

# Environment, Development and Transport Committee

Item No.

<b>Report title:</b>	<b>Finance monitoring</b>
<b>Date of meeting:</b>	<b>16 March 2018</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> This report provides the Committee with information on the budget position for services reporting to Environment, Development and Transport Committee for 2017-18. It provides information on the revenue budget including any forecast over or underspends and any identified budget risks. It also provides an update on the forecast use of reserves and the details of the capital programme.	

## Executive summary

The services reporting to this Committee are delivered by Community and Environmental Services.

The 2017-18 net revenue budget for this committee is £98.448m and this report reflects the forecast out-turn as at period 9, December 2017. The report also highlights the current risks being managed by the department.

The total capital programme relating to this committee is £142.533m, with £136.183m currently profiled to be spent in 2017-18. Details of the capital programme are shown in section 3 of this report.

The balance of EDT Committee reserves as of 1 April 2017 was £26.582m and the forecast balance for March 2018 is £25.102m

### Recommendations:

Members are recommended to note:

- a) **The Forecast out-turn position for the Environment, Development and Transport Committee revenue budget and note the current budget risks being managed by the department.**
- b) **The Capital programme for this Committee.**
- c) **The current planned use of the reserves and the forecast balance of reserves as at the end of March 2018.**

## 1. Proposal

- 1.1. Members have a key role in overseeing the financial position for the services under the direction of this committee, including reviewing the revenue and capital position and reserves held by the service. Although budget are set and monitored on an annual basis it is important that the ongoing position is understood and the previous year's position are considered.

- 1.2. This report reflects the budgets and forecast out-turn position at the end of Period 9 December 2017.

## 2. Evidence

- 2.1. The services reporting to this Committee are delivered by Community and Environmental Services which also manage services reporting to Communities Committee, Digital and Innovation Committee and Business and Property Committee.
- 2.2. The 2017-18 NET revenue budget for this committee is £98.448m, we are currently forecasting a net under spend of £0.233m (0.24% of net budget).

<b>Table 1: Environment, Development &amp; Transport NET revenue budget 2017-18</b>				
	2017-18 Budget	Actuals YTD	Forecast Out-turn	Forecast Variance
	£m	£m	£m	£m
Business Support and development	1.641	1.569	1.641	0.000
Culture and Heritage – Countryside management	1.142	0.735	1.142	0.000
<b>Highways</b>				
Flood and Water management	0.435	0.236	0.435	0.000
Highways Operations	14.866	14.496	14.770	(0.096)
ITS management	0.049	(0.001)	0.029	(0.020)
Major projects	0.357	0.075	0.357	0.000
Highways Network	0.869	0.808	0.869	0.000
Highways depreciation	23.538	0.000	23.538	0.000
<b>Total highways</b>	<b>40.114</b>	<b>15.614</b>	<b>39.998</b>	<b>(0.116)</b>
<b>Planning and Economy</b>				
Residual Waste	23.162	16.094	22.982	(0.180)
Waste and Energy	17.174	11.273	17.027	(0.147)
Infrastructure and Economic Growth	0.564	0.380	0.564	0.000
Travel and Transport Services	14.243	18.848	14.369	0.126
Planning Service	0.410	0.318	0.493	0.083
<b>Total Planning and Economy</b>	<b>55.552</b>	<b>46.913</b>	<b>55.435</b>	<b>(0.118)</b>
	<b>98.448</b>	<b>57.357</b>	<b>98.215</b>	<b>(0.233)</b>

- 2.3. Table 1 above reflects the services net revenue budget and therefore the actuals to date are affected by patterns of income and expenditure.

<b>Table 2 – Gross Budgets</b>					
	Current year budget	Actuals Year to Date		Prior Year Budget	Prior Year Actuals to period 8
	£m	£m		£m	£m
Expenditure	184.872	108.382		190.006	108.464
Income	(86.424)	(43.551)		(84.255)	(38.245)

<b>Net</b>	<b>98.448</b>			<b>105.751</b>	<b>57.437</b>
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- 2.4. The forecast out-turn presented is based on the work that RBOs undertake on a monthly basis, supported by the finance teams to predict their budgets year end position. RBO's review and actively manage their budgets throughout the year and there are a number of risks that are being monitored and managed by the services but at this stage of the year we are forecasting a net underspend of £0.233m .

