

DERBYSHIRE COUNTY COUNCIL

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

11 February 2021

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 3**

(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 December 2020 (Quarter 3).

(2) **Information and Analysis**

Integrated Reporting

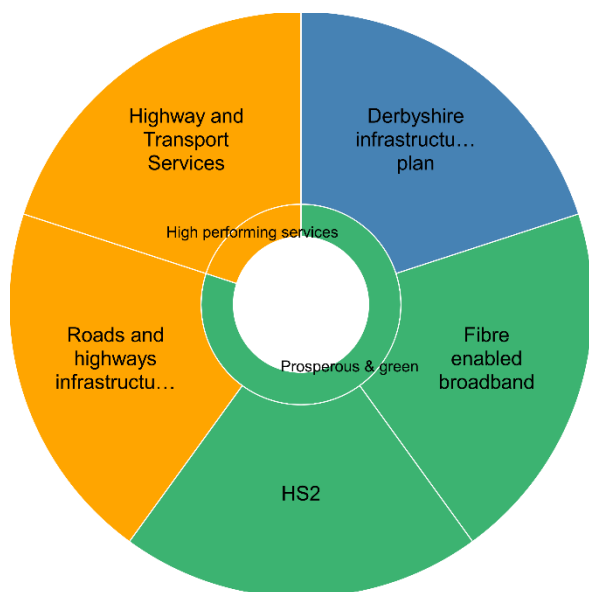
This report presents both financial and Council Plan performance data. The performance summary sets out progress on the Council Plan deliverables and measures led by the Highways, Transport and Infrastructure portfolio. The remainder of the report gives a summary and detail on the revenue budget position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

As an overview, the report shows that progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio, however, the deliverables roads and highways infrastructure and Highway and Transport Services have been flagged as "requiring review". After the use of additional COVID-19 funding, the budget forecast position for 2020-2021 is an overspend of £1.407m. It is forecast that £2.346m 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 £2.976m.

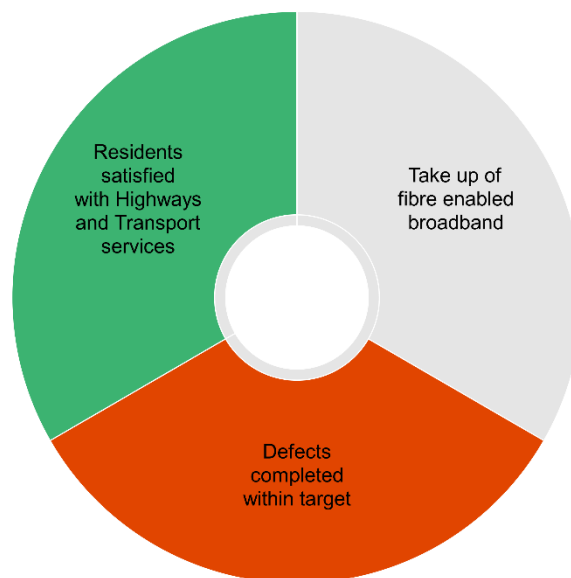
Performance Summary

The following shows an overview for Quarter 3 of progress on the Council Plan deliverables and measures relating directly to Highways, Transport and Infrastructure.

Deliverable Progress



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%	66.1%		
Percentage of defects completed within target	71.5%	77.2%	77.5%	90.0%	🚩
Percentage of residents satisfied overall with Highways and Transportation services	55.0%	55.0%	54.0%	55.0%	✅

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

Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- The approach to the new Strategic Growth and Infrastructure Framework (SGIF) has now been confirmed by the Derby and Derbyshire Chief Executives meeting and the Derby and Derbyshire Joint Committee quarter 1, 2021-22.
- Completion of Contract 2 was essentially achieved in December 2020 which has resulted in 21,000 additional properties being connected, this is in addition to the 86,000 connected during Contract 1. BT has connected an additional 90,000 premises as part of commercial roll out (Fibre to Premise). Connection will continue to 64 communities from Quarter 4 onwards as part of completing the work with BT on Contract 2.

Key areas for consideration are:

- There has been an improvement in the percentage of highway defects completed within target, with 81.1% of defects completed in quarter 3 being

within the target time compared with 60.6% for the same period in 2019-20, however, this will need to continue to be monitored in order to minimise the impact that any severe weather that may be experienced during quarter 4.

