

FINANCE MONITORING REPORT – August 2019

To: **Highways and Infrastructure Committee**

Meeting Date: **8 October 2019**

From: **Steve Cox - Executive Director, Place & Economy
Chris Malyon - Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To present to Highways & Infrastructure Committee the August 2019 Finance Monitoring Report (FMR) for Place & Economy Services.**

The report is presented to provide Committee with an opportunity to note and comment on the financial position as at the end of August.

Recommendations: **The Committee is asked to review, note and comment upon the report**

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1. BACKGROUND

- 1.1 The appendix attached provides the financial position for the whole of Place & Economy Services, and as such, not all of the budgets contained within it are the responsibility of this Committee. To aid Member reading of the report, budget lines that relate to the Economy and Environment Committee have been shaded. Members are requested to restrict their questions to the lines for which this Committee is responsible.

2. MAIN ISSUES

- 2.1 The report attached as Appendix A is the Place & Economy Services Finance Monitoring Report for 2019/20 as at the end of August 2019.

Revenue

- 2.2 Place and Economy as a whole is forecasting a bottom line underspend of £1.9m.

The main explanations for this are:-

- Street-lighting: The forecast underspend of £119K is mainly due to an energy rebate relating to previous years but although there is some uncertainty about future energy costs and some legacy issues which mean the forecast may change.
- Bus Lane Enforcement and Parking Enforcement: a £650K over-achievement of income is forecast and is being closely monitored.
- Winter Maintenance: a projected overspend of £463K. This is because new contract with Skanska was tendered at the time the council reduced the number of gritting routes, therefore the number of drivers required was significantly less. The increased number of drivers and subsequent ongoing training required in-line with legislation, coupled with the need to replace other equipment has resulted in an increased cost for running the winter service. The gritters were also fitted with trackers and route guidance systems which help protect the council against insurance claims as well as improve the driver's efficiency when gritting. This was not evident last year as the number of runs was small by historic standards.
- Waste Management: A breakdown in the Mechanical and Biological Treatment plant meant that no waste was processed this financial year until 7th May and once the agreed threshold was exceeded the contractor was responsible for the landfill tax – creating an underspend of around £1.25m. Offsetting this is a pressure due to delays in the implementation of the planned contract savings of about £75K per month. In addition, the one-off implementation costs of the van and trailer permit scheme will be £100K. The net impact of these three factors is that waste is forecasting a £1,002K underspend.
- Highways Development Management are forecasting to generate £494K of additional income in excess of costs.

Capital

- 2.3 The revised capital budget for 2019/20 reflect the carry-forwards of funding from 2018/19 and the agreed re-phasing of schemes. The forecast now shows slippage of £16.7m on King's Dyke to reflect the re-procurement which is underway, and there is some slippage on other schemes which is explained in more detail in Appendix 7

“Commentary on Capital Expenditure”.

Performance

- 2.4 General Purposes Committee confirmed that the performance update would no longer be part of the Finance Report but would be a separate report presented to Service Committees on a quarterly basis. However, the vacancy, tree and LHI activity data continues to be reported on within the Finance Monitoring Report.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire’s children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

- Resource Implications –The resource implications are contained within the main body of this report.
- Statutory, Legal and Risk – There are no significant implications within this category.
- Equality and Diversity – There are no significant implications within this category.
- Engagement and Communications – There are no significant implications within this category.
- Localism and Local Member Involvement – There are no significant implications within this category.
- Public Health – There are no significant implications within this category.