

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER – HIGHWAYS, TRANSPORT AND INFRASTRUCTURE

12 September 2019

Joint Report of the Executive Director - Economy, Transport and Environment
Department and the Director of Finance & ICT

BUDGET MONITORING 2019-20 – PERIOD 3

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Revenue Budget position of the Highways, Transport and Infrastructure portfolio for 2019-20 up to the end of 30 June 2019 (Period 3).

(2) **Information and Analysis**

Forecast Summary

The net controllable budget for the Highways, Transport and Infrastructure portfolio is £77.460m.

The Revenue Budget Monitoring Statement prepared at Period 3 indicates that there is a projected year-end overspend of £2.622m.

This overspend will be supported by the use of £2.622m of earmarked reserves. After the use of these reserves, the forecast position is a break even position.

The significant areas which make up this projection are shown in the table below:

	Controllable Budget £m	Projected Actuals £m	Forecast Over/(Under) Spend £m
Waste Management	44.081	43.087	(0.994)
Public and Community Transport	14.741	13.954	(0.787)
Highways Maintenance	13.484	13.001	(0.483)
Winter Maintenance	1.473	2.500	1.027
Highway Management and Land Reclamation	2.184	2.188	0.004
Road Safety	0.176	0.518	0.342
Resources and Improvement	2.337	2.393	0.056

Countryside Services	2.402	2.306	(0.096)
Council Fleet Services	(0.386)	(0.745)	(0.359)
Planning and Development	0.651	(0.454)	(1.105)
Flood Risk Management	0.453	0.336	(0.117)
Digital Derbyshire	0.156	0.100	(0.056)
Management Team	0.599	0.556	(0.043)
Superannuation Back Funding	0.323	0.307	(0.016)
Unallocated Savings	(5.250)	0.000	5.250
Unallocated Budget	0.036	0.035	(0.001)
Total	77.460	80.082	2.622
Use of Winter Maintenance Reserve	1.000	0.000	(1.000)
Use of Economy, Transport and Environment Underspend Reserve	1.622	0.000	(1.622)
Total After Use of Reserves¹⁹	80.082	80.082	0.000

Key Variances

Waste Management underspend £0.994m.

This underspend is due to waste tonnages being lower than previously anticipated.

Public and Community Transport underspend £0.787m.

The underspend is due mainly to less revenue support to be paid to bus operators than originally expected.

Winter Maintenance overspend £1.027m.

The budget for winter maintenance is £1.4m. At Period 3, almost £1.0m of this has been spent and so the forecast for the year is an overspend of £1.027m.

Planning and Development underspend £1.105m.

An increase in planning application fees and sections 38 and 278 (Highways Act 1980) agreements income are the main contributors to this underspend.

Budget Savings

Budget reductions totalling £2.609m were allocated for the year. Further reductions allocated in prior years, totalling £3.321m, had not been achieved and were brought forward to the current year. This has resulted in total reductions to be achieved of £5.930m at the start of the year.

The value of the savings initiatives which have been identified for implementation in the current year is £0.680m. In addition, there are £0.494m of savings initiatives identified in the previous year which have not been achieved at the start of the year, but are still expected to be achieved within the year.

The shortfall between the target savings figure and the savings identified for 2019-20 is £5.250m shown in the table above as “unallocated savings”.

It is forecast that £0.680m of savings will have been achieved by the year-end. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the End of 2019-20 £m	(Shortfall)/ Additional Savings Achieved £m
Gold Card	0.250	0.250	0.000
Safe and Active Travel	0.240	0.240	0.000
Countryside	0.100	0.100	0.000
Parking management	0.090	0.090	0.000
Total of Identified Savings Initiatives	0.680	0.680	0.000
Shortfall/(Surplus) of Identified Savings	5.250	0.000	5.250
Total Savings Target	5.930	0.680	5.250

Budget Reductions	£m
Prior Year Brought Forward	3.321
Current Year	2.609
Total Savings Target	5.930

Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2019-20:

Waste Treatment and Disposal - £1.500m ongoing.

Increases in the cost of delivering the main waste treatment and disposal contracts across Derbyshire, and the increased cost of recycling credits.

Highways Maintenance - £1.000m one-off.

To provide a co-ordinated, cyclical maintenance programme and maintenance improvements.

Public Transport - £0.500m ongoing.

To enable reasonable levels of public transport accessibility to be maintained across Derbyshire.

Water Body - £0.100m one-off.

Changes to regulations have given rise to additional project management responsibilities, in respect of the Council's obligations to managing its water bodies.

HS2 Co-ordination Officer - £0.064m one-off.

To provide support in representing the Council's interest as the HS2 route is developed.

Street Lighting - £0.048m one-off.
 To meet the inflationary costs of street-lighting energy.

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:

Service	Risk	Sensitivity £m	Likelihood (1 = Low, 5 = High)
Winter Maintenance	Impact of a severe winter	1.500	4
Street Lighting Energy and Maintenance	Further energy price increases, or further slippage in implementation of the LED programme	0.300	2
Highways Management	Deterioration in credit from capitalised salaries and surplus/deficit on highways construction overhead accounts	0.800	2
Waste Management	Uncertainty in the future of the Waste Treatment Plant	1.000	5

Earmarked Reserves

Earmarked reserves totalling £19.453m are currently held to support future expenditure. Details of these reserves are as follows:

Reserve Description	Amount £m
Grants	1.369
Committed Liabilities – Revenue	0.662
Committed Liabilities – Capital	4.988
Winter Maintenance	2.000
Money Held on Behalf of Other Councils and Partnerships	0.304
Renewal Funds regarding Laboratory and Fleet Equipment	0.056
Waste Recycling Initiatives	0.598
Derby and Derbyshire Road Safety Partnership	0.202
ETE Underspend Reserve (General Reserve)	9.274
Total Earmarked Reserves	19.453

Debt Position

The profile of the debt raised, relating to income receivable by services within the Economy, Transport and Environment Department is as follows:

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
1.278	5.605	0.530	0.044	0.021	0.009	7.487
17.07%	74.86%	7.08%	0.59%	0.28%	0.12%	100%

In the year up to the end of 30 June 2019, the value of debt that has been written off totals £0.013m.

(3) **Financial Considerations** As detailed in the report.

Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, social value and transport considerations.

(4) **Key Decision** No.

(5) **Call-In** Is it required that call-in be waived in respect of decisions proposed in the report? No.

(6) **Background Papers** Held on file within the Economy, Transport and Environment Department.

(7) **OFFICER'S RECOMMENDATION** That the Cabinet Member notes the report.

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Transport and Environment**

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