

DERBYSHIRE COUNTY COUNCIL

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

19 November 2020

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

**PERFORMANCE AND BUDGET MONITORING/FORECAST OUTTURN
2020-2021 AS AT QUARTER 2**

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Council Plan performance position and the revenue budget position of the Highways, Transport and Infrastructure portfolio for 2020-2021 up to the end of September 2020 (Quarter 2).

(2) **Information and Analysis**

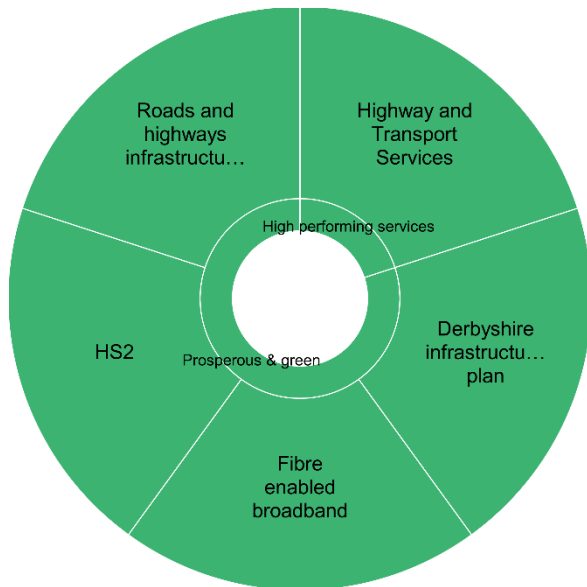
Integrated Reporting

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

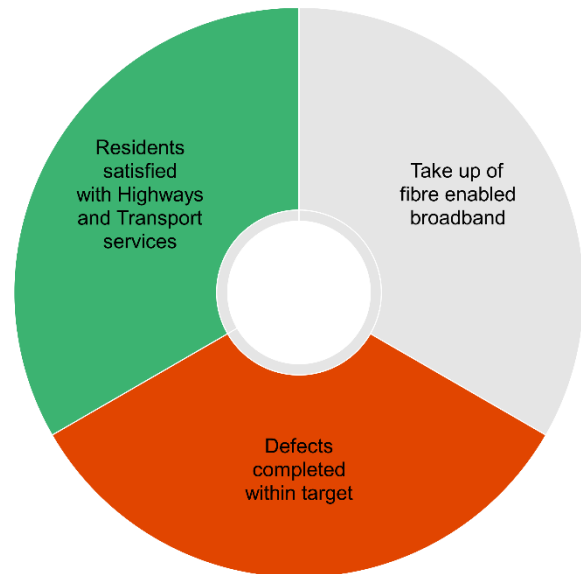
As an overview, the report shows that progress is "good" for all of the Council Plan deliverables led by the portfolio. After the use of additional Coronavirus (COVID-19) funding, the budget forecast position for 2020-2021 is an overspend of £1.486m. It is forecast that £2.658m of savings will have been achieved by the year end. This compares to target savings of £6.660m and the value of savings initiatives, which have been identified for implementation in the current year, of £3.226m

Performance Summary

The following shows an overview for Quarter 2 of progress on the Council Plan deliverables and measures relating directly to Highways, Transport and Infrastructure.



Performance Measures Against Target



Performance Measures Against Target

	2018/2019	2019/2020	2020/2021	Target	Performance
Percentage of homes and businesses with fibre enabled broadband	54.8%	62.6%	62.9%		
Percentage of defects completed within target	71.5%	77.2%	74.6%	90.0%	🚩
Percentage of residents satisfied overall with Highways and Transportation services	55.0%	55.0%		55.0%	

Key ★ Strong ✓ Good 🟡 Review 🚩 Action 🟡 Data not available/Target not set

Progress is "good" for all of the Council Plan deliverables led by the portfolio. Key areas of success are:

- The £40 million programme of highway improvements which has been developed, a significant increase in funding when compared to previous years. The schemes cover a wide range of maintenance and improvement work to roads and pavements, bridges and structures, street lighting and rights of way.
- The work on the Derbyshire Infrastructure Investment Plan has continued at pace but through discussion with the Derbyshire Chief Executives, borough and district council planning officers, it is now proposed to shape the work into a more refined document, the Strategic Growth and Infrastructure Framework (SGIF). This will help identify and prioritise the Council's pipeline of capital projects that enable the wider regeneration programmes for the County. A report is to be presented to the Derby and Derbyshire Chief Executives meeting and the Derby and Derbyshire Joint Committee in quarter 3 to confirm the approach and the content of the new SGIF.

