



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER DECISION - HIGHWAYS ASSETS AND TRANSPORT

30 August 2022

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

**Performance and Budget Monitoring/Forecast Outturn 2022-23 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 2022-23 up to the end of June 2022 (Quarter 1).

4. Information and Analysis

Integrated Reporting

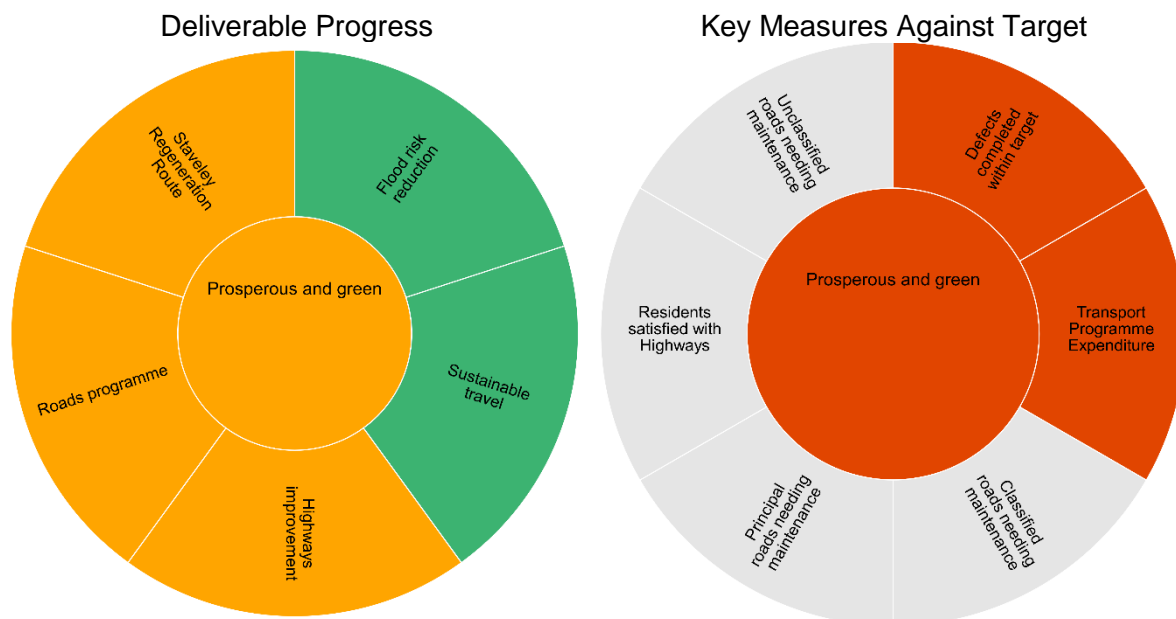
4.1 This report presents both financial and Council Plan performance data. The performance summary sets out progress against Council Plan deliverables and measures owned by the Highways Assets and Transport portfolio. The remainder of the report gives a summary and detail on the revenue budget position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

4.2 As an overview, the report shows that progress is “good” for 2 out of the 5 Council Plan deliverables led by the portfolio, however, the deliverables “Delivered a £40m Local Transport Programme to provide well managed roads and highways and address road safety concerns”, “Opened Hollis Lane Link Road Phase 1 in Chesterfield to improve road access” and “Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area” have been flagged as “requiring review”.

4.3 The budget forecast position for 2022-23 is an overspend of £6.428m. It is forecast that £0.150m of savings will have been achieved by the year end. This compares to target savings of £3.664m and the value of savings initiatives, which had been identified for implementation in the current year, of £1.714m.

Performance Summary

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



Key ★ Strong ✓ Good ◯ Review 📌 Action □ Data not available/Target not set

4.5 Progress is “good” for 2 out of the 5 Council Plan deliverables led by the portfolio.

4.6 Key areas of success are:

✓ **Reduced the level of flood risk to the residents and businesses of Derbyshire through our planning role, the delivery of flood**

mitigation schemes and working with communities to develop flood resilience measures. The percentage of flood applications responded to within 21 days has improved by 23% since the previous quarter, predominately as a result of additional staffing.



