

Agenda Item No.5

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER - HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE

28 February 2019

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

BUDGET MONITORING 2018-19 – PERIOD 9

(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 December 2018 – Period 9.

(2) **Information and Analysis** The net controllable budget for the Highways, Transport and Infrastructure Portfolio is £77.866m.

The Revenue Budget Monitoring Statement, prepared at Period 9, indicates that there is a predicted overspend of £1.583. Whilst this is due to variances across all services, one major overspend relates to Winter Maintenance (£2.527m) of which £1m will be met from the Winter Maintenance Reserve established by Council on 2 February 2011.

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	41.510	(1.660)
Public and Community Transport	14.893	15.023	0.130
Highways Maintenance	13.415	13.353	(0.062)
Winter Maintenance	1.473	4.000	2.527
Highway Management and Land Reclamation	2.084	1.508	(0.576)
Road Safety	0.173	0.473	0.300
Resources and Improvement	2.735	2.718	(0.017)
Countryside Services	2.347	2.224	(0.123)
Council Fleet Services	(1.385)	(1.586)	(0.201)
Planning and Development	0.624	(1.334)	(1.958)

Flood Risk Management	0.442	0.362	(0.080)
Digital Derbyshire	0.153	0.119	(0.034)
Management Team – Economy, Transport and Environment	0.584	0.556	(0.028)
Superannuation Back Funding	0.479	0.523	0.044
Unallocated Savings	(3.321)	0.000	3.321
Total	77.866	79.449	1.583
Use of Winter Maintenance Reserve	1.000	0.000	(1.000)
Use of Other Earmarked Reserves	0.583	0.000	(0.583)
Revised Year End Projection	79.449	79.449	0.000

Key Variances

Waste Management underspend £1.660m

This figure includes lower waste tonnage growth than originally expected (£0.550m) increased electricity revenue from the Sinfin waste facility (£0.600m) and a reduction in Stanton transfer station costs (£0.225m).

Planning and Development underspend £1.958m

Due to the increase in developments currently taking place within Derbyshire higher Section 38 Fees (£2.000m over budgeted income) and Section 278 (£0.600m over budgeted income) have been received. This is offset by budget savings that are yet to be achieved (£0.518m).

Winter Maintenance overspend £2.527m

Due to the severe and long winter of 2017-18 (which continued into April 2018), costs have overlapped into the current financial year.

Highway Management and Land Reclamation underspend £0.576m

The main area of underspending relates to over recovery of costs in Highways Construction (£0.354m) and underspends on salary related costs (£0.300m). These are offset by a predicted under recovery on the Highways Laboratory (£0.170m).

Budget Savings

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

Savings expected to be achieved by the end of 2018-19 are £1.600m.

The table below shows expected performance against the savings identified:

Savings Target	Budget Cut Allocated 2018-19 £m	Cut Achieved 2018-19 £m	Balance to be Achieved £m
Street Lighting LED	0.390	0.000	0.390
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
Road Safety*	0.400	0.100	0.300
Total	1.600	0.910	0.690

- Unidentified savings of £3.321m are to be carried forward into 2019-20.

* 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 £21.299m, 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	0.840
Committed Liabilities - Capital (including Accelerated Highways Maintenance)	6.603
Winter Maintenance	2.000
Money Held on behalf of Other Councils and Partnerships	0.388
Renewal Funds regarding Lab and Fleet Equipment	0.121
Waste Recycling Initiatives	0.391
Derby and Derbyshire Road Safety Partnership	0.202
General Reserve (committed to specific projects)	2.111
General Reserve (to assist with managing the Department's savings programme)	7.175
Total Highway, Transport and Infrastructure Portfolio Reserve	21.529

Growth Items

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

Waste

To support a range of waste related activities - £2.476m ongoing and £0.634 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.

HS2 Co-Ordination Officer

To provide support in representing the Council's interest as the HS2 route is developed - £0.064m 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 surplus/deficit on highways construction overhead accounts	0.800	2
Waste Management	Deterioration in the 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

- (3) **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.

- (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 38913.

- (7) **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 9 2018-19

Appendix 1

Forecast by Service Area	Budget £m	Period 9 Actual Costs £m	Rest of Year Estimate £m	Year End Forecast £m	(Under)/ Over £m
Waste Management	43.170	29.068	12.442	41.510	(1.660)
Public and Community Transport	14.893	9.818	5.205	15.023	0.130
Highways Maintenance	13.415	4.391	8.962	13.353	(0.062)
Winter Maintenance	1.473	2.148	1.852	4.000	2.527
Highway Management and Land Reclamation	2.084	9.951	(8.443)	1.508	(0.576)
Road Safety	0.173	0.245	0.228	0.473	0.300
Resources and Improvement	2.735	2.179	0.539	2.718	(0.017)
Countryside Services	2.347	1.363	0.861	2.224	(0.123)
Council Fleet Services	(1.385)	(1.866)	0.280	(1.586)	(0.201)
Planning and Development	0.624	(1.769)	0.435	(1.334)	(1.958)
Flood Risk Management	0.442	(0.059)	0.421	0.362	(0.080)
Digital Derbyshire	0.153	0.351	(0.232)	0.119	(0.034)
Management Team – Economy, Transport and Environment	0.584	0.425	0.131	0.556	(0.028)
Superannuation Back Funding	0.479	0.357	0.166	0.523	0.044
Unallocated Savings	(3.321)	0.000	0.000	0.000	3.321
Total	77.866	56.602	22.847	79.449	1.583
Use of Winter Maintenance Reserve	1.000	0.000	0.000	0.000	(1.000)
Use of Other Earmarked Reserves	0.583	0.000	0.000	0.000	(0.583)
Revised Year End Projection	79.449	56.602	22.847	79.449	0.000