

**TO: Environment, Highways and Waste (EHW) Policy
Overview Committee – 18 January 2011**

**BY: Nick Chard, Cabinet Member for EHW
Mike Austerberry, Executive Director of EHW**

SUBJECT: Financial Monitoring 2010/11

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the November budget monitoring exception report for 2010/11 reported to Cabinet on 10 January 2011.

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 November exception monitoring reported to Cabinet 10 January 2011 is attached, along with the last detailed quarterly report for ease of reference.

3. Revenue

- 3.1 The overall position for the EHW Directorate reported to Cabinet on 10 January remained largely unchanged from the previous monitoring. However there were some larger offsetting movements within this (shown in the November exception report – see below). The predicted outturn is an underspend of £0.313m of which £0.2m is the rephasing of the MIDAS replacement project into the new financial year, leaving a net real predicted underspend of £0.113m.

3.2 This small underspend comprises some larger over and underspends. Waste is predicted to underspend by £1.8m (reduced tonnage and improved contracting and recycling income) offset by pressures in highways £1.2m (including £0.45m for the early December snow emergency) and pressure on the Freedom Pass of £0.7m (increased take-up).

4. Capital

4.1 There have been a number of adjustments to the predicted capital outturn, which are detailed below in the copy of the November exception report. The most significant of which is the rephasing of the A2 cyclco-park project (formerly know as the A2 linear park) by £2.1m, due to difficulties in completing the necessary land transfer agreements.

4.2 Spending on road maintenance and integrated transport schemes are either on or ahead of schedule and it is expected that both these budgets will be fully spent by the year end.

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 November exception report to Cabinet.

Richard Hallett
Head of Finance and Resources
5 January 2011

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

REVENUE

	Cash Limit £000s	Variance		Movement £000s
		This month £000s	Last report £000s	
Directorate total	151,553	-313	-324	11
Management action	0	N/A	N/A	N/A
Directorate total after management action	151,553	-313	-324	11

General

The response to the recent snow emergency has cost approximately £0.45m. This amount would normally be drawn down from the emergency conditions reserve (held corporately) but fortunately Waste is now reporting a higher underspend (see below), which will be used to offset the bad weather costs. This will give us the opportunity to protect the emergency reserve and give the Authority some cover for the probable continued snow and icy conditions through the remainder of the winter.

Despite the slight increase in waste volumes for the previously reported two months, Waste is predicting a further underspend of £0.439m. This comprises an increase of £0.059m in the underspend on the wood recycling contract from £0.244m reported last month to £0.303m and an expectation that recycling income will exceed the target by a net £0.38m.

This gives the Directorate a slightly reduced underspend of £0.313m, £0.2m of which is committed for the rephasing of the MIDAS replacement project. This leaves a net underspend for EHW of £0.113m.

Member Highway Fund

The Member Highway Fund pilot is scheduled to come to an end on 31 March 2011. However, it is predicted that there will be an unspent balance on the fund at that date of approximately £2.6m. Under the terms of the scheme, this money should be removed from Members but it is recommended that these balances are rolled into the new financial year, in order to complete Member plans for their areas. Cabinet is asked to consider this extension of the pilot into the 2011-12 financial year.

CAPITAL

The forecast for the portfolio has moved by -£2.759m since the last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- **Highway Major Maintenance:** the current estimated Outturn is £0.511m more than previously reported. The latest prediction includes more Member Highway Fund related capital maintenance works. In addition to this, the safety inspections to street lights have identified that some columns are needed to be replaced to satisfy the safety issues. All of these works are now planned to be carried out in this financial year and these works will be funded from revenue.
- **Integrated Transport (IT) and A2 Slip Road:** this month reporting splits the A2 slip Road from the Integrated Transport block due to the value of the scheme which is more than £1.0m. There is no significant change in the estimated outturn for the A2 Slip Road. However, the integrated Transport scheme block is now reporting a net reduction of £0.276m compared to the October report. The main reasons are as follow:
 - Swale Parkland project is incorrectly reported in EHW portfolio. The budget for this project is in Regeneration Portfolio. The project is managed by KHS on behalf of Regeneration and incorrectly reported within the IT outturn. Transferring the project outturn to Regeneration has now reduced the outturn by £0.675m.
 - The reduction for the transfer of the Swale Parklands project is offset by increased projected spend due to Kent Highway services being able to carry out more S106 and externally funded projects (£0.399m).
- **Ashford Ring Road:** latest prediction shows that part of the work is deliberately being held back due to some uncertainty of receiving Interreg grant payment of £0.212m. Every effort will be made to recover this grant. The earmarked slippage was to contribute to Ashford Borough Council for them to carry out ramp work to the International Station and some major maintenance work to the ring road.
- **Reshaping Kent Highways accommodation:** the overall scheme cost has increased by £0.3m due to an addition to the programme to “house and upgrade” the Urban Traffic Management Centre in the new west Kent depot.

- **Kent Thameside Strategic Transport (KTS):** the current year outturn is reduced by £0.357m. This is mainly due to work on the programme being held back whilst the Government Comprehensive Spending Review (CSR) was taking place. Discussions are currently taking place with HCA to utilise the fund that they have committed to carry out schemes. The full impact of CSR on the KTS is still being evaluated and a major review will be conducted in terms of the timescale for the delivery of the schemes. This means that the planned expenditure for 2011-12 onwards will drastically change.
- **A2 Cyclo-park (formerly A2 linear park):** the projected outturn for this financial year is £0.96m. This outturn includes an additional sum of £0.3m a contribution from Sports England. The project has now been re-phased by £2.124m due to the delay in completing land transfer agreements between Highway Agency and Colyer-Ferguson. A report has been submitted to PAG on 25 October 2010.
- **Country Parks:** the project has slipped by £0.1m mainly due to the tender received for one of the country park projects being much higher than the budget provision. The original proposal is now being reviewed to see whether a cost effective solution can be found. This may involve a further planning application. Therefore it is unlikely that this project will be completed in 2010-11.
- **Waste Programme - approval to plan:** the East Kent Transfer Station project's estimated outturn has now been re-phased by £0.5m in to 2011-12. It was originally forecast that the land purchase would take place in this financial year. However, the land owner has now taken the land off from the market. Hence, we are unable purchase the land from the open market. We are now hoping to acquire the land through serving a Compulsory Purchase Order, which will take more time.

Overall there is a residual balance of +£0.056m on a number of minor projects.

Richard Hallett
 Head of Finance and Resources
 16 December 2010