Key areas for consideration are:

- There has been an increase in the percentage of highway defects completed within target, however, this will need to continue to be monitored in order to minimise the impact that any severe weather may have on the network during quarters 3 and 4.

Further information on the portfolio's Council Plan performance are included at Appendix A.

Budget Forecast Summary

The net controllable budget for the Highways, Transport and Infrastructure portfolio is £74.837m. An additional £6.015m COVID-19 funding will be added to the budget to give a total of £80.852m.

The Revenue Budget Monitoring Statement prepared for quarter 2 indicates that there is a forecast year-end overspend of £7.501m. This overspend will be supported by the use of £6.015m of additional COVID-19 funding which has been allocated to the Council to support the costs incurred as a result of the pandemic. After the use of this funding the forecast position is an overspend of £1.486m.

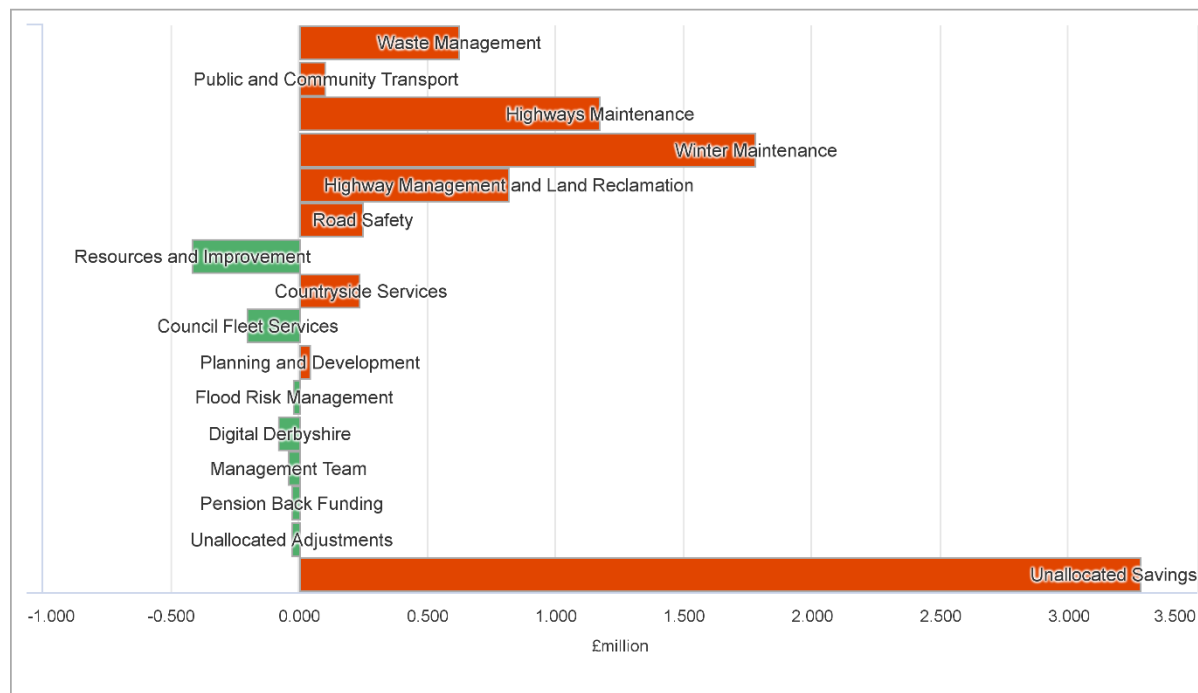
Projected outturn against target budget



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

Highways, Transport and Infrastructure Budget Items

	Controllable Budget £m	Full Year Forecast £m	Forecast Under (-)/ Over Spend £m	Percentage Under (-)/ Over Spend	Budget Performance
Waste Management	43.313	43.937	0.624	1.4%	🚩
Public and Community Transport	13.917	14.021	0.104	0.7%	🚩
Highways Maintenance	12.376	13.546	1.170	9.5%	🚩
Winter Maintenance	1.473	3.250	1.777	120.6%	🚩
Highway Management and Land Reclamation	1.911	2.728	0.817	42.8%	🚩
Road Safety	0.091	0.340	0.249	273.6%	🚩
Resources and Improvement	2.351	1.937	-0.414	-17.6%	✅
Countryside Services	2.238	2.479	0.241	10.8%	🚩
Council Fleet Services	-0.883	-1.085	-0.202	-22.9%	✅
Planning and Development	-0.307	-0.265	0.042	13.7%	🚩
Flood Risk Management	0.423	0.401	-0.022	-5.2%	✅
Digital Derbyshire	0.154	0.079	-0.075	-48.7%	✅
Management Team	0.599	0.557	-0.042	-7.0%	✅
Pension Back Funding	0.329	0.303	-0.026	-7.9%	✅
Unallocated Adjustments	0.136	0.110	-0.026	-19.1%	✅
Unallocated Savings	-3.284	0.000	3.284	100.0%	🚩
Total	74.837	82.338	7.501	10.0%	🚩
Covid-19 Funding	6.015				
Budget Item Total	80.852	82.338	1.486	1.8%	🚩



Key Variances

