

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

17 January 2017

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

BUDGET MONITORING 2016-17 – PERIOD 7

(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 October 2016 – Period 7.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £73.054m. The Revenue Budget Monitoring Statement, prepared at Period 7, indicates that there is a projected year end overspend of £0.211m. Within this overspend figure is an amount of £1.995m overspend on the provision of local bus services. It was agreed by Cabinet, on 27 January 2015, and a subsequent report on 26 January 2016, that up to £4.750m of the cost of this service would be met from General Reserves over two years (Minute Nos. 37/15 and 2/16 refers). If this were utilised to cover the overspend in the local bus services budget, the forecast would be a net underspend of £1.784m.

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	0.542	(0.035)
Highways Maintenance	13.017	14.440	1.423
Highway Management	2.323	0.914	(1.409)
Road Safety	0.714	0.511	(0.203)
Transport and Travel	10.915	9.839	(1.076)
Local Bus Services	2.141	4.136	1.995
Waste Management	37.168	36.438	(0.730)
Countryside	2.322	2.239	(0.083)
Derwent Valley Mills	0.124	0.175	0.051
Conservation and Design	0.588	0.559	(0.029)
Digital Derbyshire	0.149	0.137	(0.012)

Planning and Development	1.121	0.504	(0.617)
Resources and Improvement	3.063	2.531	(0.532)
Superannuation Back Funding	0.324	0.300	(0.024)
Unallocated Budget	(1.492)	0.000	1.492
Total	73.054	73.265	0.211
Use of General Reserves	1.995	0	(1.995)
Revised Year End Projection	75.049	73.265	1.784

Key Variances

Highways Maintenance projected overspend £1.423m

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 (£1.409m)

The underspend is mainly due to phasing of capital works (£0.455m), staff vacancies (£0.707m) arising as part of the planned workforce reductions to deliver cuts, capitalised salaries (£0.387m) being greater than anticipated. These are offset by an overspend on Highway Property (£0.130m) due to reducing rents and an increase in maintenance costs of these properties.

Transport and Travel projected underspend (£1.076m)

There has been a reduced demand for the Card Scheme resulting in an underspend against the budget (£0.627m). The section has also achieved windfalls from vehicle sales within Fleet Services (£0.140m). The main reason for the remainder of this underspend is due to staff vacancies.

Local Bus Services overspend £1.995m

It was agreed by Cabinet, on 27 January 2015 and 26 January 2016, that up to £4.750m of the overspend on local bus services would be met from General Reserves over two years.

Waste Management projected underspend (£0.730m)

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 £0.660m in relation to a 3% yearly increase in recycling credit rates and tonnages (£0.333m overspend), and a reduction in income from the Waste, Electrical and Electronic Equipment contract (£0.180m overspend). The remaining £0.147m is due to an increase in waste tonnage to landfill and other inflationary increases.

Planning and Development projected underspend (£0.617m)

The underspend is mainly due to an over recovery of Section 38 and 278 income (£0.281m), salary costs charged to capital, and staff vacancies.

Resources and Improvement projected underspend (£0.532m)

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

Unallocated Budget £1.492m

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 £4.947m 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 and 26 January 2016, to support the provision of local bus services, the cost of which would be met from General Reserves over two years.

An amount of £0.534m will not be achieved this year, although it is programmed to be achieved in a subsequent year.

Earmarked Reserves

Earmarked Reserves relating to this portfolio, totalling £26.965m, 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	2.210
Committed Liabilities – Capital	16.017
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	0.211
Waste Recycling Initiatives	0.391
Derby and Derbyshire Road Safety Partnership	0.295
General Reserves including previous years underspends – to be used to manage the cuts	3.343
Total Earmarked Reserves	26.965

(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 7 2016-17

Service Area Summary	Budget £	Period 7 Actual Costs £	Rest of Year Estimate £	Year End Forecast £	(Under)/ Over Spend £
Departmental Management Team	577,183	319,374	223,011	542,385	(34,798)
Highways Maintenance	13,016,527	4,669,250	9,770,206	14,439,456	1,422,929
Highway Management	2,322,816	7,649,736	(6,735,984)	913,752	(1,409,064)
Road Safety	714,273	145,930	365,647	511,577	(202,696)
Transport and Travel	10,915,274	4,271,779	5,567,180	9,838,959	(1,076,315)
Local Bus Services	2,140,858	1,545,615	2,590,109	4,135,724	1,994,866
Waste Management	37,168,035	19,224,802	17,212,962	36,437,764	(730,271)
Countryside	2,322,136	1,143,968	1,094,513	2,238,481	(83,655)
Derwent Valley Mills World Heritage Site	124,276	85,215	89,793	175,008	50,732
Conservation and Design	587,609	293,299	265,460	558,759	(28,850)
Digital Derbyshire	149,216	54,709	82,048	136,757	(12,459)
Planning and Development	1,120,581	(338,641)	842,664	504,023	(616,558)
Resources and Improvement	3,063,598	1,700,641	831,488	2,532,129	(531,469)
Superannuation Back Funding	323,497	50,052	250,363	300,415	(23,082)
Unallocated Budget	(1,491,500)	(189,431)	189,431	0	1,491,500
Total	73,054,379	40,626,298	32,638,891	73,265,189	210,810