

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

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

30 July 2020

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

REVENUE OUTTURN 2019-20

(1) **Purpose of Report** To inform the Cabinet Member of the outturn position for 2019-20.

(2) **Information and Analysis**

Summary

The net controllable budget for the Highways, Transport and Infrastructure Portfolio was £79.967m. Net controllable expenditure in 2019-20 was £78.148m, resulting in a controllable year-end underspend of £1.819m.

The Portfolio incurred additional costs of £0.547m due to the Toddbrook Reservoir Whaley Bridge incident and £0.824m for costs incurred as a result of the flooding in November and Storm Ciara and Dennis, which have been funded from General Reserve.

Costs incurred in 2019-20 for Coronavirus COVID-19 were £0.011m which have also been funded from General Reserve. These costs are expected to rise significantly in 2020-21.

The Portfolio has also been 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 Highway Maintenance budget to remain at the same level as the previous financial year.

The areas which make up this outturn position are shown in the table below:

	2019-20 Controllable Budget £m	2019-20 Actuals £m	2019-20 Over/(Under) Spend £m
Waste Management	44.081	40.831	(3.250)

Public and Community Transport	14.755	13.633	(1.122)
Highways Maintenance	14.542	14.198	(0.344)
Winter Maintenance	1.473	2.534	1.061
Highway Management and Land Reclamation	2.172	2.745	0.573
Road Safety	0.044	0.276	0.232
Resources and Improvement	2.380	1.865	(0.515)
Countryside Services	2.245	2.283	0.038
Council Fleet Services	(0.709)	(1.631)	(0.922)
Planning and Development	0.645	(0.021)	(0.666)
Flood Risk Management	0.453	0.288	(0.165)
Digital Derbyshire	0.181	0.144	(0.037)
Management Team	0.599	0.559	(0.040)
Pension Back Funding	0.329	0.306	(0.023)
Unallocated Savings	(3.234)	0.000	3.234
Unallocated Adjustments	0.011	0.138	0.127
Total After Use of Budget Management Earmarked Reserve	79.967	78.148	(1.819)

Key Variances

Waste Management underspend £3.250m

The underspend is due to lower waste tonnages than originally forecast, and additional short term savings under the new service continuity arrangements. A similar level of underspend is not expected to occur in 2020-21.

Public and Community Transport underspend £1.122m

The main area of underspend is within Gold Card and is due to reduced demand for the service. Additional budget of £0.500m was allocated to local bus in the year as part of the five year financial plan, following which further savings will be made in future years.

Winter Maintenance overspend £1.061m

The budget for winter maintenance is £1.473m and spend this year was £2.534m.

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 the Council is 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. Even with the mild winter this year, the high overhead costs and gritting when conditions required it resulted in an overspend.

Highway Management and Land Reclamation overspend £0.572m

The overspend is mainly due to a collapsed culvert at Chapel which caused additional unbudgeted costs. Also, delays in recruiting operational employees has led to an under recovery on the recharge from capital budgets.

Resources and Improvement underspend £0.515m

The majority of this underspend is as a result of vacancies within various areas of the Resources and Improvement Division.

Council Fleet Services underspend £0.922m

This underspend has arisen as a result of vacancies in the year, income from vehicle sales and income from vehicle maintenance.

Planning and Development underspend £0.666m

An increase in Sections 38 and 278 (Highways Act 1980) agreements income is the main contributor to this underspend.

Unallocated Savings overspend £3.234m

This overspend is due to unallocated savings targets from previous years.

Proposals for the use of Underspend

The underspend is to be used for offsetting the potential additional cost of the Woodville Swadlincote By-Pass.

Budget Savings

Budget reductions totalling £2.593m 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 £5.914m at the start of the year.

The value of the savings initiatives, which were identified for implementation in the current year, were £0.680m. In addition, there were £0.494m of savings initiatives identified in the previous year which have not been achieved at the start of the year.

The shortfall between the total reductions expected to be achieved and the identified savings initiatives at the start of the year was £5.234m. This savings target has been reduced by £2.000m as a result of a contribution from the General Reserve for one year only to enable the Highway Maintenance budget to remain at the same level. Therefore, the unallocated savings in 2019-20 were £3.254m.

A total £0.680m of savings were achieved by the year-end. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	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	3.234	0.000	3.234
Total Savings Target	3.914	0.680	3.234

Budget Reductions	£m
Prior Year Brought forward	3.321
Current Year	2.593
Contribution from General Reserve	(2.000)
Total Savings Target	3.914

Growth Items and One-Off Funding

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

Waste Treatment and Disposal - £1.500m ongoing

Reason for request: Increases in the cost of delivering the main waste treatment and disposal contracts across Derbyshire and the increased cost of recycling credits.

