

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER – HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE**

23 January 2020

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

BUDGET MONITORING 2019-20 – PERIOD 7

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Revenue Budget position for 2019-20 up to the end of 31 October 2019 - Period 7.

(2) **Information and Analysis**

Forecast Summary

The net controllable budget for the Highways, Transport and Infrastructure portfolio is £77.843m.

The Revenue Budget Monitoring Statement prepared at Period 7 indicates that there is a projected year-end overspend of £1.215m.

The portfolio incurred additional costs of almost £0.547m due to the Toddbrook Reservoir Whaley Bridge incident which has been funded from General Reserve. The rest of the overspend will be supported by the use of £2.000m of Budget Management Earmarked Reserve, as agreed in the Revenue Budget report 2019-20, which was reported to Council on 6 February 2019 (Minute No.12/19 refers). Use of this reserve has enabled the Highways Maintenance budget to remain at the same level as the previous financial year. After the use of this reserve, the forecast is an underspend of £0.785m.

The 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	42.434	(1.647)
Public and Community Transport	14.743	14.593	(0.150)
Highways Maintenance	14.012	12.143	(1.869)
Winter Maintenance	1.473	3.250	1.777

Highway Management and Land Reclamation	2.232	2.461	0.229
Road Safety	0.176	0.430	0.254
Resources and Improvement	2.376	2.143	(0.233)
Countryside Services	2.445	2.429	(0.016)
Council Fleet Services	(0.662)	(1.017)	(0.355)
Planning and Development	0.649	(1.129)	(1.778)
Flood Risk Management	0.454	0.305	(0.149)
Digital Derbyshire	0.182	0.145	(0.037)
Management Team	0.603	0.563	(0.040)
Pension Back Funding	0.329	0.308	(0.021)
Unallocated Savings	(5.250)	0.000	5.250
Total	77.843	79.058	1.215
Use of Budget Management Earmarked Reserve	2.000	0.000	(2.000)
Total After Use of Reserves	79.843	79.058	(0.785)

Key Variances

Waste Management underspend £1.647m

The underspend is due to lower waste tonnages than originally forecast and additional savings under the new service continuity arrangements.

Highway Maintenance underspend £1.869m.

Some of the underspend is due to salaries being allocated to capital budgets, as opposed to revenue, and vacancies. Posts in the new Highways Structure are currently being filled which will reduce the underspend.

A total of £0.547m of the £0.567m cost incurred in the Toddbrook Reservoir Whaley Bridge incident, which has been funded from General Reserve, relates mainly to Highway Maintenance budgets.

Winter Maintenance overspend £1.777m.

The budget for winter maintenance is £1.473m. At period 7, £1.189m of this had been spent. The forecast for the year is £3.250m giving a projected overspend of £1.777m.

Much of the cost for an average winter is paid for in advance of any severe weather. Grit salt is a large part of this and the Council has to build up a stock that complies with Department of Transport recommendations, for the amount expected to hold prior to the onset of winter. Fleet is the other major cost with the gritting and associated vehicles being paid for at the beginning of the financial year.

The Winter Service budget does not provide for more than a mild winter so, in years where winters are more severe, it is reliant on funding these additional service costs from contingency reserves.

Planning and Development underspend £1.778m.

An increase in 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 total reductions expected to be achieved and the identified savings initiatives at the start of the year 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 B/f	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)
Department General	Failure of assets including roads, pavements, bridges, retaining walls, street lighting columns, safety fencing, gullies, countryside assets, canals, reservoirs etc.	1.500	4
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

Flooding and/or extreme weather	Emergency response procedures are in place to minimise the impacts of these emergencies, however have to deal with retrospectively.	1.000	3
Waste Management	Uncertainty in the future of the Waste Treatment Plant	3.000	5

Earmarked Reserves

Earmarked reserves totalling £16.805m are currently held to support future expenditure. Details of these reserves are as follows:

Reserve Description	Amount £m
Grants	1.369
Committed Liabilities – Revenue	0.603
Committed Liabilities – Capital	1.085
Winter Maintenance	2.000
Money Held on Behalf of Other Councils and Partnerships	0.301
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 (committed to specific projects)	2.282
ETE Underspend Reserve (to assist with managing the departments savings programme)	8.309
Total Earmarked Reserves	16.805

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
1.521	3.795	0.447	0.045	0.017	0.013	5.838
26.05%	65.01%	7.66%	0.77%	0.29%	0.22%	100%

In the year up to the end of 31 October 2019, the value of debt that has been written off totals £0.014m.

(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.

Mike Ashworth
Executive Director – Economy,
Transport and Environment

Peter Handford
Director of Finance & ICT