Developed and delivered a strategic approach to sustainable travel and transport across the County, including the promotion of cycling and walking Good progress continues to be made on the design/costings and business case development for walking and cycling routes in readiness for funding to come on stream as is the developments associated with negotiations on the Bus Service Improvement Plan which are also nearing completion and will result in significant funding (circa £47m) being made available to support public transport and aspects of new mobility hubs. Bids by district and borough councils to the Levelling Up Fund also include proposals for mobility hubs in key town centre locations across the county and announcements are expected in Quarter 2.

4.7 Key areas for consideration are:



Delivered a £40m Local Transport Programme to provide well managed roads and highways and address road safety concerns

Issue: The total spend on the Local Transport Programme in Quarter 1 was £7.537m against a target of £8.700m. Whilst 100% of urgent defects were completed within timescale, the percentage of defects completed within other target timescales has decreased.

Action: Network co-ordination issues have resulted in the postponement of several large value surface dressing beds. It is considered that through the implementation of the Local Transport Plan Capital delivery scheme a reduction in defects will be seen throughout the year which should have a positive impact on the amount of defects, and customer satisfaction levels, by the year end.



Opened Hollis Lane Link Road Phase 1 in Chesterfield to improve road access

Issue: The deliverable has been rated as “Requiring Review”. The first phase of work has been successfully completed and involved purchase of a new site, construction of a new retail unit and relocation of a builders’ merchant from Hollis Lane to make way for the new road construction. Current inflation rates are now impacting on the design and build costs of the new road and value engineering is being undertaken to assess where/whether savings can be made to ensure project delivery within the agreed funding envelope.

Action: Additional contingency funding has been allocated to the scheme to enable continued progress and completion of detailed

design. Value engineering is taking place as part of the process to review scheme costs and this information will be used to inform the next gateway decision on the timing for construction of the new road.

Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Issue: The deliverable has been rated as “Requiring Review”. Current inflation rates are impacting significantly on the design and build costs. This is further impacting on the value for money (cost/benefit ratio) statement that will feed into the final version of the outline business case due to be submitted to Government in early September.

Action: Appointment of design and build contractor secured to achieve better understanding of costs and undertake value engineering to reduce costs. Discussions to take place with Department for Transport..

4.8 Key areas for consideration are:

Defects completed within target

Issue: Number of defects with a non urgent target are not reaching target although urgent defects are on target.

Action: Surface dressing programme underway to reduce the number of defects.

4.9 Further information on the portfolio’s Council Plan performance is included at Appendix 2 with further performance information for other areas of Portfolio responsibilities included in Appendix 3.

Budget Forecast Summary

4.10 The net controllable budget for the Highways Assets and Transport portfolio is £33.275m.

4.11 The Revenue Budget Monitoring Statement prepared for Quarter 1 indicates there is a forecast year-end overspend of £6.428m.

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

Forecast outturn against target budget



Highways Assets and Transport Budget Items
Forecast Under (-)/Over Spend

	Controllable Budget £m	Full Year Forecast £m	Forecast Under (-)/Over Spend £m	Percentage Under (-)/Over Spend	Budget Performance
Management Team - Place	0.000	0.000	0.000	0.0%	✔
Public and Community Transport	13.961	13.735	-0.226	-1.6%	✔
Highways Maintenance	15.186	16.455	1.269	8.4%	✘
Winter Maintenance	2.173	2.173	0.000	0.0%	✔
Highway Management & Land Reclamation	1.617	5.155	3.538	218.8%	✘
Road Safety	0.091	0.425	0.334	367.0%	✘
Resources and Improvement	0.638	0.434	-0.204	-32.0%	✔
Council Fleet Services	-0.768	-1.037	-0.269	-35.0%	✔
Flood Risk Management	0.446	0.476	0.030	6.7%	✘
Management Team - ETE	0.832	0.832	0.000	0.0%	✔
Superannuation Back Funding	0.329	0.329	0.000	0.0%	✔
Unallocated Adjustments	0.726	0.726	0.000	0.0%	✔
Unallocated Savings	-1.956	0.000	1.956	100.0%	✘
Total	33.275	39.703	6.428	19.3%	✘
Covid-19 Funding	0.000	0.000	0.000	0.0%	
Total after use of additional funding	33.275	39.703	6.428	19.3%	✘

Key Variances

4.13 Highways Maintenance, £1.269m overspend

£0.500m of this relates to an allocated savings target for Future Highways Management which cannot yet be realised. £0.750m of this is in relation to potholes with the balance being in relation to inflation.