The following provides a summary of those areas of overspend with a value of £500,000 or more:

Highways Maintenance, overspend £1.170m

The majority of this overspend is due to COVID-19 costs - Cycle and pedestrian temporary works, traffic management for testing centres, and supply of COVID -19 PPE.

Waste Management, overspend £0.624m

The overspend has occurred due to increased costs which are related to COVID -19.

Winter Maintenance, overspend £1.777m

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 for 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.

Highway Management and Land Reclamation, overspend £0.817m

This overspend is mainly due to a reduction of work on capital schemes due to COVID -19, therefore a reduction in recharges. This includes the Street Lighting Team who were only carrying out work on emergency repairs, and also reduced productivity of staff self-isolating and shielding.

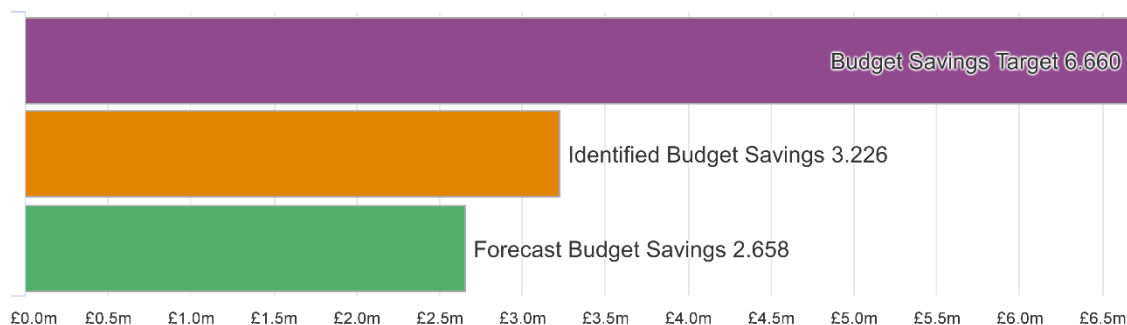
Exts: 38730 and 38111

Budget Savings

Budget reduction targets 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 reduction targets to be achieved of £6.660m at the start of the year. The value of the savings initiatives which have been identified for implementation in the current year is £3.226m.

The shortfall between the total targets and the identified savings initiatives is £3.434m.

Budget Savings



It is forecast that £2.658m 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 2020/21 £m	Shortfall (-)/ Additional Savings Achieved £m	
Countryside	0.400	0.000	-0.400	☒
Highways Staffing	0.258	0.258	0.000	☑
Waste - HWRC	0.230	0.000	-0.230	☒
Public Transport	0.450	0.450	0.000	☑
B_Line	0.088	0.000	-0.088	☒
Budget Challenge 2020-21	0.000	0.150	0.150	☑
Waste	0.500	0.500	0.000	☑
Gold Card	0.300	0.300	0.000	☑
Development Control	1.000	1.000	0.000	☑
Total Position	3.226	2.658	-0.568	☒
Shortfall/(Surplus) of Identified Savings	3.434			
Budget Savings Target	6.660			
Prior Year B/f	5.234			
Current Year	1.426			

Growth Items and One-Off Funding

The portfolio received the following additional budget allocations in 2020-2021:

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 was presented to Cabinet in September 2020. 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.

