

Environment, Development and Transport Committee

Item No.

Report title:	Finance monitoring
Date of meeting:	10 November 2017
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact 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 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 £98.362m and this report reflects the risks and forecast outturn position as at period 6, September 2017-18.

The total capital programme, relating to this committee is £122.832m with £110.795 currently profiled for delivery within 2017-18. Details of the capital programme are shown in section 3 of this report.

The balance of Environment, Development and Transport reserves as of 1 April 2017 was £26.846m, and the forecast balance at 31 March 2018 is £23.711m.

Recommendations:

Members are recommended to note:

- a) **The forecast out-turn position for the Environment, Development and Transport Committee.**
- 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 budgets are set and monitored on an annual basis it is important that the ongoing position is understood and the previous year's position, current and future plans and performance are considered.

1.2. This report reflects the budgets and forecast out-turn position as at the end of Period 6, September 2017.

2. Evidence

Revenue budget 2017-18

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

2.2. This report reflects the forecast outturn position for the Services that are relevant to this committee, which are:

- Business support and Development (support of CES department)
- Culture and Heritage – Countryside Management
- Highways
- Planning and Economy

2.3. The 2017-18 net revenue budget for this committee is £98.362m, we are currently forecasting a balanced budget.

Table 1: Environment, Development and Transport Net revenue Budget Forecast Out-turn 2017-18

	2017-18 Budget £m	Forecast Out-turn £m	Forecast Variance £m
Business Support and Development	1.577	1.577	0.000
Culture and Heritage – Countryside management	1.120	1.120	0.000
Highways			
Flood and Water management	0.435	0.435	0.000
Highways Operations	14.669	14.669	0.000
ITS management	0.235	0.235	0.000
Major Projects	0.357	0.357	0.000
Networks	0.869	0.869	0.000
Highways Depreciation	23.538	23.538	0.000
Total Highways	40.103	40.103	0.000
Planning and Economy			

Residual Waste	23.314	23.314	0.000
Waste and Energy	17.021	17.021	0.000
Infrastructure and economic Growth	0.564	0.564	0.000
Travel and Transport Services	14.253	14.253	0.000
Planning Services	0.410	0.410	0.000
Total for Committee	98.362	98.362	0.000

2.4. We are currently forecasting a balanced revenue budget, however there are a number of budget risks that are being monitored by services:

Planning and Economy	There is a risk that the amount of waste increases. Each
– Residual Waste	tonne of residual waste above projected tonnages would lead to additional costs of around £110 per tonne, meaning a 1% increase in tonnages would be a pressure of over £230,000. Such as an increase could be caused by any combination of factors such as increases in household numbers, change in legislation, economic growth, weather patterns, a collapse in the recycling markets or an unexpected change in unit costs, much of which are out of the control of the County Council. The combined impacts of these effects will continue to be monitored extremely closely and will be reported to the committee.

2018-19 to 2021-22 Budget planning update

This Committee discussed and recommended budget saving proposals for 2018-22 in October. Policy and Resources Committee then considered the latest budget planning position for 2018-19 at its meeting on 30 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining budget gap for 2018-19, which is now £7.806m. Over the four year planning period, a gap of £63.351m remains to be closed. Officers continue to work following Policy and Resources Committee to develop the 2018-19 Budget and close the gap for next year, this will include consideration of the implications of the Autumn Budget (due 22 November) and the Local Government Finance Settlement. Service Committees are not being asked to identify further savings, however in view of the remaining gap position for 2018-19, any change to planned savings or removal of proposals will require alternative savings to be identified.

Consultation has begun on £3.580m of savings for 2018-19, and the level of council tax for the year. Committees will receive feedback on the outcomes of the consultation in January to inform their budget setting decisions. In addition, Committees will need to consider the financial risks for their services that could affect the 2018-19 budget plans, and any changes in the overall planning context for the Council.

3. Capital Programme

3.1. The overall capital programme for the services reported to this Committee is £143.010m, increased from £122.832m. With £130.973m currently profiled to be delivered in 2017-18. The increase in the programme this month is a result of externally funded highways projects which are expected to take place in 2017-18, including the use of S278 monies, Growth Deal/LEP funding, DfT Challenge funding and the National Productivity Fund. These projects cover a large number of highways schemes including schemes linked to housing developments, cycling infrastructure, and numerous district based schemes.

3.2.

	2017-18 programme	2018-19 programme	2019-20 programme	Total
	£m	£m	£m	£m
Highways	122.659	8.083	1.204	131.946
Waste management	1.001	2.750		3.751
Other programmes	7.312			7.312
	130.973	10.833	1.204	143.010

3.3. The Highways programme includes the budget for the NDR and the Highways general programme. The general Highways programme is currently anticipated to be fully delivered.

3.4. The waste management programme is for the completion of drainage improvements at a number of Household Waste Recycling Centres (HWRC) and the reprovision of Norwich HWRC.

3.5. **Caring for your Roads** – as part of the Conservative manifesto there was a commitment to invest an extra £20 million in Norfolk's roads. We would propose to target this funding for delivery of market town schemes, footways and crossings improvements, Junction improvements, contribution to major schemes, parish partnership, local Member budgets and PROW. Further details of the specific allocations and anticipated profile will be reported to members at the January Committee as part of the Highway capital programme and Transport Asset Management Plan (TAMP) report.

4. Reserves 2017-18

4.1. The Council holds both provisions and reserves.

4.2. Provisions are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates which they will arise. The Council complies with the definition of provisions contained within CIPFA's Accounting Code of Practice.

4.3. Reserves (or Earmarked Reserves) are held in one of three main categories:

- 4.4. Reserves for special purposes or to fund expenditure that has been delayed, and in many cases relate to external Grants and Contributions - reserves 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 can help smooth the impact of funding.
- 4.5. Local Management of Schools (LMS) reserves that are held on behalf of schools – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.
- 4.6. General Balances – reserves that are not earmarked for a specific purpose. The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Executive Director of Finance is required to form a judgement on the level of the reserve and to advise Policy and Resources Committee accordingly.
- 4.7. The reserves falling under this Committee would fall into the first category. Additionally, balances may relate specific grant income where we have received the income but are yet to incur the expenditure, or the grant was planned to be used over a period of time, not related to a specific financial year.
- 4.8. We will continue to review the reserve balances to ensure that their original objectives are still valid and would identify any reserves that could be considered available for re-allocation.
- 4.9. The committees' unspent grants, reserves and provisions as at 1 April 2017 stood at £26.846m.
- 4.10. The table below shows balance of reserves and the current planned usage for 2017-18.
- 4.11. The planned use of reserves relates to the funding of the street lighting PFI, planned use of commuted sums to fund Highway maintenance and the delivery of projects that have spanned financial years.

Table 3: Environment, Development and Transport Reserves & Provisions			
Reserves & Provisions 2017-18	Balance at 1 April 2017	Forecast Balance at 31 March 2018	Planned Change
	£m	£m	£m
Business support and development	0.085	0.000	0.085
Highways	11.602	9.331	2.271
Planning and economy	15.159	14.380	0.779
Committee Total	26.846	23.711	3.135

5. Financial Implications

5.1. There are no decisions arising from this report. The financial position for Environment, Development and Transport Committee is set out within the paper and appendices.

6. Issues, risks and innovation

6.1. This report provides financial performance information on a wide range of services responsible to the committee.

Officer Contact

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