

**TO: Environment, Highways and Waste (EHW) Policy
Overview Committee – 4 November 2010**

**BY: Nick Chard, Cabinet Member for EHW
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SUBJECT: Financial Monitoring 2010/11

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the August budget monitoring exception report for 2010/11 reported to Cabinet on 11 October 2010.

FOR INFORMATION

1. Introduction

- 1.1 This is a regular report to this Committee on the forecast outturn against budget for the EHW portfolio.

2. Background

- 2.1 A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. These reports outline the full financial position for each portfolio and are reported to POSCs after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. The August exception monitoring report for 2010/11 is attached.

3. Revenue

- 3.1 The overall position for the EHW Directorate reported to Cabinet on 11 October remained unchanged from the detailed quarterly monitoring reported to the EHW POSC 14 September 2010. This was a predicted underspend of £0.213m, caused by a net underspend on Waste of £0.6m and vacancies in the Resources function of £01.5m, offset by a pressure on the Freedom Pass budget of £0.537m (because of the popularity of the pass and the increased numbers of journeys taken).

- 3.2 The net waste position represents an underspend of £1.7m from forecast arisings being 25,000 tonnes less than the budget, offset by higher than expected inflation indicators in April (RPI 5.3%) causing an increase in costs of £1.1m on those contracts with April indexation.
- 3.3 The budget has been subject to in-year funding reductions. Our revenue allocation from Area Based Grant (ABG) for road safety has been cut by £0.608m. This has resulted in a reduced contribution to the Kent & Medway Safety Camera Partnership of £0.44m and other road safety reductions of £0.168m (including not going ahead with the speed limit review).
- 3.4 KCC's allocation for 'Kickstart' funding of £0.441m was also removed but this reduction has not been passed on to the EHW portfolio.

4. Capital

- 4.1 The capital budget has also seen significant in-year reductions. The Integrated Transport (IT) funding has been cut by £4.105m, the road safety allocation by £0.508m and the highway maintenance allocation by £0.04m.
- 4.2 As reported previously, the reduction in the IT funding has meant that a number of schemes have been deferred. Schemes not funded this year will be considered against any future IT funding, although this funding is expected to have a significant reduction as part of the Comprehensive Spending Review. These schemes will also receive further consideration if a Member wishes to contribute from their Member Highway Fund.
- 4.3 The reduction in the road safety allocation will mean that new speed signs expected as a result of the Speed Limit Review will no longer be installed, as the review is not going ahead, (see revenue reduction above) and no more speed cameras will be installed.
- 4.4 The reduction on highways maintenance will result in a small revision to the programme of work for structures.

5 Recommendations

- 5.1 Members of the POSC are asked to note the budget variations for the EHW Portfolio for 2010/11 based on the August exception report to Cabinet and the effects of the in-year budget reductions.

**ENVIRONMENT, HIGHWAYS AND WASTE
EXCEPTION MONITORING REPORT
AUGUST 2010-11**

REVENUE

	Cash Limit £000s	Variance		Movement £000s
		This month £000s	Last report £000s	
Directorate total	151,603	-213	-213	0
Management action	0	N/A	N/A	N/A
Directorate total after management action	151,603	-213	-213	0

There are no exceptional revenue issues to report since the detailed quarterly monitoring.

CAPITAL

The forecast for the portfolio has moved by -£0.949m since the last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- Highway Major Maintenance (+£0.224m, real variance): £0.1m has been made available from the Member Highway Fund. Revenue contributions will be made from the fund to cover these costs. Essential capital maintenance works (£0.124m) have been planned on the A259 using DFTs de-trunking fund.
- Integrated Transport (+0.150m, real variance): £0.15m has been made available from the Member Highway Fund. Revenue contributions will be made from the fund to cover the cost of the works.
- Energy usage reduction programme (-£0.155m, rephasing): due to the uncertainty of the occupancy of the existing KCC buildings there has been a lack of interest in the energy usage reduction programme. There have also been problems finding projects falling within the agreed payback time.

- Wetland Creation (-£0.478m real variance in 2011-12): KCC were targeted to develop a nationally significant Wetland. Initially this was to be achieved in partnership with the RSPB, but it will now be developed without KCC investment.
- Household Waste Recycling Centres – (-£1.16m, rephasing): The optimum revenue saving from the East Kent joint waste arrangements project requires £0.855m of additional capital spend over and above that already included in the capital budget for new containers. This overspend will be covered from redirecting funding from the remaining waste capital improvement programme. There is a forecast underspend on the Lydd/New Romney site of £0.36m to report this month this will help fund the shortfall in the East Kent project, leaving a further £0.525m to find. The balance will be found from a review of the waste capital improvements as part of the MTP. Cabinet are asked for approval to increase the containerisation budget for the East Kent joint arrangement project accordingly (the funding for which will be found from the existing programme).

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15 September 2010