



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER DECISION – HIGHWAYS ASSETS AND TRANSPORT

30 November 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 2

1. Divisions Affected

1.1 Not applicable.

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 and revenue budget position of the Highways Assets and Transport portfolio for 2021-22 up to the end of September 2021 (Quarter 2).

4. Information and Analysis

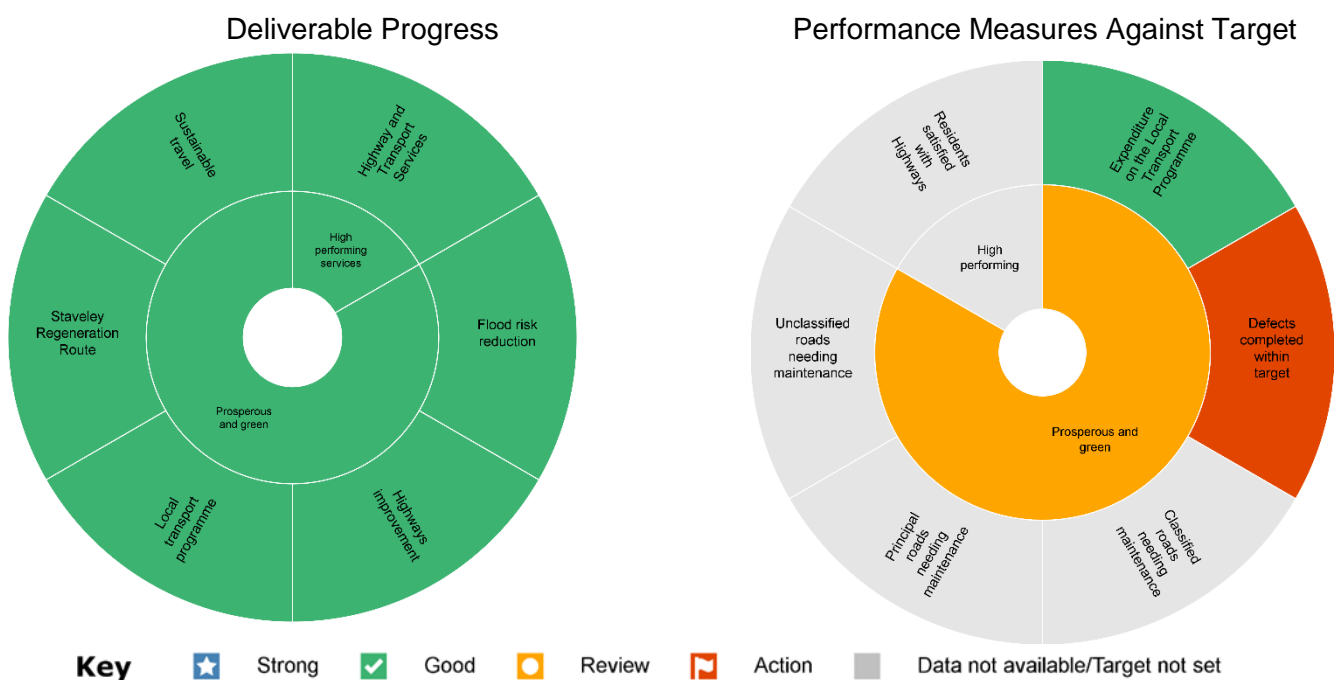
4.1 Integrated Reporting

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. After the use of additional Covid-19 funding, the budget forecast position for 2021-22 is an overspend of £2.677m. It is forecast that £0.175m of savings will have been achieved by the end of the year. 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.

Performance Summary

4.3 The following shows an overview for Quarter 2 of progress on the Council Plan deliverables and measures relating directly to Highways Assets and Transport.



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

4.5 Key areas of success are:

- The substantial highway surface treatment programme across the county is now complete, although the ancillary lining and road stud work continues.
- To date, over 250 roads have either been surface dressed or resurfaced this financial year.
- Funding has been secured to deliver Property Flood Resilience measures to 66 properties in the Bakewell and Ambergate areas.