- A significant amount of the £40m programme of highway improvements schemes will be targetted at repairs resulting from the floods that hit the County in late 2019 and early 2020. These left behind damaged carriageways and structures, and two major landslips that washed away roads. A programme to tackle drainage and surface deterioration and prevent potholes is also in progress which will help with improving customer satisfaction levels with the condition of the roads.

It is important to note that January 2021 brought severe weather with flooding, snow and ice in quick succession. This will have a knock on effect on performance as it is not possible to repair defects when the highway is under water and snow. In addition, excessive water and freezing conditions cause significant additional damage. There is also a potential impact on delivery of the capital programme as resources are directed to dealing with the emergency.

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 £75.311m. An additional £6.654m COVID-19 funding will be added to the budget to give a total of £81.965m.

The Revenue Budget Monitoring Statement prepared for quarter 3 indicates that there would be a forecast year-end overspend of £8.061m without COVID-19 funding.

As this overspend will be supported by the use of £6.654m of additional COVID-19 funding, which has been allocated to the Council to support the costs incurred as a result of the pandemic, the forecast position is an overspend of £1.407m.

This overspend will be supported by the use of £1.407m of earmarked reserves. After the use of these reserves the forecast position is a nil balance.

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

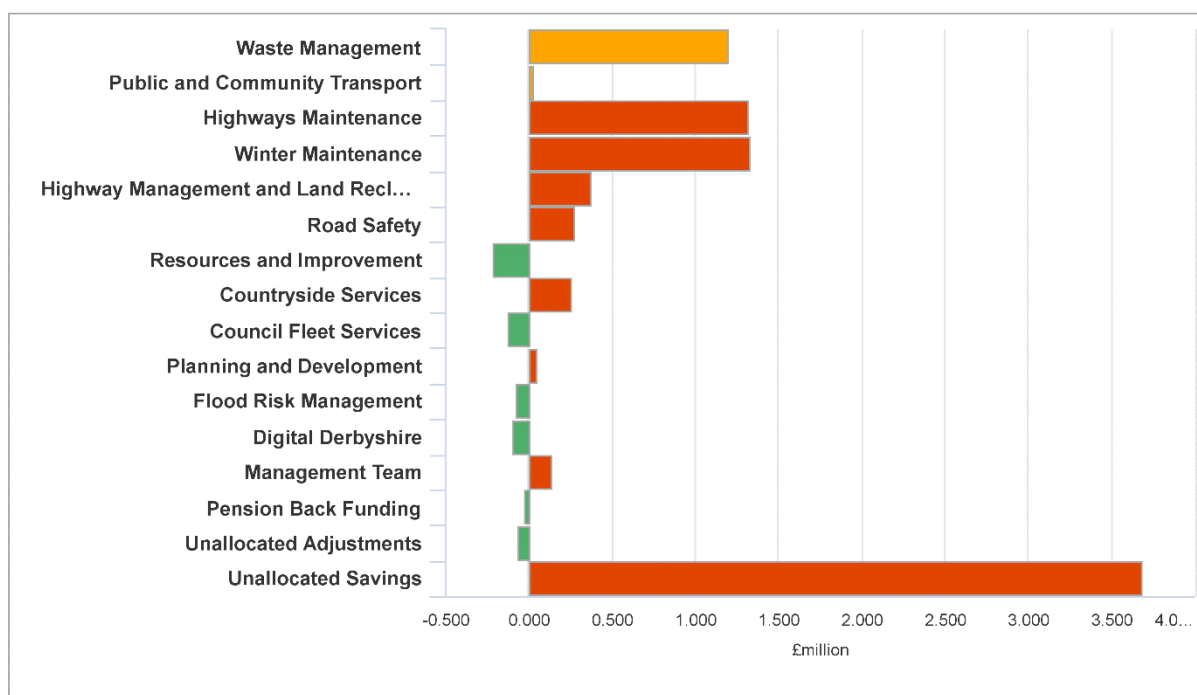
Forecast outturn against target budget



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	43.263	44.466	1.203	2.8%	☐
Public and Community Transport	13.943	13.966	0.023	0.2%	☐
Highways Maintenance	12.374	13.694	1.320	10.7%	☐
Winter Maintenance	1.473	2.800	1.327	90.1%	☐
Highway Management and Land Reclamation	2.240	2.616	0.376	16.8%	☐
Road Safety	0.091	0.364	0.273	300.0%	☐
Resources and Improvement	2.448	2.238	-0.210	-8.6%	☑
