

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

20 December 2018

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

BUDGET MONITORING 2018-19 – PERIOD 7

(1) **Purpose of Report** To provide the Cabinet Member with an update of the Revenue Budget position for 2018-19, up to the end of October 2018 – Period 7.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £77.945m.

The Revenue Budget Monitoring Statement, prepared at Period 7, indicates that there is a predicted overspend of £2.110m. £2.763m of this overspend relates to Winter Maintenance of which £1m will be met from the Winter Maintenance Reserve established by Council on 2 February 2011. The further overspend relates to savings targets which are yet to be achieved and will be met from prior year underspends held for this purpose within the Department's Earmarked Reserves.

The areas which make up this projection are shown in Appendix 1 and summarised in the table below:

Forecast by Service Area	Budget £m	Year End Forecast £m	(Under)/ Over £m
Waste Management	43.170	42.177	(0.993)
Public and Community Transport	14.893	15.165	0.272
Highways Maintenance (excluding Winter)	12.876	13.199	0.323
Winter Maintenance	1.473	4.236	2.763
Highway Management and Land Reclamation	2.087	1.580	(0.507)
Road Safety	0.143	0.412	0.269
Resources and Improvement	2.727	2.779	0.052
Countryside Services	2.344	2.504	0.160

Council Fleet Services	(1.356)	(1.503)	(0.147)
Planning and Development	0.732	(1.928)	(2.660)
Flood Risk Management	0.442	0.311	(0.131)
Digital Derbyshire	0.153	0.130	(0.023)
Management Team – Economy, Transport and Environment	0.584	0.554	(0.030)
Superannuation Back Funding	0.458	0.439	(0.019)
Unallocated Savings	(2.781)	0.000	2.781
Total	77.945	80.055	2.110
Use of Winter Maintenance Reserve	1.000	0.000	(1.000)
Use of Other Earmarked Reserves	1.110	0.000	(1.110)
Revised Year End Projection	80.055	80.055	0.000

Key Variances

Waste Management underspend £0.993m

This figure includes lower waste tonnage growth than originally expected (£0.560m), increased electricity revenue from the Sinfen waste facility (£0.387m) and a reduction in Stanton transfer station costs (£0.225m).

Planning and Development underspend £2.660m

Due to the increase in developments currently taking place within Derbyshire, higher Section 38 Fees (£2.438m over budget) and Section 278 (£0.600m over budget) have been received. This is offset by previous year's budget savings that are yet to be achieved (£0.518m).

Winter Maintenance overspend £2.763m

Due to the particularly severe and long winter of 2017-18, costs have overlapped into the 2018-19 financial year.

Highways Maintenance overspend £0.323m

Relates mainly to delays in the implementation of the street lighting LED project.

Highway Management and Land Reclamation underspend £0.507m

The main area of underspend relates to over recovery of costs in Highways Construction (£0.350m) and underspends on salary related costs (£0.300m). These are offset by a predicted under recovery on the Highways Laboratory (£0.150m).

Budget Savings

Budget savings totalling £2.127m were allocated for the year, with a brought forward figure from 2017-18 of £2.794m, giving an overall target to date for 2018-19 of £4.921m.

Savings allocated for 2018-19 are £2.140m. The table below shows expected performance against the savings identified:

Savings Target	Total Budget Reduction 2018-19 £m	Expected to be Achieved by end of 2018-19 £m	Balance to be Achieved in future years £m
Street Lighting LED	0.645	0.365	0.280
School Crossing Patrols *	0.060	0.060	0.000
Winter Maintenance	0.500	0.500	0.000
Gold Card Concessionary Fares	0.250	0.250	0.000
Highway Agency Agreements	0.150	0.000	0.150
Street Lighting Unadopted Roads	0.110	0.000	0.110
Residents and On-Street Parking Admin	0.025	0.000	0.025
Road Safety**	0.400	0.075	0.325
Unidentified	2.781	0.000	2.781
Total	4.921	1.250	3.671

* On 20 September 2018, Cabinet agreed to withdraw the proposal to review the School Crossing Patrol service and find the allocated £0.300m saving from elsewhere in the department. A £0.060m saving has been identified which will not result in any reductions in the service. A total of £0.240m is still to be identified.