- Department for Transport funding has been secured to undertake a series of feasibility studies targeting cycling and walking initiatives across the County.

4.6 Key areas for consideration are:

- A total of 3,969 Highway defects were fixed in Quarter 2 with 84.3% of all defects being completed within target by September 2021, although still below the 90% target.
- Data is not available this quarter for some key measures as the data is reliant upon the publication of survey results in specific quarters by the Council's external partners.

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

Budget Forecast Summary

4.8 The net controllable budget for the Highways Assets and Transport portfolio is £30.747m. An additional £1.228m Covid-19 funding will be added to the budget to give a total of £31.975m.

Forecast outturn against target budget



4.9 The Revenue Budget Monitoring Statement prepared for Quarter 2 indicates there will be a forecast year-end overspend of £3.905m without Covid-19 funding.

4.10 As this overspend will be supported by the use of £1.228m 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 £2.677m.

4.11 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	14.445	14.258	-0.187	-1.3%	✔
Highways Maintenance	11.880	12.521	0.641	5.4%	✘
Winter Maintenance	2.173	3.500	1.327	61.1%	✘
Highway Management & Land Reclamation	2.352	1.777	-0.575	-24.4%	✔
Road Safety	0.091	0.440	0.349	383.5%	✘
Resources and Improvement	1.156	1.619	0.463	40.1%	✘
Council Fleet Services	-0.824	-1.162	-0.338	-41.0%	✔
Flood Risk Management	0.431	0.465	0.034	7.9%	✘
Management Team - ETE	0.615	1.013	0.398	64.7%	✘
Superannuation Back Funding	0.329	0.291	-0.038	-11.6%	✔
Unallocated Adjustments	-0.059	-0.070	-0.011	-18.6%	✔
Unallocated Savings	-1.842	0.000	1.842	100.0%	✘
Total	30.747	34.652	3.905	12.7%	✘
Covid-19 Funding	1.228				
Total after use of additional funding	31.975	34.652	2.677	8.4%	✘

Forecast Under (-)/Over Spend



Key Variances

4.12 Winter Maintenance, overspend £1.327m

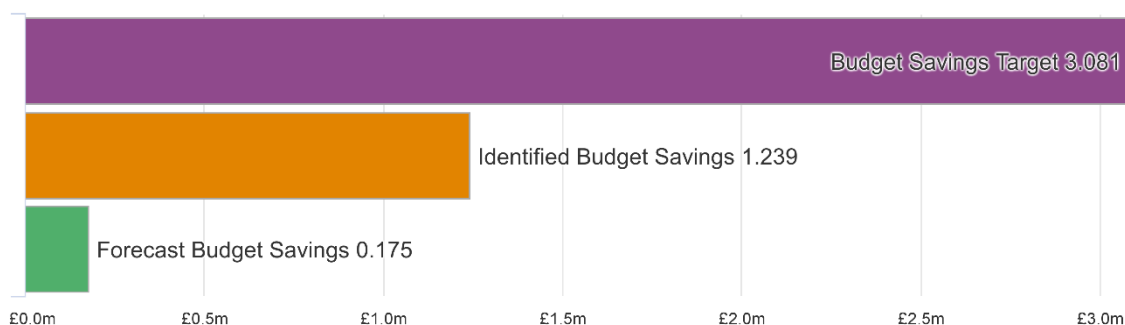
Much of the cost for an average winter is paid in advance of any severe weather. Grit salt is a major item of expenditure and stocks are maintained in accordance with Department for Transport recommendations. Fleet is the other major cost with the gritting and associated vehicles being paid for at the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

- 4.13 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.
- 4.14 Resources and Improvement, overspend £0.463m
Relates to a staff savings target allocated but not yet achieved
- 4.15 Highways Management and Land Reclamation, underspend £0.575m
Increased income received for New Roads and Street Works Act.

