

## **Economy, Transport & Environment (ETE) Services**

### **Finance and Performance Report 2013-14 – Interim March 2014**

#### **1. SUMMARY**

##### **1.1 Finance**

<b>Previous status</b>		<b>Target</b>	<b>Predicted status at year-end</b>	<b>Section Ref.</b>
<b>Green</b>	Income and Expenditure	Balanced year end position	<b>Green</b>	2.1 to 2.4
<b>Green</b>	Capital Programme	Remain within overall resources	<b>Green</b>	3.1

#### **2. INCOME AND EXPENDITURE**

##### **2.1 Overall position**

<b>Forecast Outturn February £000</b>	<b>Directorate</b>	<b>Budget £000</b>	<b>Forecast Outturn Variance £000</b>	<b>Forecast Outturn Variance %</b>
+618	Executive Director	1,571	+632	+40
-663	Infrastructure Management & Operations	57,293	-1,219	-2
-15	Strategy & Development	14,554	-69	-1
0	External Grants	-3,507	0	+0
<b>-61</b>	<b>Total Office funded items</b>	<b>69,911</b>	<b>-656</b>	<b>-1</b>
-397	Winter Maintenance		-422	-21
+354	Waste PFI		+450	+2
<b>-104</b>	<b>Total Economy, Transport &amp; Environment Services</b>	<b>69,911</b>	<b>-627</b>	<b>-1</b>

The service-level budgetary control report for March 2014 is presented in [Appendix 1](#). Further analysis of the results can be found in [Appendix 2](#).

##### **2.2 Significant issues**

Proposals have been developed and approved by Cabinet, to introduce a car parking charge at Park and Ride sites, in order to generate the additional income requirement detailed within the Business Plan. However, the implementation of this plan has taken longer than anticipated and as a result, no income has been collected in this financial year, with the in-year target of £690k therefore being shown as an overspend / failure to collect income.

As a consequence of the mild winter, there will be an underspend on the winter maintenance budget. This underspend will get transferred into Corporate reserves as part of the yearend process.

### **2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £50,000)**

There were no items above the de minimis reporting limit recorded in March 2014.

### **2.4 Virements and Transfers to / from Reserves (including the Operational Savings Reserve) (De minimis reporting limit = £50,000)**

There was one item above the de minimis reporting limit recorded in March 2014:

- Allocation of Insurance budgets £1,479k

A full list of virements made in year to-date can be found in [Appendix 3](#).

Details of the movements from Service Reserves into revenue can be found in [Appendix 4](#). The following contributions have been made from the Operational Savings Reserve so far in 2013-14:

- Transformation project team costs £7k
- Capital Pension payments £152k
- Sub-regional planning £45k
- SmartLife – To cover costs prior to possible externalisation £50k
- Arts – Contribution for the Enid Porter project £5k
- Cambridgeshire Future Transport project team costs £50k
- A14 Development work £5k

### 3. BALANCE SHEET

#### 3.1 Capital Expenditure

Economy, Transport & Environment Capital Programme	Revised budget	Actual expenditure to the end March	Forecast outturn as at the end March	Outturn variance at the end March	Total Scheme Variance
	£'000	£'000	£'000	£'000	£'000
Integrated Transport	4,701	3,540	4,099	-602	0
Operating the Network	11,873	8,235	10,961	-912	0
Infrastructure Management & Operations Schemes					
- £90m Highways Maintenance schemes	19,044	8,854	13,219	-5,825	0
- Waste Infrastructure	7,041	75	75	-6,966	0
- Other Schemes	1,181	-60	285	-896	0
Strategy & Development Schemes					
- Cycling Schemes	4,123	1,895	2,072	-2,051	0
- Better Bus Funding	1,202	636	844	-358	0
- Local Sustainable Transport Fund	893	462	472	-421	0
- Huntingdon - West of Town Centre Link Road	5,280	4,332	4,671	-609	0
- Ely Crossing	561	735	837	276	0
- Science Park Station	2,500	958	1,138	-1,362	0
- Other Schemes	3,001	2,664	2,812	-189	-528
Other Schemes					
- Connecting Cambridgeshire	14,644	417	4,503	-10,141	0
- Other Schemes	85	43	45	-40	0
	<b>76,129</b>	<b>32,786</b>	<b>46,033</b>	<b>-30,096</b>	<b>-528</b>

