

Agenda Item No. 5

DERBYSHIRE COUNTY COUNCIL

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

2 August 2016

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

REVENUE OUTTURN 2015-16

(1) **Purpose of Report** To report the final revenue controllable outturn position for 2015-16 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 2015-16 target for the portfolio and to identify the impact of the 2015-16 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 2015-16. Net expenditure was £78.302m against a budget of £79.715m, resulting in a controllable underspend of £1.413m. Within this underspend figure is an amount of £0.691m overspend on the provision of local bus services. It was agreed by Cabinet, on 27 January 2015, that the cost of this would be met from General Reserve over two years (Minute No. 37/15 refers). Due to the level of underspend within the Department, it is intended not to call on the General Reserve to cover this overspend at this time. This will enable flexibility in delivering the passenger transport service over the next few years.

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

Explanation for Key Variances

Highway Maintenance overspend £1.715m

The main area of overspend relates to winter maintenance which has overspent by £0.917m, plus higher than anticipated inflation on street lighting energy and the delay in implementing the LED contract which totals £0.604m.

Transport and Travel underspend £0.976m

The overspend £0.691m on the provision of local bus services, indicated previously in this report, have been offset by underspends in other areas of Transport and Travel. These include underspends on Fleet Services £0.388m, Technical Policy and Flood Management £0.165m, Concessionary Fares (B-Line and Gold Card) £0.918m. Community Transport has also underspent by £0.100m and it is proposed to transfer this to an earmarked reserve to meet the funding requirements of the four year scheme approved by Cabinet on 26 January 2016.

Waste Management underspend £0.870m

A substantial element of the waste underspend is a result of one-off items, which include £0.704m from the 2015-16 landfill diversion saving, negotiated with the Council's long term contractor.

Countryside underspend £0.184m

The main area of underspend is in employee costs which has occurred as a result of a major restructuring exercise of the Countryside Service and will help to deliver planned budget cuts.

Planning and Development underspend £0.583m

Underspends on employee costs, and over recovery of planning application fees and Section 38 and 278 (Highways Act 1980) agreements income are the main contributors to this underspend figure.

Growth Items

The following items were included in the 2015-16 budget as growth items:

Waste Management – Increase in Landfill Tax of £2.60 per tonne from April 2015 - £0.541m ongoing.

Waste Management – Increase in volume of waste being handled at transfer stations following changes to waste disposal points - £0.616m one off.

Waste Management – Forecast 2% more waste in 2015-16, based on local and national data - £0.529m one off.

Proposals for the use of Underspends

Of the total controllable underspend, ring-fenced commitments total £0.233m.

Description	£m
Highway Maintenance Incentive Fund – Development of Asset Management	0.030
Derwent Grove and Wash Green flood defences	0.031

Civil Parking Enforcement – surplus to be carried forward and applied to specific highway improvement projects (Section 55 of Road Traffic Regulation Act 1984)	0.050
Diversity Project – Cross Departmental Funding	0.003
Commuted Highways Maintenance	0.119
Total Ring-Fenced Commitments	0.233

This leaves a balance of £1.180m underspend, £0.315m of which is to be allocated as follows:

Description	£m
Consultancy support for commercial bus services	0.035
Gold Card Analytics Software	0.040
Community Transport 4 year programme – transfer to reserve	0.100
Transport Services – Procurement Project	0.045
Creswell Heritage Trust core funding contribution	0.075
Upgrade parking meters for £1 coins	0.020
Total	0.315

This leaves a balance of £0.865m underspend to cover slippage in delivery of the cuts, and one off projects to be agreed at future Cabinet Member meetings.

Savings Against 2015-16 Target

Budget reductions totalling £5.099m were allocated for the year for the portfolio. A saving of £4.078m was achieved by the year end. The table below identifies savings made against the Departmental target in 2015-16.

Description	Budget Reduction Amount £m	Achieved Amount £m	Not Achieved £m
Staffing	1.333	1.333	
Highway Maintenance	1.000	1.000	
B_Line	0.315	0.315	
Community Transport	0.300	0.300	
Street Lighting LED Energy	0.270		0.270
Countryside Services	0.225	0.225	
Gold Card	0.200	0.200	
Winter Maintenance	0.200	0.200	
Permit Scheme	0.100	0.100	
School Crossing Patrols	0.096	0.096	
Derwent Valley Mills	0.060	0	0.060
Reduction in Revenue Support for Local Bus Services	1.000	0.309	0.691
Total	5.099	4.078	1.021

Reasons for non-achievement of budget reductions:

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

At the meeting on 7 July 2015, Cabinet agreed not to implement the £0.060m to Derwent Valley Mills in 2015-16, but to defer to 2016-17 to enable new governance arrangements to be implemented before a staffing review is undertaken (Minute No. 254/15 refers).

Cabinet agreed, on 27 January 2015, to support the provision of local bus services, the cost of which would be met from the General Reserves over two years (Minute No. 37/15 refers). It is intended not to call on the General Reserve to cover this overspend at this time, to enable flexibility in delivering the savings in passenger transport over the next few years.

Impact on the Future

The following could have an impact on the financial requirements for the Portfolio:

- 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.
- Rises in waste tonnages and associated costs of disposal.
- Increases in energy costs.
- Resilience of the infrastructure due to adverse weather conditions.
- New legislation that impacts on the ability of the Department to raise income.

(3) **Financial Considerations** As contained within 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 RECOMMENDATIONS** That the Cabinet Member:

7.1 Notes the report.

7.2 Approves the transfers to/from the reserves outlined in the report.

Mike Ashworth
Strategic Director – Economy,
Transport and Communities

Peter Handford
Director of Finance

Appendix 1

Economy, Transport and Communities

Highway, Transport and Infrastructure Portfolio - 2015-16

Forecast by Section	Budget (£)	Actual Costs (£)	(Under)/Over (£)
Departmental Management Team	534,769	525,705	(9,064)
Highways Maintenance	15,625,475	17,340,384	1,714,909
Highway Management (excluding Maintenance)	2,908,279	2,765,932	(142,347)
Road Safety	770,050	738,834	(31,216)
Transport and Travel	15,528,254	14,552,074	(976,180)
Waste Management	36,621,409	35,750,646	(870,763)
Countryside	2,514,452	2,330,057	(184,395)
Derwent Valley Mills World Heritage Site	155,130	155,130	0
Conservation and Design	551,427	538,061	(13,366)
Digital Derbyshire	190,192	150,522	(39,670)
Planning and Development	1,226,615	643,878	(582,737)
Resources and Improvement	2,759,712	2,637,371	(122,341)
Superannuation Back Funding	329,291	314,033	(15,258)
Unallocated Budget	0	(140,715)	(140,715)
Total	79,715,055	78,301,912	(1,413,143)