

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

13 September 2016

Joint Report of the Strategic Director - Economy, Transport and Communities
and the Director of Finance

BUDGET MONITORING 2016-17 – PERIOD 3

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Revenue Budget position for 2016-17, up to the end of June 2016 – Period 3.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £72.859m. The Revenue Budget Monitoring Statement, prepared at Period 3, indicates that there is a projected year end overspend of £2.005m. Within this overspend figure is an amount of £2.177m overspend on the provision of local bus services. It was agreed by Cabinet, on 27 January 2015, that up to £3.500m of the cost of this would be met from General Reserves over 2 years (Minute No. 37/15 refers). If this were utilised, the forecast would be an underspend of £0.172m.

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

	Controllable Budget £m	Projected Outturn 2016-17 £m	Projected Over/(Under) Spend for year £m
Departmental Management Team	0.577	0.536	(0.041)
Highways Maintenance	12.955	14.537	1.582
Highway Management	2.382	1.406	(0.976)
Road Safety	0.715	0.583	(0.132)
Transport and Travel	12.938	14.149	1.211
Waste Management	37.168	36.613	(0.555)
Countryside	2.241	2.373	0.132
Derwent Valley Mills	0.124	0.162	0.038
Conservation and Design	0.589	0.561	(0.028)
Digital Derbyshire	0.149	0.146	(0.003)
Planning and Development	1.121	0.906	(0.215)
Resources and Improvement	3.042	2.579	(0.463)

Superannuation Back Funding	0.323	0.313	(0.010)
Unallocated Budget	(1.465)	0.000	1.465
Total	72.859	74.864	2.005
Use of General Reserves	2.177	0	(2.177)
Revised Year End Projection	75.036	74.864	(0.172)

Key Variances

Highways Maintenance projected overspend £1.582m

The main area of overspend relates to winter maintenance which is currently projected to overspend by £1.000m, plus a delay in the implementation of the street lighting LED contract.

Highway Management projected underspend (£0.976m)

The underspend is due to phasing of capital works (£0.430m), and staff vacancies (£0.546m) arising as part of the planned workforce reductions to deliver cuts.

Transport and Travel projected overspend £1.211m

Within this overspend figure is an amount of £2.177m overspend on the provision of local bus services. It was agreed by Cabinet, on 27 January 2015, that up to £3.500m of the cost of this would be met from General Reserves over 2 years. This overspend has been offset by an underspend on the Gold Card Scheme due to reduced demand for the service (£0.612m).

Waste Management projected underspend (£0.555m)

The figure includes the 2016-17 landfill diversion saving negotiated with the Council's long term waste contractor (£1.390m). Without this, waste would be reporting an overspend of £0.835m in relation to a 3% yearly increase in recycling credit rate (£0.237m overspend) and reduction in income from Waste Electrical and Electronic Equipment (WEEE) contract (£0.180m overspend). The remaining £0.418m is due to an increase in waste tonnage to landfill (2.8% 2015-16 and forecast 2% 2016-17) and other inflationary increases.

Resources and Improvement projected underspend (£0.463m)

The underspend is mainly due to staff vacancies as part of the planned workforce reductions to deliver cuts.

Unallocated Budget £1.465m

This relates to staffing budget cuts, which have not yet been allocated to specific sections, and is therefore currently showing as an overspend. It will be allocated before the year end.

Budget reductions totalling £7.371m were allocated for the year for this Portfolio. It is anticipated that £5.022m of these will have been achieved by the year end. The table below shows performance against the target.

	Budget Reduction Amount £m	Will be Achieved Amount £m	Will Not be Achieved £m
Staffing	1.800	1.800	0.000
Highway Maintenance	1.500	1.500	0.000
Community Transport	0.860	0.860	0.000
Fleet Services – Sale of surplus vehicles	0.100	0.100	0.000
Street Lighting LED Energy	0.390	0.000	0.390
Countryside Services	0.307	0.207	0.100
Challenge 15/30	0.320	0.320	0.000
Road Safety	0.060	0.060	0.000
Reduction in Revenue Support for local bus services	1.500	0.000	1.500
Unidentified	0.534	0.000	0.534
Total	7.371	4.847	2.524

Reasons for non-achievement of budget reductions:

The Street lighting LED energy savings will not be achieved in this financial year due to the later than anticipated implementation of the contract.

An amount of £0.100m of the Countryside savings will not be achieved in this financial year due to timescales for implementing Phase 2 of the Countryside restructure.

Cabinet agreed, on 27 January 2015, to support the provision of local bus services, the cost of which would be met from General Reserves over 2 years (Minute No. 37/15 refers).

An amount of £0.534m will not be achieved this year, although it is programmed to be achieved in a subsequent year and it is likely that some of these savings can be brought forward to 2016/17.

Earmarked Reserves

Earmarked Reserves relating to this portfolio, totalling £25.571m, are currently held to support future expenditure. Details of these reserves are shown below:

	Amount £m
Grants (including £1.9m Road Safety PSA II)	2.101
Committed Liabilities – Revenue	1.750

Committed Liabilities – Capital	16.046
Winter Maintenance	2.000
Partnership and other Councils' monies held by Derbyshire County Council	0.164
Derwent Valley Mills World Heritage Site	0.183
Laboratory and Fleet Equipment	0.212
Waste Recycling Initiatives	0.391
Derby and Derbyshire Road Safety Partnership	0.295
Non-Committed Reserves including previous years underspends	2.429
Total Earmarked Reserves	25.571

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

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 Communities Department. Officer contact details – Karen Howes, extension 38730.

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

Mike Ashworth
Strategic Director – Economy
Transport and Communities

Peter Handford
Director of Finance

Highway, Transport and Infrastructure Portfolio - Period 3 2016-17					
Service Area Summary					
	Budget £	Actual Costs £	Rest of Year Estimate £	Year End Forecast £	(Under)/Over £
Service Area					
Management Team – Economy, Transport and Communities	577,183	134,888	401,298	536,186	(40,997)
Highways Maintenance	12,955,419	2,053,561	12,483,160	14,536,721	1,581,302
Highway Management (excluding Maintenance)	2,381,555	5,025,470	(3,619,644)	1,405,826	(975,729)
Road Safety	715,213	(45,595)	628,835	583,240	(131,973)
Transport and Travel	12,938,311	(854,195)	15,003,216	14,149,021	1,210,710
Waste Management	37,168,035	6,992,634	29,620,861	36,613,495	(554,540)
Countryside	2,240,949	593,735	1,778,853	2,372,588	131,639
Derwent Valley Mills World Heritage Site	124,276	8,191	153,850	162,041	37,765
Conservation and Design	588,749	105,060	456,084	561,144	(27,605)
Digital Derbyshire	149,216	10,484	135,033	145,517	(3,699)
Planning and Development	1,120,581	(109,051)	1,015,307	906,256	(214,325)
Resources and Improvement	3,041,782	807,297	1,771,891	2,579,188	(462,594)
Superannuation Back Funding	323,497	50,052	263,363	313,415	(10,082)
Unallocated Budget Adjustments	(1,465,524)	(189,431)	189,431	0	1,465,524
Highway, Transport and Infrastructure – Portfolio	72,859,242	14,583,100	60,281,538	74,864,638	2,005,396