#### £90m Highways Maintenance schemes

The predicted underspend for this programme is, in part, due to the costs of a number of schemes being less than expected. It is expected that this funding will be used to fund schemes in 2014/15. For a number of schemes, work has been organised and ordered for delivery in 2013/14 but the contractor has been unable to deliver in the timeframe, these schemes will be completed in 2014/15. It is anticipated that the funding profile arising from prudential borrowing will be re-evaluated during the year, to ensure the best use of resources to deliver the Asset Management Strategy's intended outcomes.

#### Waste Infrastructure

The predicted underspend for Waste Infrastructure is a result of the majority of the programme not being delivered this financial year; this is because the larger schemes (including Northstowe and Cambridge North and East) are not currently required as a consequence of delays in and changes to the implementation of the growth development strategy. Although shown as an in-year underspend, the funding for these schemes may be required in future years, linked to implementation of new major developments and the emerging revised Cambridge and South Cambridgeshire Local Plan.

#### Cycling Schemes

The majority of the cycling schemes are funded by DfT grant or S106 contributions. A number of schemes have slipped into 2014/15.

The slipped schemes include:-

Phase 2 Landbeach to Milton

Wandlebury to Babraham Institute  
Swavesey to Buckingway Business Park

### **Connecting Cambridgeshire**

The predicted underspend on Connecting Cambridgeshire is a result of the rephrasing of work on the programme, the majority of this spend will now take place during 2014/15 and 2015/16.

## Appendix 1: Service Level Budgetary Control Report

Outturn forecast at February		Budget for 2013-14	Forecast Outturn Variance	
£'000		£'000	£'000	%
	<b>Economy, Transport &amp; Environment Services</b>			
+690	Executive Director	1,008	+706	+70
-72	Business Support	563	-74	-13
<b>618</b>	<b>Total Executive Director</b>	<b>1,571</b>	<b>+632</b>	<b>+40</b>
	<b>Directorate of Infrastructure Management &amp; Operations</b>			
+0	Director of Infrastructure Management & Operations	230	+0	+0
	Assets & Commissioning			
+134	- Street Lighting	7,794	-300	-4
+354	- Waste Disposal including PFI	26,898	+450	+2
-224	- Asset Management	1,187	-195	-16
	Local Infrastructure & Street Management			
-219	- Road Safety	1,216	-241	-20
+10	- Traffic Manager	-178	-24	+13
+205	- Network Management	1,460	+224	+15
+350	- Local Infrastructure & Streets	6,686	+331	+5
-397	- Winter Maintenance	1,984	-422	-21
-542	- LISM other	2,354	-482	-20
	Supporting Business & Communities			
-166	- Communities & Business	1,584	-217	-14
+0	- Parking Enforcement	0	+0	+0
+0	- RECAP	0	+0	+0
	Community & Cultural Services			
-124	- Libraries	4,821	-124	-3
+12	- Archives	535	+12	+2
-50	- Registrars	-171	-104	+61
-50	- Coroners	894	-99	-11
<b>-707</b>	<b>Total Infrastructure Management &amp; Operations</b>	<b>57,293</b>	<b>-1,190</b>	<b>-2</b>
	<b>Directorate of Strategy &amp; Development</b>			
+0	Director of Strategy & Development	227	+10	+4
-92	Transport & Infrastructure Policy & Funding	229	-142	-62
	Growth & Economy			
-130	- Growth & Development	681	-130	-19
+43	- County Planning, Minerals & Waste	349	+26	+7
-25	- Enterprise & Economy	245	-25	-10
+0	- MLEI	178	+0	+0
-83	- Growth & Economy other	817	-79	-10
+0	Major Infrastructure Delivery	0	+0	+0
	Passenger Transport			
+350	- Concessionary Fares	5,580	+350	+6
-78	- Passenger Transport other	2,746	-78	-3
	Adult Learning & Skills			
+0	- Adult Learning & Skills	2,076	+0	+0
+0	- Learning Centres	1,019	+0	+0
+0	- National Careers	406	+0	+0
0	Direct Grants	-3,507	+0	0
<b>-15</b>	<b>Total Strategy &amp; Development</b>	<b>11,047</b>	<b>-69</b>	<b>-1</b>
<b>-104</b>	<b>Total Economy, Transport &amp; Environment Services</b>	<b>69,911</b>	<b>-627</b>	<b>-1</b>
	<b>MEMORANDUM</b>			
£'000	<b>Grant Funding</b>	£'000	£'000	%
0	- Adult Learning & Skills	-2,076	+0	+0
0	- Learning Centres	-847	+0	+0
0	- National Careers	-406	+0	+0
0	- MLEI	-178	+0	+0
<b>+0</b>	<b>Grant Funding Total</b>	<b>-3,507</b>	<b>0</b>	<b>+0</b>

