

Environment, Development and Transport Committee

Item No.

Report title:	Finance monitoring
Date of meeting:	18 May 2018
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact This report provides the Committee with information on the outturn position for services reporting to Environment, Development and Transport Committee for 2017-18. It provides information on the revenue budget including any over or underspends. It also provides an update on the 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 £103.999m and this report reflects the out-turn position for 2017/18.

The total capital programme relating to this committee is £146.266m, with £138.227m 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 £26.725m and the balance at March 2018 is £27.016m

Recommendations:

Members are recommended to note:

- a) **The note out-turn position for the Environment, Development and Transport Committee revenue budget**
- b) **The Capital programme for this Committee.**
- c) **The actual use of the reserves and the balance of carried forward 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 are considered.
- 1.2. This report reflects the budgets and out-turn position for the financial year ending 2017/18.

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 £103.999m, the services reporting to this committee delivered a net underspend of £0.318m, 0.3% of the net budget.

	2017-18 Budget	Actuals outturn	Out-turn variance	Prior period Forecast Variance
	£m	£m	£m	£m
Business Support and development	1.641	1.551	(0.090)	0.000
Culture and Heritage – Environment	1.594	1.593	(0.001)	0.000
Highways				
Flood and Water management	0.435	0.303	(0.132)	0.000
Highways Operations	14.722	14.856	0.135	(0.096)
ITS management	0.049	0.010	(0.039)	(0.020)
Major projects	0.357	0.325	(0.031)	0.000
Highways Network	0.869	0.782	(0.086)	0.000
Highways depreciation	28.765	28.765	0.000	0.000
Total highways	45.195	45.042	(0.153)	(0.116)
Planning and Economy				
Residual Waste	23.104	22.928	(0.175)	(0.180)
Waste and Energy	17.123	17.000	(0.122)	(0.147)
Infrastructure and Economic Growth	0.564	0.564	0.000	0.000
Travel and Transport Services	14.368	14.558	0.190	0.126
Planning Service	0.410	0.444	0.034	0.083
Total Planning and Economy	55.569	55.495	(0.074)	(0.118)
	103.999	103.681	(0.318)	(0.233)

- 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.

	Current year budget	Actuals	
	£m	£m	
Expenditure	190.435	193.697	
Income	(86.436)	(90.016)	
Net	103.999	103.681	

- 2.4. The variance on Gross budgets relates mainly to the additional work delivered in highways including the additional cost winter maintenance.

Summary of Key variances

Service Area	Outturn variance	Prior period Forecast Variance	Narrative
	£m	£m	
Business Support and Development	(0.090)		Underspend due to the management of vacancies
Culture and Heritage - Environment	(0.001)		Underspend on staff costs
Highways Operations			
Fast lane training	(0.058)	(0.038)	Underspend due to reduced staff costs
Highways Lab	(0.089)	(0.035)	Underspend due to additional income
Highways Technicians	(0.063)	(0.063)	Underspend through management of vacancies
ITS	0.164	0.215	Overspend due to delay in delivery of planned savings (EDT028 – Intelligent transport systems – new technology and models), offset by reduced energy costs of traffic signals.
Programme management	(0.025)	(0.025)	Underspend through management of vacancies
Programme management	(0.012)	(0.012)	Underspend the management of Overheads
Winter Maintenance	0.296		Net additional cost of winter maintenance after use of winter maintenance reserve.
Street lighting	(0.018)	(0.018)	Underspend through management of vacancies
Highways Design	(0.060)	(0.119)	Underspend through management of vacancies within the design teams
Subtotal Highways Operations	0.135	(0.095)	Net position
ITS management	(0.039)	(0.020)	Underspend due to the reduced cost of maintaining traffic signals
Flood and Water management	(0.132)		Underspend on staff costs and additional grant income.
Major Projects	(0.031)		Underspend due to additional income