Financial 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:

Financial Risks

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 cost of COVID -19 are far higher than forecast and monies to cover the costs are not forthcoming from Government.	2.500	5
Winter Maintenance	Impact of 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, they have to be dealt with retrospectively.	1.000	3
Waste Management	Uncertainty in the future of the Waste Treatment Plant.	1.000	3

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

Earmarked Reserves

Earmarked reserves totalling £18.715m are currently held to support future expenditure. Details of these reserves are as follows:

Reserves

		£m
ETE Underspend reserve (to assist with managing the department's savings programme)	↑	9.530
Winter Maintenance	=	2.000
ETE underspend reserve (committed to specific projects)	▼	1.980
Committed Liabilities - Revenue	▼	1.718
Grants	=	1.266
Committed Liabilities - Capital	▼	0.949
Waste Recycling Initiatives	=	0.598
Derby and Derbyshire Road Safety Partnership	▼	0.581
Money held on behalf of other Councils and Partnerships	▼	0.056
Renewals funds regarding Lab and Fleet equipment	▼	0.037
Total Reserves	↑	18.715

Key

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

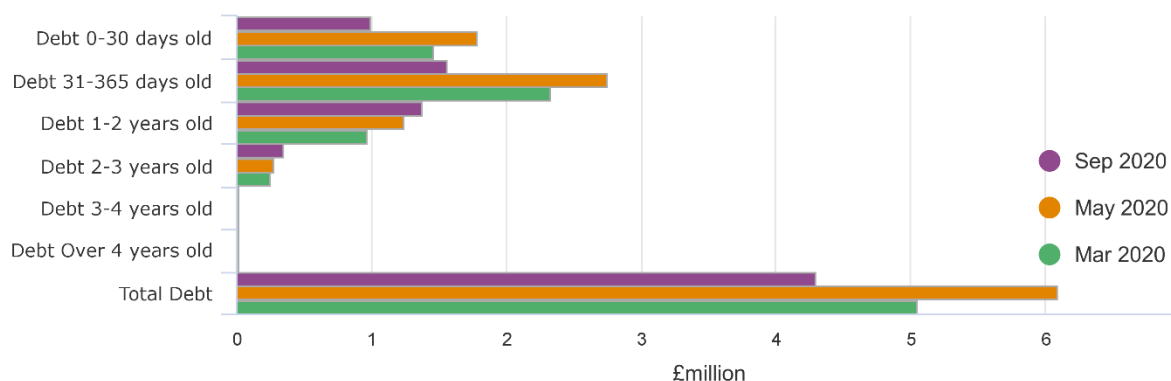
Debt Position

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

Debt Position

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
0.993	1.564	1.367	0.341	0.016	0.016	4.297
▼	▼	↑	↑	▼	↑	▼
23.1%	36.4%	31.8%	7.9%	0.4%	0.4%	100.0%

Aged Debt over Time



In the year up to 30 September 2020 the value of debt that has been written off totals £0.011m.

(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 the 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 Council Plan performance position and the revenue budget position of the Highways, Transport and Infrastructure portfolio for 2020-2021 up to the end of September 2020 (Quarter 2) contained within the report.

Tim Gregory
Director – Economy, Transport
and Environment

Peter Handford
Director of Finance and ICT

Highways, Transport & Infrastructure Quarter 2 Performance Report 2020/2021

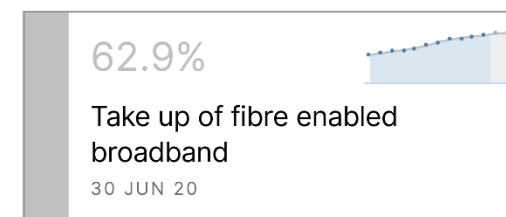
Progress on Council Plan deliverables and key measures

A prosperous and green Derbyshire

✔ Increased the fibre enabled broadband coverage across Derbyshire for homes and businesses