Outcome of 2019-20: The growth bid for 2019-20 was submitted part way through 2018-19 and was based on the original Resource Recovery Solutions (RRS) contract taking account of indexation on fixed and variable costs within that contract, and including an estimated increase in tonnage growth.

The actual costs for 2019-20 are a combination of the RRS contract costs for the period 1 April 2019 – 2 August 2019 and the new continuity services contract with Renewi for the period 3 August 2019 – 31 March 2020. A combination of a reduction in costs under the new continuity services arrangements, coupled with a reduction in the growth of waste tonnage, has meant that none of the £1.5m growth on the waste management budget was needed. Without the additional £1.5m growth item, Waste Management in total would still have delivered a £1.7m underspend.

Highways Maintenance - £1.000m one-off

Reason for request: To provide a co-ordinated, cyclical maintenance programme and maintenance improvements.

Outcome of 2019-20: The £1.000m growth was intended to be used for drainage, routine potholes, and other highway maintenance works. At the end of the year, Highway Maintenance underspent by £0.344m. Although there was a genuine need for this growth at the time of requesting, in the year resources were diverted away from where they were intended, as a result of the unforeseen events such as Whaley Bridge, Toddbrook Reservoir, the floods in November 2019, and Storm Dennis and Ciara. If this growth had not been given then Highways Maintenance would have overspent by £0.656m. It should be noted that work intended to be carried out in 2019-20 has been deferred for completion in 2020-21. This is in addition to the year's programmed work and will impact on next years' budget for which there has been no additional funding.

Public Transport - £0.500m ongoing

Reason for request: To enable reasonable levels of public transport accessibility to be maintained across Derbyshire.

Outcome of 2019-20: Of the £0.500m additional funding in 2019-20, approximately £0.050m was spent on kick starting the extension of Service 9 from Swadlincote, Woodville and Melbourne to East Midlands Airport, providing access to employment opportunities at the Airport and surrounding business. A further £0.060m was spent continuing the Derbyshire Connect Demand Responsive Transport pilot project for Ashbourne and the surrounding businesses. A further £0.100m went towards maintaining public transport accessibility through existing bus services. In particular, a significant increase in cost was incurred from October 2019 securing replacement contractors following the cessation of Yourbus, which operated a number of contracts on behalf of the Council. The remainder of the funding was unspent.

Water Body - £0.100m one-off

Reason for request: Changes to regulations have given rise to additional responsibilities, in respect of the Council's obligations to managing its water bodies.

Outcome of 2019-20: Only £0.016m of this was spent by the end of March 2020. This is due to a number of factors that have delayed implementation and were beyond the Council's control. Although delays have been incurred, some progress has been made, and given that the money was allocated to ensure that the Council complies with the new safety regulations, the balance of the money was transferred to a reserve at the year end, and will be spent in 2020-21 in line with the established programme.

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

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

Outcome of 2019-20: The HS2 Co-ordinator Officer post has not yet been recruited to due to the national review process (the Oakervee Review), which essentially paused progress of the HS2b line. Consultants have been used as an interim measure to provide additional Officer capacity at a cost of almost £0.039m. If this growth money had not been granted, then the cost for the Department would have been £0.039m higher, leading to a lower Departmental underspend. As Government has recently announced commitment in April 2020 to the full HS2 network, the need for additional Officer resources has re-emerged and this will be an area of strategic service growth for the Council and the Department specifically.

Street Lighting - £0.048m one-off

Reason for request: To meet the inflationary costs of street lighting energy.

Outcome of 2019-20: Every year inflation on energy increases much higher than other inflation and, therefore, additional monies are requested. Based on information available at the time of submitting the growth bid, it was anticipated that an additional £0.048m would be required. The year-end outturn for this energy cost was an underspend, so therefore, in retrospect, it was not needed. If the growth money had not been received then there would be a decrease of £0.048m in the underspend.

Earmarked Reserves

Earmarked reserves totalling £17.238m are currently held to support future expenditure. Details of these reserves are as follows:

Reserve Description	Amount £m
Grants	1.266
Committed Liabilities – Revenue	1.751
Committed Liabilities – Capital	1.120
Winter Maintenance	2.000
Money Held on Behalf of Other Councils and Partnerships	0.435
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)	2.185
ETE Underspend Reserve (to assist with managing the Department's savings programme)	7.625
Total Earmarked Reserves	17.238

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
1.465	2.330	0.967	0.252	0.015	0.014	5.043
29.05%	46.20%	19.18%	5.00%	0.29%	0.28%	100%

In the year, the value of debt that has been written off totals £0.012m.

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

(4) **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.

(5) **Key Decision** No.

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

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

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

Mike Ashworth
Executive Director – Economy,
Transport and Environment

Peter Handford
Director of Finance & ICT