			from charges to capital schemes.
Highways network	(0.086)		Underspend due to additional income
Total Highways	(0.153)	(0.115)	Forecast net underspend
Planning and Economy			
Residual Waste	(0.175m)	(0.180)	Underspend based on reduced waste volumes
Energy and efficiency and waste teams	(0.063)		Underspend on staff costs
Recycling Credits	0.056	(0.156)	Overspend due to under accrual of 2016/17 tonnages leading to greater costs in 2017/18
Household waste recycling centres	(0.248)	(0.110)	Underspend due to operational savings and additional income due to high commodity prices.
Closed landfill sites	0.133m	0.119	Overspend due to income being forecast lower than the budget.
Concessionary Fares	0.083	0.093	Overspend due to additional costs of re-issuing passes.
Transport Services	(0.022)		Underspend on staff costs
Transport	0.025		Additional cost of supporting the LEP transport Studies
Travel plans	0.014		Additional costs to support the development of travel plans
Public Transport interchanges	0.090	0.033	Overspend due to additional maintenance costs of Cromer and Thetford Bus stations.
Planning services	0.034	0.083	Overspend due to additional staff costs and income being forecast lower than the budget.
Total Planning and Economy	(0.074)	(0.118)	net underspend planning services.
Net Underspend	(0.318)	(0.233)	

- 2.5. The total capital budget for the services reporting to this committee is £146.266m, with £137.228m profiled for delivery in 2017-18.

	2017-18 Budget £m	2018-19 Budget £m	2019-20+ Budget £m	Total Programme £m	Actuals 2017-18 £m	Variance 2017/18
Highways	137.902	1.900	1.700	141.502	137.902	0.000

Waste management	0.162	4.014	0.075	4.251	0.162	0.000
Other programmes	0.162	0.350		0.512	0.126	(0.036)
Total Programme	138.227	6.264	1.775	146.266	138.191	(0.036)

The underspend on the Other Programmes relates to the Clean Bus Technology project in Transport. This is a timing issue and will be rolled forward to meet commitments in 2018/19.

3. Reserves 2017-18

- 3.1. 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.
- 3.2. 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.
- 3.3. Services continue to review the use of reserves to ensure that the original reasons for holding the reserves are still valid.
- 3.4. The balance of unspent grants and reserves as at 1st April 2017 stood at £26.725m
- 3.5. Table 4 below shows the balance of reserves held and the current actual usage for 2017-18.

3.6. Table 4: Environment, Development and Transport reserves

	Balance at 1 April 2017	Balance 31 March 2018	Net change	Previous Forecast Change
	£m	£m	£m	
Culture and Heritage - Environment	0.400	0.283	(0.116)	(0.135)
Business Support and Development	0.085	0.180	0.095	0.231
Highways	10.894	10.272	(0.622)	(0.740)
Planning and Economy	15.347	16.281	0.934	(0.971)
Total	26.725	27.016	0.291	(1.480)

3.7. Reserves Movements

Culture and Heritage – Environment	(0.116)	Draw down of funding to support project expenditure. Reserves held to support externally funded projects where the conditions of the funding are not specified to one financial year. Draw down of funding to support project expenditure.
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Business support and development	0.095	Consolidation of departmental ICT reserves now managed at a departmental level.
Highways	(0.355)	Use of winter maintenance reserve to meet the exceptional costs of dealing with Winter Maintenance.
	0.790	Additional Commuted sums contribution
	(0.102)	Transfer of IT funds to Business support and development as now managed at a departmental level
	(0.240)	Use of Street Lighting PFI reserve to fund PFI costs and investment in LED project.
	(0.568)	Release of match funding for capital schemes.
Planning and Economy	1.284	Increase in the closed landfill site provision
	(0.168)	Draw down of funding to support project expenditure. Reserves held to support externally funded projects where the conditions of the funding are not specified to one financial year. Draw down of funding to support project expenditure.

4. Financial Implications

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

5. Issues, risks and innovation

- 5.1. 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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