

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

28 February 2017

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

BUDGET MONITORING 2016-17 – PERIOD 9

(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 December 2016 – Period 9.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £73.057m. The Revenue Budget Monitoring Statement, prepared at Period 9, indicates that there is a projected year end overspend of £0.872m. Within this overspend figure is an amount of £2.092m 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 refer). If this were utilised to cover the overspend in the local bus services budget, the forecast would be a net underspend of £1.220m.

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	0.544	(0.033)
Highways Maintenance	13.017	14.420	1.403
Highway Management	2.323	1.487	(0.836)
Road Safety	0.714	0.494	(0.220)
Transport and Travel	10.934	9.933	(1.001)
Local Bus Services	2.141	4.233	2.092
Waste Management	37.146	36.305	(0.842)
Countryside	2.322	2.232	(0.090)
Derwent Valley Mills	0.124	0.174	0.050
Conservation and Design	0.593	0.555	(0.038)

Digital Derbyshire	0.149	0.136	(0.013)
Planning and Development	1.121	0.532	(0.588)
Resources and Improvement	3.064	2.542	(0.522)
Superannuation Back Funding	0.323	0.342	0.019
Unallocated Budget	(1.491)	0	1.491
Total	73.057	73.929	0.872
Use of General Reserves	2.092	0	(2.092)
Revised Year End Projection	75.149	73.929	(1.220)

Key Variances

Highways Maintenance projected overspend £1.403m

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 (£0.836m)

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

Transport and Travel projected underspend (£1.001m)

There has been a reduced demand for the Gold Card Scheme resulting in an underspend against the budget (£0.408m). The section has also achieved windfalls from vehicle sales within Fleet Services (£0.122m). The main reason for the remainder of this underspend is due to staff vacancies (£0.327m).

Local Bus Services overspend £2.092m

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 (£0.842m)

The figure includes the one-off 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 £0.548m in relation to a 3% yearly increase in recycling credit rates and tonnages (£0.380m overspend), and a reduction in income from the Waste, Electrical and Electronic Equipment contract (£0.180m overspend).

Planning and Development projected underspend (£0.588m)

The underspend is mainly due to an over recovery of sections 38 and 278 income (£0.281m), and staff vacancies (£0.265m).

Resources and Improvement projected underspend (£0.522m)

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 £4.947m 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 £26.047m, 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	15.092
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	0.208
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	26.047

(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 9 2016-17

Service Area Summary	Budget £	Period 9 Actual Costs £	Rest of Year Estimate £	Year End Forecast £	(Under)/ Over Spend £
Departmental Management Team	577,183	415,967	127,664	543,631	(33,552)
Highways Maintenance	13,016,527	6,453,504	7,966,994	14,420,498	1,403,971
Highway Management	2,322,816	9,939,661	(8,453,033)	1,486,628	(836,188)
Road Safety	714,273	239,650	254,659	494,309	(219,964)
Transport and Travel	10,934,233	6,798,110	3,134,660	9,932,770	(1,001,463)
Local Bus Services	2,140,858	2,440,614	1,791,914	4,232,528	2,091,670
Waste Management	37,146,250	25,128,276	11,176,411	36,304,687	(841,563)
Countryside	2,322,136	1,488,609	743,785	2,232,394	(89,742)
Derwent Valley Mills World Heritage Site	124,276	115,386	59,049	174,435	50,159
Conservation and Design	593,085	385,159	170,000	555,159	(37,926)
Digital Derbyshire	149,216	73,288	62,480	135,768	(13,448)
Planning and Development	1,120,581	(361,659)	894,049	532,390	(588,191)
Resources and Improvement	3,063,598	2,214,302	327,350	2,541,652	(521,946)
Superannuation Back Funding	323,497	116,866	225,354	342,220	18,723
Unallocated Budget	(1,491,500)	(189,431)	189,431	0	1,491,500
TOTAL	73,057,029	55,258,302	18,670,767	73,929,069	872,040