** Saving has been allocated but the implementation has been delayed due to legislation not yet being passed.

Earmarked Reserves

Earmarked Reserves relating to this portfolio, totalling £21.278m, are currently held to support future expenditure and to help manage the savings programme.

Details of these reserves are shown in the table below:

	Amount £m
Grants	1.428
Committed Liabilities – Revenue	0.876
Committed Liabilities - Capital (including Accelerated Highways Maintenance)	6.509
Winter Maintenance	2.000
Money Held on behalf of Other Councils and Partnerships	0.388

Renewal Funds regarding Lab and Fleet Equipment	0.158
Waste Recycling Initiatives	0.391
Derby and Derbyshire Road Safety Partnership	0.202
Other Earmarked Reserves (including previous years underspends) committed by Cabinet to various initiatives and to manage savings programme	9.326
Total Highway, Transport and Infrastructure Portfolio Reserve	21.278

Growth Items

The following items were included in the 2018-19 budget as growth items:

Waste

To support a range of waste related activities including waste growth, increased tonnages and management costs associated with the new waste treatment facility at Sinfin. £2.476m ongoing and £0.634m one off.

Highways Maintenance

To provide a coordinated, cyclical maintenance programme and maintenance improvements. £1.500m ongoing and £1.000m one off.

Public Transport

To enable reasonable levels of public transport accessibility to be maintained across Derbyshire. £2.600m ongoing.

Street Lighting

To meet the inflationary increases of street lighting energy. £0.148m one off.

Planning Development Management and Obligation Monitoring Systems
Systems investment to support planning applications. £0.110m one off.

Impact on the Future

The main risks that could impact upon the portfolio's outturn position are:

Service	Risk	Sensitivity £m	Likelihood (1 = Low, 5 = High)
Winter Maintenance	Impact of a severe winter	1.000	3
Street Lighting Energy and Maintenance	Further energy price increases, or further slippage in implementation of the LED programme	0.300	2
Highways Management	Deterioration in credit from capitalised salaries and	0.800	2

	surplus/deficit on highways construction overhead accounts		
Waste Management	Deterioration in the London Energy Brokers' Association (LEBA) index on income from waste treatment plant electricity	0.200	2
	Increase in contract waste tonnages. Can be affected by the economy, winter weather conditions and unspecific variability.	0.300	3

(5) **Financial Considerations** As detailed in 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.

(6) **Key Decision** No.

(7) **Call-in** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Emma Hickman, extension 38913.

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

Mike Ashworth
Strategic Director – Economy,
Transport and Environment

Peter Handford
Director of Finance
& ICT

Highway, Transport and Infrastructure Portfolio - Period 7 2018-19

Appendix 1

Forecast by Service Area	Budget £m	Period 7 Actual Costs £m	Rest of Year Estimate £m	Year End Forecast £m	(Under)/ Over £m
Waste Management	43.170	22.635	19.542	42.177	(0.993)
Public and Community Transport	14.893	8.914	6.251	15.165	0.272
Highways Maintenance	12.876	3.546	9.653	13.199	0.323
Winter Maintenance	1.473	1.872	2.364	4.236	2.763
Highway Management and Land Reclamation	2.087	9.459	(7.879)	1.580	(0.507)
Road Safety	0.143	0.184	0.228	0.412	0.269
Resources and Improvement	2.727	1.676	1.103	2.779	0.052
Countryside Services	2.344	1.038	1.466	2.504	0.160
Council Fleet Services	(1.356)	(2.221)	0.718	(1.503)	(0.147)
Planning and Development	0.732	(1.685)	(0.243)	(1.928)	(2.660)
Flood Risk Management	0.442	(0.103)	0.414	0.311	(0.131)
Digital Derbyshire	0.153	0.271	(0.141)	0.130	(0.023)
Management Team – Economy, Transport and Environment	0.584	0.335	0.219	0.554	(0.030)
Superannuation Back Funding	0.458	0.287	0.152	0.439	(0.019)
Unallocated Savings	(2.781)	0.000	0.000	0.000	2.781
Total	77.945	46.052	34.003	80.055	2.110
Use of Winter Maintenance Reserve	1.000	0.000	0.000	0.000	(1.000)
Use of Other Earmarked Reserves	1.110	0.000	0.000	0.000	(1.110)
Revised Year End Projection	80.055	46.052	34.003	80.055	0.000