

Environment, Development and Transport Committee

Report title:	Finance monitoring
Date of meeting:	12 October 2018
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact This report provides the EDT Committee with financial monitoring information for the services reporting to this Committee for 2018-19.	

Executive summary

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

The 2018-19 net revenue budget for this committee is £103.429m and we are currently forecasting a £0.350m underspend for the services reporting to this committee

The total capital programme relating to this committee for the years 2018 to 2020 is £96.173m, with £50.878m currently profiled to be spent in 2018-19. Details of the capital programme are shown in section 3 of this report.

The balance of EDT Committee reserves as of 1 April 2018 was £27.434m. The reserves at the beginning of the year included committed expenditure, unspent grants and contributions which were carried forward from 2017-18. Details are shown in Section 4 of this report.

Recommendations:

Members are recommended to note:

- a) **The note 2018-19 revenue budget the Environment, Development and Transport Committee and the current forecast outturn position**
- b) **The Capital programme for this Committee.**
- c) **The balance of reserves brought forward to 2018-19.**

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 for 2018-19 budget and forecast outturn position as at the end of August 2018.

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 2018-19 NET revenue budget for this committee is £103.429m.

	2018-19 Budget	2018-19 forecast Outturn	Forecast Variance	Actual spend to period 5
	£m	£m	£m	£m
Business Support and development	2.096	1.966	(0.130)	1.087
Culture and Heritage – Environment	1.116	1.116	0.000	0.361
Culture and Heritage – Historic Environment	0.250	0.250	0.000	0.160
Culture and Heritage – Planning	0.440	0.440	0.000	0.074
Highways and Waste				
Flood and Water management	0.419	0.419	0.000	0.073
Highways Operations	16.134	16.134	0.000	2.932
Major projects	0.392	0.392	0.000	0.067
Highways Network	0.636	0.636	0.000	0.930
Highways depreciation	26.248	26.248	0.000	
Travel and Transport Services	14.327	14.327	0.000	10.498
Residual Waste	23.591	23.591	0.000	8.919
Recycling and Closed landfill sites	17.235	17.015	0.220	4.902
Total highways and Waste	98.982	98.982	0.000	28.231
Infrastructure and Economic Growth	0.545	0.545	0.000	0.458
Total for Committee	103.429	103.079	(0.350)	30.461

- 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 to period 5	
	£m	£m	
Expenditure	189.325	59.494	
Income	(85.896)	(29.033)	
Net	103.429	30.261	

2.4. Forecast Variances:

We are currently forecasting £0.130m underspend in Business support and development due to the management of staff costs. When the budget is set we assume there will be some turnover of staff, where we are able to manage vacancies we will hold posts that don't require them to be filled immediately. Whilst we are still early in the year would anticipate further underspends from salary budgets to turnover of staff.

As previously reported to committee we are anticipating an underspend in the Household waste recycling centres budget, which is now reflected in the forecasts, we will continue to monitor activity throughout the rest of the year.

2.5. Other Issues

Residual Waste - A variation of one tonne of residual waste from projected tonnages would lead to a change of costs of around £113 per tonne, meaning a 1% variation in tonnages would be a £242,000 change in cost. Such variations 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.

Recycling Credits - The County Council pays recycling credits to Districts and parish councils and voluntary and community groups for tonnages of waste recycled. Similarly to residual waste the tonnages collected are out of the control of the County Council and there are a number of external factors that influence the tonnages collected such as general economic conditions and the weather. The payment for one tonne of recycling is £60.36 to Districts and £58.60 to community groups and although it is relatively early in the financial year to provide a robust forecast a 1% variation in tonnages would be around a £93,000 change in cost.

3. Capital Programme

- 3.1. The total capital budget for the services reporting to this committee is £96.173m, with £50.878m profiled for delivery in 2018-19.

