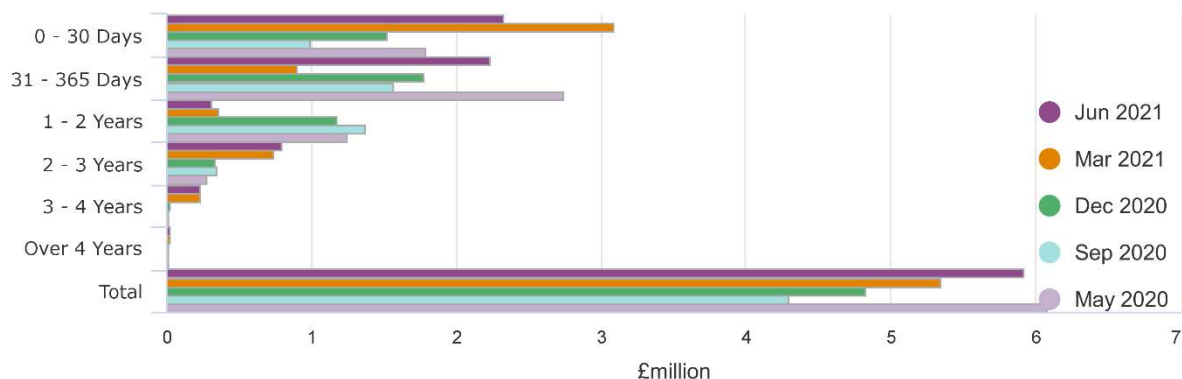
The profile of the debt raised, relating to income receivable by services within the Place department, is as follows:



#### Debt Position

0 - 30 Days	31 - 365 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	Over 4 Years	Total
£m	£m	£m	£m	£m	£m	£m
2.331	2.229	0.307	0.800	0.232	0.021	5.920
▼	↑	▼	↑	=	▼	↑
39.4%	37.7%	5.2%	13.5%	3.9%	0.4%	100.0%

#### Aged Debt over Time



4.28 No debt has been written off this quarter.

## 5. Consultation

5.1 Not required.

## 6. Alternative Options Considered

6.1 N/A.

## 7. Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

## 8. Background Papers

8.1 None identified.

## 9. Appendices

9.1 Appendix 1 - Implications.

9.2 Appendix 2 - Highways Assets and Transport Performance Report Quarter 1, 2021-22



## 10. Recommendation

That the Cabinet Member:

- a) Notes the report.

## 11. Reasons for Recommendation

- 11.1 To inform Members of Performance, Financial and Risk information relating to their Portfolio.
- 11.2 To determine whether further action is required to address areas of under/over performance.

## 12. Is it necessary to waive the call in period?

- 12.1 No.

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**This report has been approved by the following officers:**

<b>On behalf of:</b>  Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director Executive Director(s)	
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**Implications**

**Financial**

- 1.1 As detailed in the report.

**Legal**

- 2.1 The Council has a duty to prepare a balanced budget and providing regular updates on income and expenditure, together with the associated levels of performance and risk, helps demonstrate that the Council has sound financial systems in place.

**Human Resources**

- 3.1 None.

**Information Technology**

- 4.1 None.

**Equalities Impact**

- 5.1 None.

**Corporate objectives and priorities for change**

- 6.1 None.

**Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

- 7.1 None.