## Appendix 2: Commentary on Results

FP8 Indicator = Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £50,000 whichever is greater.

Commentary on Service Budgets reported in the FP8 Indicator			
Service	Budget (£k)	Forecast Outturn (£k)	Forecast Outturn (%)
<b>Executive Director</b>	1,008	+706	+70%
<p>The overspend is due to a target in the Business Plan to increase charges and other fees by £690k (this includes £640k increased charges and £50k additional charges budgeted within ETE Transformation). Work is currently taking place to determine which charges will be increased / new charges introduced in order to hit this target, with the charging for parking at Park and Ride sites being the main consideration at this point. However, this increased income requirement will not be achieved in 2013-14, with the new charges for Park and Ride sites not being introduced until the new financial year.</p>			
<b>Street Lighting</b>	7,794	-300	-4%
<p>A risk has emerged against this budget, in that we have received notification from Balfour Beatty Living Places that they intend to seek recovery of their costs associated with changes the Council has made to the original contract specification; this in relation to those roads that the Council has classified as either traffic routes or residential roads. We have commissioned Faithfull and Gould to act on behalf of the Council to assess the validity of the notification in accordance with the contract. The risk to date is less than expected and this has been factored into above figures.</p> <p>The original projected overspend was as a result of additional streetlights being identified as part of the contract roll-out, which were not on the Council's asset register, and the need to pay electricity costs in relation to these. Agreement has now been reached with the energy providers and the potential back dated costs are less than originally expected.</p>			
<b>Waste Disposal including PFI</b>	26,898	+450	2%
<p>The major mechanical breakdown at the MBT plant in Waterbeach has now been repaired, with the plant back in full operation. This happen slightly earlier than expected. However, as the plant was out of commission for over twelve months, we have been entitled to charge AmeyCespa a daily rate for each day over the twelve month period it was out of commission.</p> <p>Within the bottom line figure there is a mixture of cost reductions and overruns. Costs savings include, the inflationary contract increase being less than was budgeted within the Business Plan and savings from a temporary rate re-evaluation of the Waterbeach site, while the plant was non-operational.</p> <p>Cost overruns include a pressure regarding backdated NNDR being due for two of the recycling centres. The Business rates were originally paid by the contractor, but the Council has subsequently had to make payment of around £230k to the relevant Districts.</p> <p>Further increases in the forecast overspend are due to recycling rates in East Cambridgeshire being greater than expected, with the roll-out of wheelie-bins; composted waste which AmeyCespa was unable to dry sufficiently and therefore landfilled, incurring landfill tax and this month, a further teething problem with the MBT, which has meant that the Council is incurring additional landfill tax costs.</p>			
<b>Asset Management</b>	1,187	-195	-16%
<p>The underspend is due to staff vacancies; these are currently being recruited to, with the forecast outturn savings figure, being the expected savings for the full year.</p>			