Progress is being made towards planned targets within the BT contract. Delays to BT installations have been experienced due to Covid-19 restrictions including road closures, civils teams and power companies. Openreach are working to complete the remaining installation commitments under the Phase 2 Contract but an extension of the current contract timescales will be required. We are also waiting for 3 change requests to be agreed (Data set realignment, descope and rescope). Once these are resolved we will have a clearer indication of timescales to complete the contract. The Digital Derbyshire Team are experiencing an increase in enquiries from communities across Derbyshire due to Covid-19 related dependence on broadband for Homeworking. The Derbyshire "Top Up" scheme was approved in quarter 2 and is now in place for supporting applications to the Rural Gigabit Voucher Scheme and the team are working with communities to identify opportunities and maximise take-up of this valuable initiative.

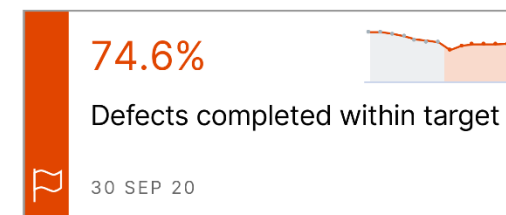
Take up was 63% up to June 2020 with 67,855 homes or businesses across phase 1 and 2 with fibre enabled broadband.



✔ Invested in well maintained roads and highways infrastructure

A £40 million programme of highway improvements has been put together, a significant increase in funding when compared to previous years. The schemes cover a wide range of maintenance and improvement work to roads and pavements, bridges and structures, street lighting and rights of way. Schemes are also included that will address local road safety issues and that will help to support an increase in cycling across the county. A significant slice of the funding will be targeted at repairs resulting from the floods that hit the county in late 2019 and early 2020 that left behind damaged carriageways and structures, and two major landslips that washed away roads are being addressed. A programme to tackle drainage and surface deterioration and prevent potholes is also in progress.

The year to date figure of 74.6% of defects completed within target reflects a recent improvement in performance with 84.2% of those defects completed in September being within target. Of the 26 urgent defects completed in quarter 2, 25 (96%) were completed on time



✔ Worked to maximise growth opportunities arising from HS2 and to mitigate impact

Limited progress has been made on mitigation works during quarter 2 as the Government's Integrated Rail Plan (IRP) and National Infrastructure Commission (NIC) reports are not due to be issued until November/ December. These reports will set out the scope and timescales of HS2 Eastern Leg going forward. Work has continued however, to develop the programme for future areas of evidence to be commissioned and the recruitment of an HS2 Project Manager. The HS2 Skills and Supply Chain workstream and the two delivery boards (Chesterfield and Toton) have continued to meet during quarter 2 and masterplanning for both sites is making good progress – but inevitably will be impacted by the findings of the two reports.

✔ Completed the development and started the implementation of The Derbyshire Infrastructure Investment Plan to support good growth

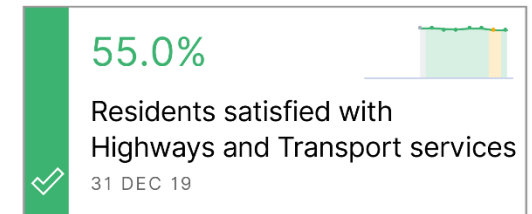
Work on the Derbyshire Infrastructure Investment Plan has continued at pace but through discussion with the Derbyshire Chief Executives, borough and district council planning officers, it is now proposed to shape the work into a more refined document, the Strategic Growth and Infrastructure Framework (SGIF). This will help identify and prioritise Derbyshire County Council's pipeline of capital projects that enable the wider regeneration programmes for the County. A report is to be presented to the Derby and Derbyshire Chief Executives meeting and the Derby and Derbyshire Joint Committee in quarter 3 to confirm the approach and the content of the new SGIF.

High performing council services

✔ Continued to maintain high levels of customer satisfaction in the Council's Highway and Transport Services

The diversion of all the highways construction services in the early stages of lockdown helped to make significant reductions to the backlog of repairs to the network following the winter and flood damage. Much of the current £40 million highways programme is aimed at addressing the condition of roads and footways, a key measure of customer satisfaction.

The results from the 2020 National Highways and Transportation (NHT) survey will be available in quarter 3.



Key Strong Good Review Action Data not available/Target not set