4.14 Winter Maintenance, £0.527m overspend

Whilst it is predicted that Winter Maintenance will overspend due the the budget not being sufficient to cover the costs of an average winter, this overspend will be met by the Place Departments Winter Maintenance Reserve.

4.15 Highways Management and Land Reclamation, £3.538m overspend

£0.640m relates to an unachieved staff saving as it is hoped that this will be realised in 2023-24 as a restructure review is planned as part of FHM. £2m of this relates to under recovered capital salaries due to high vacancy levels and the increased use of third parties to carry out capital works such as surface dressing. £0.400m relates to increased agency spend in year due to increased need for resource and high vacancy

levels, £0.300m is due to inflationary pressures with the balance being due to under-recovery by the Highways Construction Services Team.

4.16 Road Safety, £0.334m underspend

Relates to a prior year savings cut which is yet to be achieved, it is thought that this is likely to be achieved in 2024-25.

4.17 Unallocated Savings, £1.957m overspend

Savings cuts allocated to the departmental budget that are not yet able to be met/allocated.

4.18 Inflation

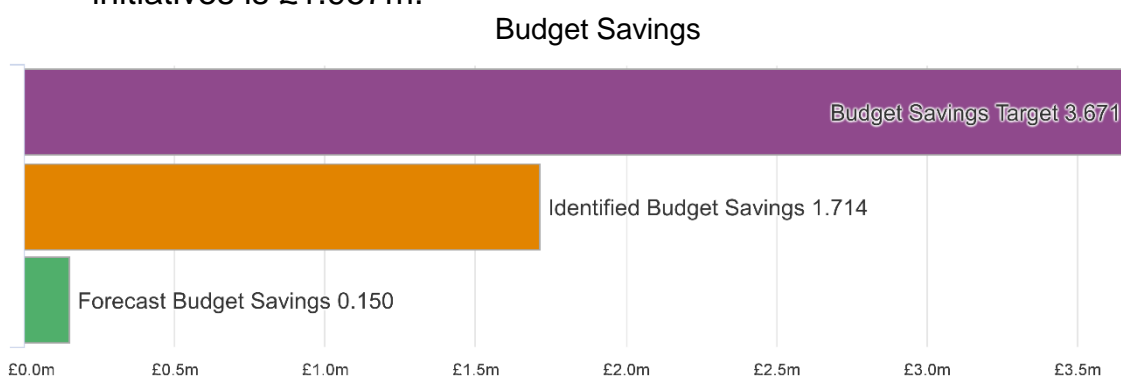
The predicted impact of inflation across all areas of this portfolio for the year totals £1.182m and has been included in the forecast data above (Public Transport £0.400m, Highways Maintenance £0.450m, Highways Construction £0.300m and £0.320m Fleet Services). This does not include the impact of inflation on the costs of major transport regeneration schemes (Hollis Lane Link Road and Chesterfield Staveley Regeneration Route)

Budget Savings

4.19 Budget reduction targets totalling £0.500m were allocated for the year. Further reductions allocated in prior years, totalling £3.171m, had not been achieved and were brought forward to the current year. This has resulted in total reduction targets to be achieved of £3.671m at the start of the year.

4.20 The value of the savings initiatives which have been identified for implementation in the current year is £1.714m.

4.21 The shortfall between the total targets and the identified savings initiatives is £1.957m.



4.22 From savings previously identified, currently only £0.150m are thought to be achievable in year, with a further £1.957m still to be allocated.

4.23 It is forecast that £0.150m 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 2022-23 £m	Shortfall (-)/ Additional Savings Achieved £m	
Highways Staffing	0.637	0.000	-0.637	☐
Resources and Improvement Staffing	0.427	0.150	-0.277	☐
Future Highways Model (FHM)	0.500	0.000	-0.500	☐
Agency Agreements	0.150	0.000	-0.150	☐
Total Position	1.714	0.150	-1.564	☐
Shortfall/(Surplus) of Identified Savings	1.957	0.000	-1.957	
	Budget Reduction Amount £m			
Prior Year B/f	3.171			
Current Year	0.500			
Budget Savings Target	3.671			

Growth Items and One-Off Funding

4.24 The portfolio received the following additional budget allocations in 2022-23:

4.25 Drainage - £1.313m ongoing, £1.313m one-off
Increasing impact of Climate Change, increasing severe weather events particularly flooding which cause major disruption and damage to properties and the highways network.