Commentary on Service Budgets reported in the FP8 Indicator			
Service	Budget (£k)	Forecast Outturn (£k)	Forecast Outturn (%)
<b>Road Safety</b>	1,216	-241	-20%
The underspend is the result of some casualty reduction schemes being too complex to deliver in year and as such no expenditure will be incurred. There is also an underspend on expected insurance payments and safety camera maintenance, which are included within the forecast outturn and further there are also some staff vacancies in this area; these are currently being recruited to, with the forecast outturn savings figure, reflecting the expected savings for the full year .			
<b>Network Management</b>	1,460	+224	+15%
As additional income has been received within "LISM other", it has been agreed that further funding should be made available to carry out additional, necessary frontline maintenance in this area, resulting in an overspend on this line, although in total LISM is still forecasting an underspend.			
<b>Local Infrastructure &amp; Streets</b>	6,686	+331	+5%
As additional income has been received within "LISM other", it has been agreed that further funding should be made available to carry out additional necessary, frontline maintenance in this area, resulting in an overspend on this line, although in total LISM is still forecasting an underspend.			
<b>Winter Maintenance</b>	1,984	-422	-21%
As a consequence of the mild winter, there is an underspend on the winter maintenance budget. This underspend will get transferred into Corporate reserves at yearend.			
<b>LISM other</b>	2,354	-482	-20%
The underspend is due to a combination of staff vacancies during the year, and greater income from developer fees than originally expected. These additional funds will be utilised for frontline maintenance in Network Management & Local Infrastructure & Streets (see previous notes).			
<b>Communities &amp; Business</b>	1,584	-217	-14%
The underspend is due to staff vacancies; these are currently being recruited to, with the forecast outturn savings figure, reflecting the savings expected for the year. The underspend further includes staff related costs such as training and mileage where costs are not being incurred because of the staff vacancies.			
<b>Libraries</b>	4,821	-124	-3%
The underspend is due to staff turnover and vacancies in this area. Whilst the majority of posts have now been recruited to, some posts have been left unfilled to meet the 2014/15 savings requirement.			
<b>Registrars</b>	-171	-104	+61%
The Registration Service is underspent as a result of higher than budgeted income levels, following an increase in demand for Registration services.			
<b>Coroners</b>	894	-99	-11%
The underspend has been achieved by minimising the use of post mortem services in relation to coroner expenditure, combined with tough negotiations with hospitals, where relevant, over their fees.			

Commentary on Service Budgets reported in the FP8 Indicator			
Service	Budget (£k)	Forecast Outturn (£k)	Forecast Outturn (%)
<b>Growth &amp; Development</b>	681	-130	-19%
The underspend is due to staff vacancies in this area earlier in the year, as well as additional income and reduced costs.			
<b>Growth &amp; Economy other</b>	817	-79	-10%
<p>There are a number of overspends in this area including; £50k relating to an unachievable saving within year for the Historic Environment Team and £22k in relation to staff costs in the old structure in Strategic Planning. In addition to this, SmartLife Business is predicted to overspend by £23k, mainly due to increased Management costs; this overspend is in addition to the transfer of £50k from reserves earlier in the year.</p> <p>However, there has been one-off funding attained by the Flood Risk Management Team which results in a net forecast underspend at yearend of £79k.</p>			
<b>Concessionary Fares</b>	5,580	+350	+6
Concessionary fares have overspent due to an increase of nearly 10% in the average fare rate paid to operators. The average fare rate is based on a formula set by DfT. The success of the Busway has had an effect on this, as there has been an increase in passengers taking longer journeys, therefore increasing the average fare paid by all passengers. Bus usage, and therefore concessionary fare usage, has also been greater than normal during the winter months, potentially linked to the milder weather.			
<b>Passenger Transport other</b>	2,746	-78	-3
The Public Transport Team has gone through a period of restructure, with therefore, staff vacancies contribute to the underspend.			



### Appendix 3: Virements and Budget Reconciliation

	£000	Notes
<b>Budget as agreed in Budget Book</b>	<b>62,096</b>	
Use of operational savings to fund Capital pension costs	152	
Making Assets Count transfer from EPAM budget	1	
Centralisation of Highway depot budgets	-158	
Use of operational savings to fund ETE Transformation team project costs	7	
Transfer of funding for the Local Access Forum	-6	
Use of operational savings to fund Joint Strategic Planning costs	45	
Use of operational savings to cover costs prior to possible externalisation of SmartLife	50	
Contribution for Road safety work in Sawston	56	Transfer from CFA
Transfer of C&CS Services to ETE	5,983	Transfer from Corporate Services
Funding from corporate reserves for pay award	156	Transfer from Reserves
Ramsey Library – Transfer of Cambridgeshire Public Sector Network costs covered centrally	-10	Transfer to LGSS managed
Use of operational savings for Enid Porter project	5	
Use of operational savings to fund Cambridgeshire Future Transport project costs	50	
Use of operational savings to fund A14 development work	5	
Allocation of Insurance budgets to ETE	1,479	
<b>Revised ETE Service Budget</b>	<b>69,911</b>	