Countryside Services	2.294	2.551	0.257	11.2%	☐
Council Fleet Services	-0.897	-1.021	-0.124	-13.8%	☑
Planning and Development	0.174	0.223	0.049	28.2%	☐
Flood Risk Management	0.431	0.358	-0.073	-16.9%	☑
Digital Derbyshire	0.154	0.060	-0.094	-61.0%	☑
Management Team	0.613	0.752	0.139	22.7%	☐
Pension Back Funding	0.329	0.305	-0.024	-7.3%	☑
Unallocated Adjustments	0.065	0.000	-0.065	-100.0%	☑
Unallocated Savings	-3.684	0.000	3.684	100.0%	☐
Total	75.311	83.372	8.061	10.7%	☐
Covid-19 Funding	6.654				
Total after use of additional funding	81.965	83.372	1.407	1.7%	☐

Forecast Under (-)/Over Spend



Key Variances

Highways Maintenance, overspend £1.320m

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 £1.203m

The overspend is due to an increase in household waste tonnages resulting from COVID-19 restrictions.

In addition, traffic management and other costs have been incurred to enable Household Waste Recycling Centres to open and operate safely.

Winter Maintenance, overspend £1.327m

The budget for winter maintenance is £1.473m. The majority 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.

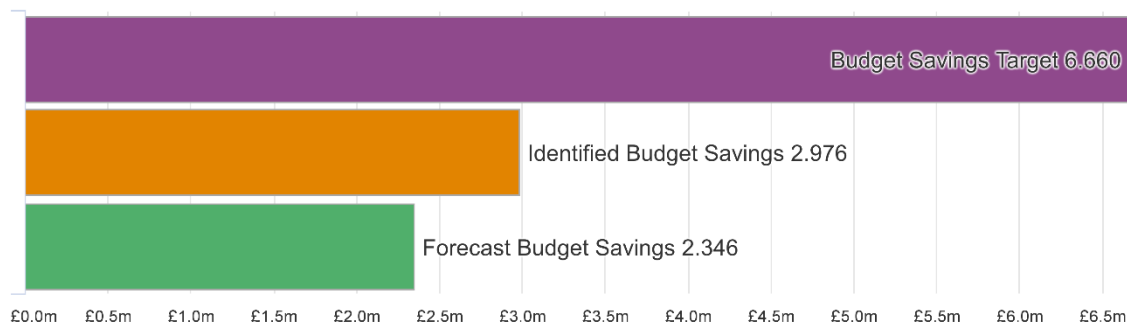
Budget Savings

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 £2.976m. Of this total, it is expected that £2.346m will be achieved in the year with the remaining £0.630m slipping into the following year.

Therefore, the shortfall between the total targets and the identified savings initiatives is £4.314m.

Budget Savings



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	✅
Budget Challenge 2020-21	0.150	0.150	0.000	✅
Waste	0.500	0.500	0.000	✅
Gold Card	0.388	0.388	0.000	✅
Development Control	0.600	0.600	0.000	✅
Total Position	2.976	2.346	-0.630	❌
Shortfall/(Surplus) of Identified Savings	3.684			
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

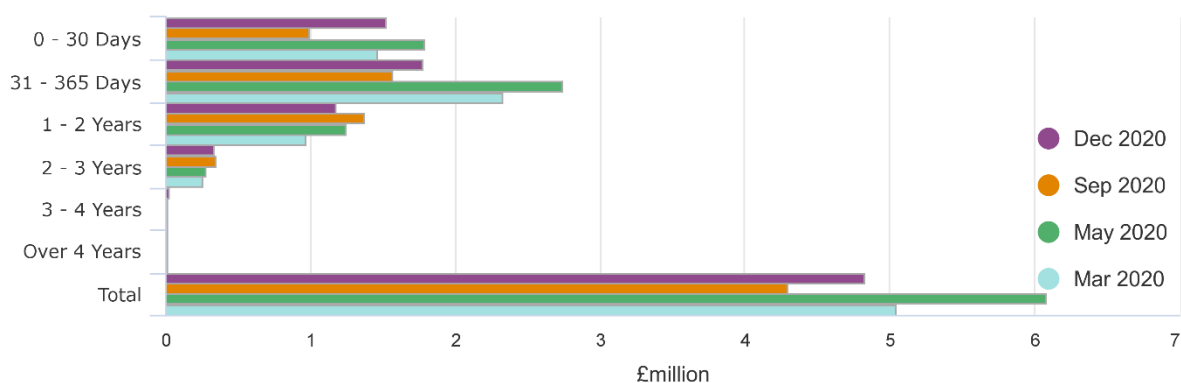
Debt Position

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
1.521	1.770	1.171	0.330	0.021	0.015	4.828
↑	↑	▼	▼	↑	▼	↑
31.5%	36.7%	24.3%	6.8%	0.4%	0.3%	100.0%

Aged Debt over Time



In the year up to 31 December 2021 the value of debt that has been written off totals £0.024m.