Table 3 Capital Programme			
	2018-19	2019-20	Total Programme
	£m	£m	£m
Major Schemes	8.345	13.206	21.551
Bus Infrastructure Schemes	0.160	0.070	0.230
Bus Priority Schemes	0.500		0.500
Public Transport Interchanges	0.140	0.090	0.230
Cycling schemes (County)	0.575	1.855	2.430
Cycling schemes (Norwich "City Cycle Ambition 2")	0.460		0.460
Walking schemes	0.794	0.756	1.550
Road Crossings	0.245	0.261	0.506
Local Road Schemes	4.034	6.229	10.263
Great Yarmouth sustainable transport package (LGF Funded)	2.798	0.900	3.698
Attleborough Sustainable transport package (LGF Funded)	1.950	1.100	3.050
Thetford Sustainable Transport package (LGF Funded)	1.200	0.675	1.875

Traffic management and calming	0.929	0.010	0.939
Local Safety Schemes	0.250	0.250	0.500
Other Schemes, Future fees and Carry over costs	0.559	0.559	1.118
Integrated transport	22.939	25.961	48.900
Structural Maintenance	31.885	32.465	64.350
Total Highways programme	46.479	45.22	91.699
Other capital schemes			
Transport related budget - clean bus technology	0.036		0.036
Public Access - related projects	0.350		0.350
Waste management	4.013	0.075	4.088
	4.399	0.075	4.474
Total Programme	50.878	45.295	96.173

3.2. The highways programme reflects the current known funding. The service has a strong track record of securing additional external funding which will be added to the programme as this gets confirmed.

3.3. The programme is actively managed throughout the year to aim for full delivery within the allocated budget. Schemes are planned at the start of the year but may be delayed for a variety of reasons e.g. planning consent or public consultation. When it is identified that a scheme may be delayed then other schemes will be planned and progressed to ensure delivery of the programme and the original schemes will be included at a later date. Over / (under) spends and slippage will be carried forward and delivered in future years.

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 1st April 2018 stood at £27.434m

4.5. Table 4 below shows the balance of reserves held and the current forecast usage for 2018-19

4.6.

Table 4: EDT Committee reserves	Balance	Forecast	Forecast
	at 1 April 2018	31 March 2019	Net Change
	£m	£m	£m
Culture, Heritage and Planning			
Historic Buildings	(0.079)	(0.043)	0.037
Income Reserve	(0.080)	(0.074)	0.006
R and R Fund	(0.079)	(0.038)	0.041
Unspent Grants and Contributions Reserve	(0.060)	(0.040)	0.020
Culture, Heritage and Planning Total	(0.299)	(0.195)	0.104
Highways, Transport and Waste			
Bus Service De-registration reserve	(0.031)	(0.031)	0.000
Demand Responsive Transport	(0.004)	(0.004)	0.000
Highways Maintenance	(5.796)	(5.811)	(0.015)
Information Technology	(0.005)	(0.005)	0.000
Landfill Provision	(12.357)	(12.278)	0.079
Park and Ride Refurb Reserve	(0.012)	(0.012)	0.000
Provision for Bad Debts	(0.037)	(0.037)	0.000
Public Transport Commuted Sums	(0.389)	(0.389)	0.000
R and R Fund	(0.237)	(0.172)	0.065
Street Light PFI Sink Fund	(5.051)	(4.177)	0.874
Unspent Grants and Contributions Reserve	(2.065)	(2.065)	0.000
Waste Management Partnership	(0.869)	(0.704)	0.165
Highways, Transport and Waste Total	(26.852)	(25.685)	1.167
Head of Support and Development	(0.180)	(0.180)	0.000
Economic Development			
Economic Dev and Tourism	(0.104)	(0.104)	0.000
Grand Total	(27.434)	(26.162)	1.272

4.7. The department will continue to review the planned used of reserves throughout the year.

4.8. Significant reserves balances

	Balance 1 April 2018 £m	Reason for holding
Highways and Waste		
Closed Landfill Provision	12.357	Provision for the long term impairment costs arising from Closed Landfill sites. We have a legal duty to hold a provision for the future maintenance of Council owned closed landfill sites
Street lighting PFI	5.081	Reflects receipt of the government PFI grant for the Street Lighting contract, which will be needed to me the future financial years to meet contract payments.

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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