## Appendix 4: Movements on Reserves

<u>Fund Description</u>	<u>Balance b/fwd</u>	<u>Movement</u>	<u>Balance at</u>	<u>Projected</u>	<u>Notes</u>
	<u>01/04/13</u>	<u>within Year</u>	<u>31st March</u>	<u>Year-end</u>	
	£	£	£	£	
<b>General Reserve</b>					
Service Operational Savings	(2,199,107)	258,943	(1,940,164)	(1,582,000)	This includes a transfer of £25k to Corporate reserves
<b>Total</b>	<b>(2,199,107)</b>	<b>258,943</b>	<b>(1,940,164)</b>	<b>(1,582,000)</b>	
<b>Earmarked</b>					
Service Account	(125,000)	125,000	0	0	This fund has now been closed with the balance transferred into Corporate reserves
<b>Total</b>	<b>(125,000)</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	
<b>Equipment Reserves</b>					
Winter Maintenance Vehicles	(198,268)	0	(198,268)	(46,000)	
Countywide tree team	(8,413)	8,413	0	0	
Strategic Planning	(37,949)	0	(37,949)	0	
Libraries - Vehicle replacement Fund	(106,497)	(50,000)	(156,497)	(106,497)	
<b>Total</b>	<b>(351,127)</b>	<b>(41,587)</b>	<b>(392,714)</b>	<b>(152,497)</b>	
<b>Capital Funding</b>					
Government Grants	(1,315,391)	(20,577,270)	(21,892,661)	0	
Other Capital Funding	(1,526,521)	(7,930,085)	(9,456,606)	(5,000,000)	
<b>Total</b>	<b>(2,841,913)</b>	<b>(28,507,355)</b>	<b>(31,349,267)</b>	<b>(5,000,000)</b>	
<b>Other Earmarked Funds</b>					
Deflectograph Consortium	(69,859)	0	(69,859)	(54,000)	Partnership accounts, not solely CCC
Highways Searches	(36,443)	0	(36,443)	0	
On Street Parking	(1,140,419)	0	(1,140,419)	(1,043,000)	
Highways Commuted Sums	(268,805)	(15,000)	(283,805)	0	
Guided Busway Liquidated Damages	(10,888,084)	1,099,925	(9,788,159)	(5,610,298)	This is being used to meet legal costs in year.
Guided Busway - Contingency reserve	(3,000,000)	0	(3,000,000)	0	
Waste and Minerals Local Development Fra	(21,785)	0	(21,785)	0	
Proceeds of Crime	(49,799)	(19,234)	(69,033)	(30,000)	
Waste - RECAP	(297,163)	0	(297,163)	(200,000)	Partnership accounts, not solely CCC
Discover Cambs Tourism Brochure	(31,761)	0	(31,761)	(30,000)	Partnership accounts, not solely CCC
Fens Workshops	(22,569)	0	(22,569)	0	Partnership accounts, not solely CCC
Travel to Work	(64,839)	(182,198)	(247,037)	(200,000)	
Steer- Travel Plan+	(35,917)	0	(35,917)	0	
Olympic Development	(12,967)	100	(12,867)	0	
Northstowe Trust	(101,200)	0	(101,200)	(101,200)	
Cromwell Museum	(77,172)	50,000	(27,172)	(27,172)	
Archives Service Development	(233,740)	0	(233,740)	(233,740)	
Next Step	(72,863)	0	(72,863)	(70,000)	
Other earmarked reserves under £30k	(94,096)	(32,366)	(126,463)	(60,000)	
<b>Total</b>	<b>(16,519,481)</b>	<b>901,227</b>	<b>(15,618,254)</b>	<b>(7,659,410)</b>	
<b>Grand Total</b>	<b>(22,036,629)</b>	<b>(27,263,771)</b>	<b>(49,300,400)</b>	<b>(14,393,907)</b>	