(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 the 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 and considers whether there are any further actions that should be undertaken to improve the budget position moving forwards or to address performance, where it has not met the desired level.

Tim Gregory
Director – Economy, Transport
and Environment

Peter Handford
Director of Finance and ICT

Appendix

Highways, Transport and Infrastructure Quarter 3 Performance Report 2020-2021

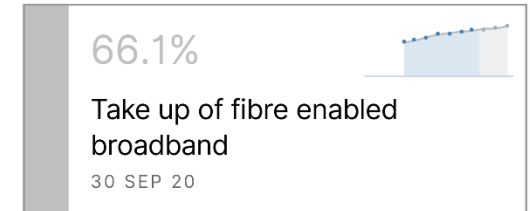
Progress on Council Plan deliverables and key measures

A prosperous and green Derbyshire

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



Contract 2 with BT was essentially completed in December 2020, although some mopping up is due to take place during Quarter 4. Contract 2 outputs are as follows: 21,000 additional premises connected (in addition to 86,000 - contract 1) BT connected additional 90,000 premises as part of commercial roll out (Fibre to Premise). Continued connection to 64 communities is planned from Quarter 4 onwards as part of mop up work with BT on Contract 2. Forward planned work to connect harder to reach premises and communities is now linked to the Rural Gigabit Voucher Scheme programme and Outside In approach.

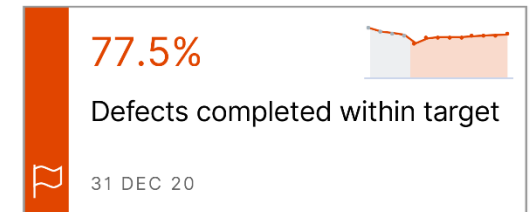


Invested in well maintained roads and highways infrastructure



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 77.5% of defects completed within target reflects a recent improvement in performance with 81.1% of those defects completed in Quarter 3 being within target. This compares to 60.6% within Quarter 3 in 2019/20. Of the 38 urgent defects completed in Quarter 3, 36 (94.7%) were completed on time.

However, it should be acknowledged that due to the Covid-19 pandemic and previous years back log, work is behind programme and significant efforts are being made to bring this programme back on track.



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



The National Infrastructure Commission report was received December 2020 and this recommended changes to the alignment of HS2 Eastern leg. Proposed changes would significantly undermine economic growth ambitions for East Midlands and beyond and has resulted in targeted lobbying of Government in advance of the Integrated Rail Plan (IRP) being received (this was due in December 2020 but is now due in March 2021). Good progress is still being made on planned growth proposals at Chesterfield and Toton stations, plus engagement with businesses and colleges through Skills and Supply Chain groups - within the context of uncertainty. Mitigation work has been unable to progress in any substantive way as it is not clear what is to be mitigated in advance of the IRP being published.

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



The approach to the new Strategic Growth and Infrastructure Framework (SGIF) has now been confirmed by the Derby and Derbyshire Chief Executives meeting and the Derby and Derbyshire Joint Committee. Work is now underway to produce a revised prioritised list of physical interventions which will be considered by the Joint Committee in quarter 1, 2021/22

High performing council services

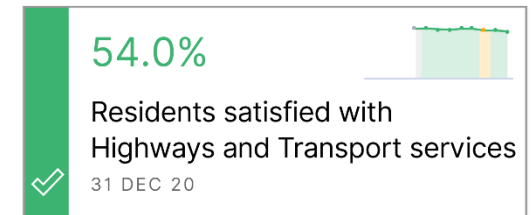
Continued to maintain high levels of customer satisfaction in the Council's Highway and Transport Services



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. However, it should be acknowledged that due to the Covid-19 pandemic this has been delayed.

The National Highways and Transportation Survey result for customer satisfaction with Highways and Transportation is 54% which is a slight reduction of one percentage point compared with the result of 55% last year. This has placed the County Council 4th out of the 29 County Councils (and 109 authorities) participating in this year's survey.

The area with the highest level of satisfaction was in street lighting with the public expressing the lowest level of satisfaction with the condition of the highway. Further analysis of the results is being undertaken and a report will be presented to the Cabinet Member of Highways and Transportation early in the New Year.



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