

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

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

10 September 2020

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

BUDGET MONITORING 2020-21 – PERIOD 2

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Revenue Budget position for 2020-21 up to the end of 31 May 2020 - Period 2.

(2) **Information and Analysis**

Forecast Summary

The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £74.789m.

The Revenue Budget Monitoring Statement prepared at Period 2 indicates that there is a projected year-end overspend of £6.009m.

The Portfolio has, or is forecast to spend, additional costs from April 2020 to the end of June 2020 of £6.933m due to the Coronavirus (COVID-19) pandemic. These are included in the figures above and more information on these costs are provided later in this report. It is expected that these costs will be met corporately. If the Portfolio was not incurring these additional costs then the year end position would be an underspend of £0.924m.

Since the period 2 figures were produced, further information regarding COVID-19 costs has become available, and it is currently expected that any underspend on Waste Management will not be realised. This means that the forecast outturn position would be £82.598m, an overspend of £7.809m, reduced to £0.876m if the COVID-19 costs were met corporately. The position will be closely monitored throughout the year to minimise any potential overspend.

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	43.813	41.973	(1.840)
Public and Community Transport	14.113	14.010	(0.103)
Highways Maintenance	12.390	12.750	0.360
Winter Maintenance	1.473	2.800	1.327
Highway Management and Land Reclamation	1.891	3.046	1.155
Road Safety	0.091	0.373	0.282
Resources and Improvement	2.303	1.961	(0.342)
Countryside Services	2.364	2.846	0.482
Council Fleet Services	(0.857)	(1.104)	(0.247)
Planning and Development	0.651	0.610	(0.041)
Flood Risk Management	0.423	0.423	0.000
Digital Derbyshire	0.154	0.116	(0.038)
Management Team	0.599	0.545	(0.054)
Pension Back Funding	0.329	0.313	(0.016)
Unallocated Adjustments	0.136	0.136	0.000
Unallocated Savings	(5.084)	0.000	5.084
Total	74.789	80.798	6.009
Corporate funding for COVID 19 Costs	6.933	0.000	(6.933)
Total after additional funding	81.722	80.798	(0.924)

Key Variances

Waste Management underspend £1.840m

The underspend is due to ongoing savings under the new service continuity arrangements, however, as noted above, is not likely to be realised due to increased costs associated with COVID-19.

Winter Maintenance overspend £1.327m.

The budget for winter maintenance is £1.473m. 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.

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.

Highways Management and Land Reclamation overspend £1.155m. This overspend is mainly due to a reduction of work on capital schemes due to COVID-19, therefore a reduction in recharges, and also reduced productivity of staff self-isolating and shielding.

COVID-19 costs

The Portfolio has, or is forecast to spend, additional costs/loss of income from April 2020 to the end of June 2020 of £6.933m due to the COVID-19 pandemic. The main areas affected are:

Loss of income across a range of services	£0.580m
Waste and Recycling Centres	£1.356m
Traffic management - Covid testing sites	£0.220m
Cycle and Pedestrian Works	£0.200m
Highways - due to resources directed away from normal work	£2.015m
S38/278 loss of income	£1.272m
Other general costs	£0.122m
Savings slippage	£1.168m
Total	£6.933m

Budget Savings

Budget reductions totalling £1.426m were allocated for the year. Further reductions allocated in prior years, totalling £5.234m, had not been achieved and were brought forward to the current year. This has resulted in total reductions to be achieved of £6.660m at the start of the year.

It is forecast that £0.408m of savings will have been achieved by the year-end. Delivery of the Countryside, Waste and Public Transport savings has been delayed due to COVID-19. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the end of 2020-21 £m	Shortfall £m
Countryside	0.400	0.000	0.400
Highways Staffing	0.258	0.258	0.000
Household Waste Recycling Centres	0.230	0.000	0.230
Public Transport	0.450	0.000	0.450
B_Line	0.088	0.000	0.088
Budget Challenge 2020-21	0.000	0.150	(0.150)
Total of Identified Savings Initiatives	1.426	0.408	1.018

Shortfall of Identified Savings	5.234	0.000	5.234
Total Savings Target	6.660	0.408	6.252

Budget Reductions	£m
Prior Year B/f	5.234
Current Year	1.426
Total Savings Target	6.660

Growth Items and One-Off Funding

The Portfolio received the following additional budget allocations in 2020-21:

Ash Dieback - £0.270m one-off

Ash Dieback will lead to the decline and death of the majority of ash trees in Britain. The Countryside Service is to lead a corporate-level response with relevant departments, developing a corporate Ash Dieback Action Plan, initiating a programme of inspection to quantify the scale of the problem on the Council's estate including the surveying, felling and replanting of trees on Council land. It is considered likely that this funding will turn into a multi-year commitment once evaluation work has been performed.

Elvaston Castle Masterplan - £0.200m one-off

Cabinet approved the Elvaston Castle Masterplan on 20 December 2018, following a public consultation exercise. A delivery programme and business case is being prepared to identify the capital investment required and income generation opportunities involved in delivering the Masterplan which will be presented to Cabinet in due course. This one-off funding is being spent on the preparatory and design work associated mainly with the construction of the access drive and car park elements of the programme.

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, particularly as resources have been diverted due to COVID-19.	2.500	5
COVID-19	That the costs of COVID-19 are far higher than forecast and	2.500	5

	monies to cover the costs are not forthcoming from Government		
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	1.000	3

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	0.637
Renewal Funds regarding Laboratory and Fleet Equipment	0.056
Waste Recycling Initiatives	0.598
Derby and Derbyshire Road Safety Partnership	0.632
ETE Underspend Reserve (committed to specific projects)	2.185
ETE Underspend Reserve (to assist with managing the department's savings programme)	6.993
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
1.787	2.745	1.239	0.277	0.017	0.015	6.080
29.39%	45.15%	20.38%	4.56%	0.28%	0.24%	100%

In the year up to 12 June 2020, 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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