

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

15 November 2016

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

BUDGET MONITORING 2016-17 – PERIOD 5

(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 August 2016 – Period 5.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £73.004m. The Revenue Budget Monitoring Statement, prepared at Period 5, indicates that there is a projected year end overspend of £1.327m. Within this overspend figure is an amount of £2.055m 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 £0.728m. 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	0.540	(0.037)
Highways Maintenance	13.015	14.538	1.523
Highway Management	2.325	1.321	(1.004)
Road Safety	0.714	0.556	(0.158)
Transport and Travel	13.042	14.157	1.115
Waste Management	37.168	36.621	(0.547)
Countryside	2.298	2.226	(0.072)
Derwent Valley Mills	0.124	0.167	0.043
Conservation and Design	0.588	0.554	(0.034)
Digital Derbyshire	0.149	0.143	(0.006)
Planning and Development	1.120	0.695	(0.425)
Resources and Improvement	3.052	2.506	(0.546)
Superannuation Back Funding	0.323	0.307	(0.016)

Unallocated Budget	(1.491)	0	1.491
Total	73.004	74.331	1.327
Use of General Reserves	2.055	0	(2.055)
Revised Year End Projection	75.059	74.331	(0.728)

Key Variances

Highways Maintenance projected overspend £1.523m

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 (£1.004m)

The underspend is mainly due to phasing of capital works (£0.311m), and staff vacancies (£0.633m) arising as part of the planned workforce reductions to deliver cuts.

Transport and Travel projected overspend £1.115m

Within this overspend figure is an amount of £2.055m 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 (£0.565m).

Waste Management projected underspend (£0.547m)

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 £0.843m in relation to a 3% yearly increase in recycling credit rate £0.330m overspend and, reduction in income from the Waste Electrical and Electronic Equipment (WEEE) contract £0.180m overspend. The remaining £0.333m 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 (£0.546m)

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

Unallocated Budget £1.491m

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 £4.850m 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	0.307	0.000
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	4.947	2.424

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.

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 £26.992m, 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	2.220
Committed Liabilities – Capital	16.033
Winter Maintenance	2.000
Partnership and other Councils' monies held by Derbyshire County Council	0.164
Derwent Valley Mills World Heritage Site	0.183
Civil Parking Enforcement	0.050
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	3.343
Total Earmarked Reserves	26.992

(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.

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

Mike Ashworth
Strategic Director – Economy,
Transport and Communities

Peter Handford
Director of Finance

Appendix 1

Highway, Transport and Infrastructure Portfolio - Period 5 2016-17

Forecast by Section	Budget (£)	Period 5 Actual Costs (£)	Rest of Year Estimate (£)	Year End Forecast (£)	Over/(Under) Spend (£)
Departmental Management Team	577,183	225,735	314,134	539,869	(37,314)
Highways Maintenance	13,014,565	2,977,922	11,559,410	14,537,332	1,522,767
Highway Management	2,324,778	6,374,588	(5,053,462)	1,321,126	(1,003,652)
Road Safety	714,273	75,574	479,908	555,482	(158,791)
Transport and Travel	13,042,226	1,969,776	12,186,886	14,156,662	1,114,436
Waste Management	37,168,035	13,513,110	23,108,294	36,621,404	(546,631)
Countryside	2,297,747	854,098	1,372,175	2,226,273	(71,474)
Derwent Valley Mills World Heritage Site	124,276	52,079	115,152	167,231	42,955
Conservation and Design	587,609	206,809	347,496	554,305	(33,304)
Digital Derbyshire	149,216	37,065	106,086	143,151	(6,065)
Planning and Development	1,120,581	(232,968)	928,338	695,370	(425,211)
Resources and Improvement	3,051,924	1,201,217	1,304,833	2,506,050	(545,874)
Superannuation Back Funding	323,497	51,769	255,514	307,283	(16,214)
Unallocated Budget	(1,491,500)	(189,431)	189,431	0	1,491,500
TOTAL	73,004,410	27,117,343	47,214,195	74,331,538	1,327,128