

DERBYSHIRE COUNTY COUNCIL

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

19 September 2018

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

REVENUE OUTTURN 2017-18

(1) **Purpose of Report** To report the final revenue controllable outturn position for 2017-18 for the portfolio, to identify significant variations in expenditure from the budget, to make proposals for action regarding the use of any underspends, to highlight savings made against 2017-18 target for the portfolio, and to identify the impact of the 2017-18 outturn on future years and any action proposed.

(2) **Information and Analysis**

Summary

Attached, as Appendix 1 to this report, is a statement setting out the final controllable outturn position for the portfolio for 2017-18. Net controllable expenditure was £75.672m against a budget of £79.233m, resulting in a controllable underspend of £3.561m.

It was agreed by Cabinet, on 27 January 2015, and a subsequent report on 26 January 2016, that up to £4.75m of the cost of local bus services would be met from General Reserve over two years (Minute Nos. 37/15 and 2/16 refer). In 2017-18, the overspend on the local bus service was £2.691m and the reserve has been used to offset this overspend.

The variances on controllable expenditure are itemised in Appendix 1 attached to this report.

Explanation for Key Variances

Highway Maintenance overspend £2.478m

The main areas of overspend relate to winter maintenance and street lighting energy and maintenance budgets. Winter maintenance has overspent by £2.274m. Street lighting budgets have overspent by £0.623m due to the delay in the implementation of the LED contract, and the consequent delay in achieving the planned savings for 2015-16, 2016-17 and 2017-18. This

overspend has been offset by an underspend in routine maintenance £0.380m.

Highway Management and Land Reclamation underspend £0.971m

The main area of underspend relates to vacancies.

Public and Community Transport underspend £0.529m

The underspend is mainly due to underspends on Concessionary Fares (Gold Card), due to less take up than expected £0.733m.

Waste Management underspend £3.545m

The underspend includes the one-off 2017-18 landfill diversion saving negotiated with the Council's long term waste contractor (£1.388m). Also, waste tonnages in 2017-18 have been less than forecast (£1.300m), National Non Domestic rates have not been paid due to the delay with Sinfin (£0.326m), and electricity revenue has been greater than forecasted (£0.264m).

Planning and Development underspend £1.206m

Over recovery of planning application fees and Section 38 and 278 (Highways Act 1980) agreements income are the main contributors to this underspend figure (£1.250m).

Unallocated Budget £1.296m

This relates to savings which have not yet been allocated to specific services, and is therefore an overspend.

Growth Items

The following items were included in the 2017-18 budget as growth items:

Waste Management – Waste growth, increased tonnages and management costs associated with the new waste treatment facility at Sinfin - £3.000m ongoing and £2.476m one off.

Fracking – Staffing for increased workloads from fracking applications - £0.119m one off.

Gold Card – Reissuing expiring Gold Cards - £0.160m one off.

Flood Risk Management – Additional grant for flood management received from central government - £0.059m.

Proposals for the use of Underspends

It is a legal requirement under Section 55 of the Road Traffic Act 1984 that any Civil Parking Enforcement surplus has to be ring fenced. Therefore the

surplus in 2017-18 of £0.005m is to be put into the Civil Parking Enforcement reserve.

The following bids have been put forward as bids against the remaining 2017-18 underspend of £3.556m.

Description	£m
Fee budget to cover capitalisation of salaries	1.150
Commutated maintenance for highways	0.378
Temporary additional resources for two years for Highways Hub and Capital projects finance support	0.250
East Midlands Gateway Study contribution	0.100
HS2*	0.500
Contribution to Careers and Enterprise	0.070
Total Bids against the 2017-18 Underspend	2.448

This leaves a balance of £1.108m underspend to cover slippage in delivery of the budget savings, and other one off projects to be agreed at future Cabinet Member meetings.

* £0.500 is to provide additional resources over a two year period for the line extension from Birmingham to Leeds.

Budget Savings

Budget savings totalling £5.729m were allocated for the year for the portfolio. £2.852m of these savings were achieved by the year end. The table below identifies savings made against the Departmental target in 2017-18.

Description	Budget Savings Target 2017-18 £m	Achieved Amount by end 2017-18 £m	Balance Not Achieved 2017-18 £m
Staffing	1.734	1.734	0.000
Home to Work Transport	0.100	0.100	0.000
Local Bus Services	0.750	0.000	0.750
Street Lighting LED	0.090	0.000	0.090
Countryside Service	0.408	0.408	0.000
Gold Card	0.250	0.250	0.000
Road Safety Partnership	0.240	0.240	0.000
Rail Partnership	0.030	0.030	0.000
Unidentified	2.127	0.000	2.127
Total	5.729	2.762	2.967

Reasons for non-achievement of budget savings:

The Street Lighting LED savings were not achieved due to the late implementation of the contract.

Local Bus Service and Street Lighting overspent in 2017-18.

The department did not allocate £2.127m of the 2017-18 savings and have carried these forward.

Impact on the Future

The following could have an impact on the financial requirements of the portfolio:

- a) If the bid for Local Transport Plan Incentive Fund grant funding was unsuccessful, then it would negatively affect the available budget to support staff costs and deliver schemes.
- b) Rises in waste tonnages and associated costs of disposal.
- c) Resilience of the infrastructure due to adverse weather conditions.
- d) New legislation that impacts on the ability of the Department to raise income.

(3) **Financial Considerations** As contained within 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. Officer contact details – Emma Hickman, extension 38730.

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

Mike Ashworth
Strategic Director - Economy,
Transport and Environment

Peter Handford
Director of Finance & ICT

Appendix 1

**Highway, Transport and Infrastructure Portfolio - Outturn
2017-18**

Outturn by Service Area	2017-18 Budget £	2017-18 Actual £	2017-18 (Under)/Over £
Management Team – Economy, Transport and Environment	582,652	555,561	(27,091)
Resources and Improvement	3,001,820	2,735,842	(265,978)
Planning and Development	648,505	(558,256)	(1,206,761)
Waste Management	42,470,943	38,925,903	(3,545,040)
Flood Management	440,307	210,685	(229,622)
Digital Derbyshire	150,809	114,222	(36,587)
Highways Maintenance	14,043,746	16,521,883	2,478,137
Highway Management and Land Reclamation	2,021,966	1,050,641	(971,325)
Road Safety	495,773	383,339	(112,434)
Public and Community Transport	15,505,467	14,976,226	(529,241)
Council Fleet Services	(1,448,476)	(1,579,341)	(130,865)
Countryside	2,278,979	2,017,907	(261,072)
Superannuation Back Funding	337,592	311,606	(25,986)
Unallocated Budget Savings	(1,296,708)	0	1,296,708
Unallocated Adjustments	0	5,733	5,733
TOTAL	79,233,375	75,671,951	(3,561,424)