Budget Savings

- 4.16 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.
- 4.17 The value of the savings initiatives which have been identified for implementation in the current year is £1.239m.
- 4.18 The shortfall between the total targets and the identified savings initiatives is £1.842m

Budget Savings



- 4.19 Savings shortfall of £1.842m was brought forward 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.

4.20 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 2021/22 £m	Shortfall (-)/ Additional Savings Achieved £m	
Highways Staffing	0.637	0.000	-0.637	🚩
Resources and Improvement Staffing	0.427	0.150	-0.277	🚩
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

4.21 Growth Items and One-Off Funding

The portfolio received the following additional

budget allocations in 2021-22:

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

4.23 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.

4.24 Earmarked Reserves

Earmarked reserves totalling £18.253m 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)	↑	8.160
ETE underspend reserve (committed to specific projects)	=	3.773
Winter Maintenance	=	2.000
Committed Liabilities - Revenue	=	1.845
Committed Liabilities - Capital	=	1.006
Grants	▼	0.815
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
Total Reserves	↑	18.253

Key

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

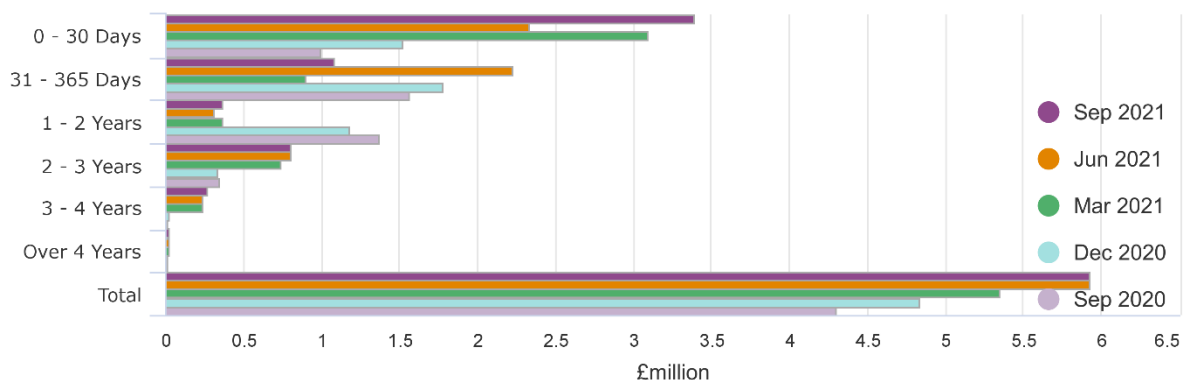
4.25 Debt Position

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

Debt Position

0 - 30 Days £m	31 - 365 Days £m	1 - 2 Years £m	2 - 3 Years £m	3 - 4 Years £m	Over 4 Years £m	Total £m
3.393	1.078	0.359	0.798	0.269	0.023	5.920
↑	↓	↑	↓	↑	↑	↓
57.3%	18.2%	6.1%	13.5%	4.5%	0.4%	100.0%

Aged Debt over Time




4.26 In the year up to 30 September 2021 the value of debt that has been written off totals £0.000m.

Traded Services

4.27 A trading area is where the Council receives income in return for providing discretionary services to external organisations and/or individuals.

Partially Traded Areas

4.28 'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide. The financial performance of these areas is as follows:

Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
Highways Laboratory	Highways Laboratory	0.100	0.035	-0.065	

5. Consultation

5.1 Not required.

6. Alternative Options Considered

- 6.1 Information on Performance and Finance is provided to ensure the Cabinet Member is aware of progress against the Council's strategic objectives outlined in the Council Plan.
- 6.2 Not providing this information would prevent the Cabinet Members from being aware of current performance and budgetary information.

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 2, 2021-22.

10. Recommendations

That the Cabinet Member:

- a) Notes the report.
- b) Considers whether there are any further actions that should be undertaken to address performance, where it has not met the desired level.

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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Appendix 1

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.