<b>Service Area</b>	<b>Forecast Variance</b>	<b>Narrative</b>
Highways Operations		
Fast lane training	(0.038m)	Forecast underspend due to additional income
Highways Lab	(0.035m)	Forecast underspend due to additional income
Highways Technicians	(0.063m)	Forecast underspend through management of vacancies
ITS	0.215m	Forecast overspend due to delay in delivery of planned savings (EDT028 – Intelligent transport systems – new technology and models).
Programme management	(0.025m)	Forecast underspend through management of vacancies
Programme management	(0.012m)	Forecast underspend the management of Overheads
Street lighting	(0.018m)	Forecast underspend through management of vacancies
Highways Design	(0.119m)	Forecast underspend through management of vacancies within the design teams
<b>Subtotal Highways Operations</b>	<b>(0.095m)</b>	<b>Net underspend</b>
ITS management	(0.020m)	Forecast underspend through management of vacancies
<b>Highways</b>	<b>(0.115m)</b>	<b>Forecast net underspend</b>
Residual Waste	(0.180m)	Forecast underspend based on reduced waste volumes
Recycling Credits	(0.156m)	Forecast underspend due to reduced volumes collected by the districts.
Household waste recycling centres	(0.110m)	Forecast underspend due to operational savings and additional income due to high commodity prices.
Closed landfill sites	0.119m	Forecast over spend due to income being forecast lower than the budget.
Concessionary Fares	0.093m	Forecast overspend due to additional costs of re-issuing passes.
Public Transport interchanges	0.033m	Forecast overspend due to additional maintenance costs of Cromer and Thetford Bus stations.
Planning services	0.083m	Forecast overspend – additional staff costs and

		income being forecast lower than the budget.
<b>Planning services</b>	<b>(0.118m)</b>	<b>Forecast net underspend.</b>
<b>Forecast Net Underspend</b>	<b>(0.233m)</b>	

2.5.	<b>Planning and Economy – Residual waste</b>	<p>Waste volumes are subject to a number of external factors that the authority has no control over and can be highly volatile.</p> <p>Each tonne of residual waste costs around £110 per tonne, meaning a 1% change in tonnages could lead to a movement of over £200,000. Changes could be caused by a combination of a number of factors e.g. increases in household numbers (above those previously assumed), changes in legislation, economic conditions, weather patterns. The forecast tonnages are monitored closely throughout the year and based on a combination of current year actuals and historic trend data. Based on the current tonnages to date we are forecasting an underspend.</p>
	<b>Highway – Winter Gritting</b>	<p>The budget for winter Gritting is set based on historic trends of the number of winter Gritting actions. We have seen a slightly more harsh winter so far this season and we have undertaken over 70 actions, compared to 60 for the whole of the previous financial year. We will continue to monitor this activity closely.</p>

### 3. Capital budget

- 3.1. The total capital budget for the services reporting to this committee is £142.533m, with £136.183m currently being profiled to be delivered in 2017-18.

Table 3: Communities Capital programme						
	2017-18 Budget £m	2018-19 Budget £m	2019-20+ Budget £m	Total Programme £m	Forecast 2017-18 £m	Actuals to period 8
Highways	135.120	1.900	1.700	138.720	135.120	86.877
Waste management	1.001	2.750		3.751	1.001	0.144
Other programmes	0.062			0.062	0.062	
<b>Total Programme</b>	<b>136.183</b>	<b>4.650</b>	<b>1.700</b>	<b>142.533</b>	<b>136.183</b>	<b>87.021</b>

## 4. Reserves 2017-18

- 4.1. The reserves relating to this committee are generally held for special purposes or to fund expenditure that has been delayed, and in many cases relate to external grants and contributions. They can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which help smooth the impact of funding.
- 4.2. A number of the reserve balances relate to external funding where the conditions of the grant are not limited to one financial year and often are for projects where the costs fall in more than one financial year.
- 4.3. Services continue to review the use of reserves to ensure that the original reasons for holding the reserves are still valid.
- 4.4. The balance of unspent grants and reserves as at 1<sup>st</sup> April 2017 stood at £26.846m
- 4.5. Table 4 below shows the balance of reserves held and the current planned usage for 2017-18.

4.6. Table 4: Environment, Development and Transport reserves

	Balance at 1 April 2017	Forecast balance 31 March 2018	Forecast change
	£m	£m	£m
Business Support and Development	0.088	0.319	0.231
Highways	11.044	10.304	(0.740)
Planning and Economy	15.450	14.480	(0.971)
<b>Total</b>	<b>26.582</b>	<b>25.102</b>	<b>1.480</b>

## 5. Financial Implications

- 5.1. There are no decisions arising from this report and all relevant financial implications are set out in this report

## 6. Issues, risks and innovation

- 6.1. This report provides financial performance information on a wide range of services in respect of this committee.

## Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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