Financial Risks

4.26 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
Likelihood of Severe Winter	Forecast is based on an average winter, however, the effects of Climate Change could mean that winter weather becomes more severe.	1.500	3

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

Earmarked Reserves

4.27 Earmarked reserves totalling £16.699m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves		£m
Place General Underspend Reserve	▼	10.287
Commutated Sums	=	1.710
FHM Dev Con Int'face	=	1.500
Winter Maintenance	=	1.235
DDRSP Reserve	=	0.533
IT Reserve	=	0.467
Road Safety PSA	=	0.363
Flood Management	=	0.231
Cpe Reserve	=	0.111
DLO Res Highways	=	0.076
Traf. Mgt Act Permit	=	0.051
Waterways Reserve		0.042
Workshop Renewals Fund	=	0.037
Commt Maint EA Flood	=	0.022
Stewardship Grants		0.021
Community Transport	=	0.012
Total Reserves	↑	16.699

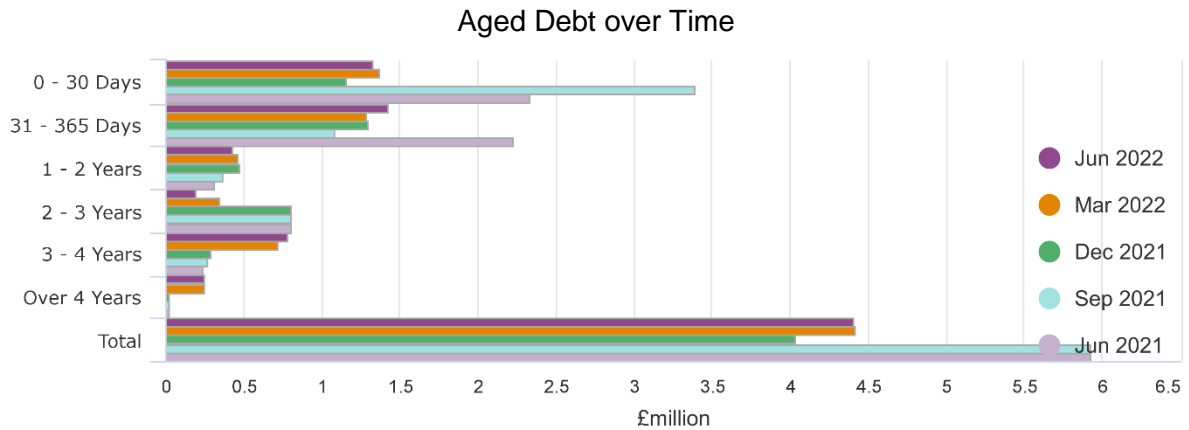
Key

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

Debt Position

4.28 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
1.322	1.426	0.427	0.197	0.781	0.247	4.400
▼	↑	▼	▼	↑	▼	▼
30.0%	32.4%	9.7%	4.5%	17.8%	5.6%	100.0%



4.29 In the year up to 30 June 2022, the value of debt that has been written off totals £0.000m.

Partially Traded Areas

4.30 '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	0.050	-0.050	
Fleet Services	Fleet Services	1.300	1.780	0.480	

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 1, 2022-23.

9.3 Appendix 3 - Key Service Plan Performance Indicators.

10. Recommendation

That the Cabinet Member:

a) Notes the current performance and budgetary positions at the end of Quarter 1 and actions being undertaken to address performance, as set out in section 4 above, where it has not met the desired level.

11. Reasons for Recommendation

11.1 To ensure there is clear understanding of Members of performance and finance in relation to the Highways Assets and Transport Portfolio and that appropriate remedial action is taken to address underperformance.

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

12.1 No.

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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 provide regular updates on income and expenditure, together with the associated levels of performance and risk, to help 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 The monitoring of performance and the revenue outturn position helps to deliver the following Council Plan priorities: High Performing and Value for Money and Resident-Focused Services.

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

7.1 None.