

To: Environment, Highways and Waste (EHW) Policy Overview and Scrutiny Committee (POSC) – 8 April 2011

By: Bryan Sweetland, Cabinet Member – Environment, Highways & Waste
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Subject: Financial Monitoring 2010/11

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the January budget monitoring report for 2010/11 reported to Cabinet on 4 April 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/April, 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 January quarterly monitoring report for 2010/11 is attached.

3. Revenue

3.1 The overall position for the EHW Directorate reported to Cabinet on 4 April was a predicted underspend of £0.507m. This is a real underspend of £0.207m in response to the Corporate moratorium on non-essential spend and a rephasing of £0.3m for the replacement of the MIDAS financial system, which will not be completed until the new financial year.

3.2 The net real underspend of £0.207m is the result of a number of pressures and compensating savings. Pressures due to the increased popularity of the Freedom Pass, increased waste contract prices, costs of the two snow emergencies and completion of the find and fix programmes have been offset by savings as a result of reduced waste tonnage, new recycling contracts and increased recycling income, improved contracting for public transport, vacancy management and a drawdown from the emergency conditions reserve towards the costs of the snow.

4. Capital

4.1 The highway maintenance and integrated transport programme is forecast to be fully spent. There has been some rephasing of the major schemes (East Kent access, Victoria Way, Ashford and Drovers roundabout & junction 9 improvements, Ashford) mainly as a result of the difficult weather conditions. There is also a real underspend declared on the Sittingbourne northern relief road, which is forecast to be delivered at least £2m under budget.

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 January quarterly monitoring report to Cabinet.

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ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE SUMMARY

JANUARY 2010-11 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Kent Highways Services	62,942	-12,724	50,218	2,719	-245	2,474	Find & fix (1) completion +£0.532m, find & fix (2) +£0.588m, contract re-procurement +£0.130m, winter +£1.627m, energy -£0.093m, legal -£0.090m, roadworks income £0.235m
Public Transport Contracts	21,490	-2,977	18,513	1,011	-115	896	Freedom Pass +£1.356m/-£0.115m income, public transport - £0.345m
Waste Management	69,945	-1,973	67,972	-2,769	-298	-3,067	Prices +£1.0m, tonnage -£2.1m, contracting -£1.443m, transfer stations -£0.177m, recycling income -£0.298m
Environmental Group	9,814	-4,560	5,254	-166	137	-29	Moratorium -£0.029m, energy loan fund gross -£0.111m / income +£0.111m
Planning & Development Group	770	-15	755	-3	0	-3	Moratorium
Planning Applications	1,134	-477	657	-6	0	-6	Moratorium
Transport Strategy Group	503		503	0	0	0	
Strategic Management	850		850	-29	0	-29	PA vacancy
Resources	5,192	-129	5,063	-763	20	-743	Moratorium -£0.169m, vacancies -£0.197m, pensions -£0.040m, other £0.058m, under recovery income +£0.020m & -£0.3m MIDAS rephasing
Support Services purchased from CED	1,768		1,768	0	0	0	
Total E, H & W	174,408	-22,855	151,553	-6	-501	-507	£0.3m of this is for the rephasing of the MIDAS project - see 1.1.3.18

1.1.3 **Major Reasons for Variance:** *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Kent Highways Services (KHS):

- 1.1.3.1 The original pothole find and fix programme concluded in September last year. The project was a combination of revenue and capital expenditure, with £5.948m of funding found in revenue (Government £2.448m, reserves £2.5m and KHS redirection £1m). The revenue element of the programme has cost an extra £0.532m to complete. The remainder of the expenditure was on capital and was found from efficiencies in the existing capital budget.
- 1.1.3.2 A further pot hole programme has also been introduced as a result of the recent spell of adverse weather. This is expected to cost approximately £0.588m in this financial year, with further spend in the new financial year (level yet to be determined).
- 1.1.3.3 KHS is incurring additional costs of £0.130m for the re-procurement of the highways term maintenance contract, which will come into effect from September 2011. KHS are using a competitive dialogue process with the bidders, to ensure the most appropriate and cost-effective final solution for the new contract.
- 1.1.3.4 In previous reports, a revenue contribution was declared for some emergency works for subsidence on Boughton Hill (£0.250m). This contribution can no longer be afforded in revenue and alternative savings have been found in capital to accommodate this.
- 1.1.3.5 Since the last detailed report to Cabinet in November, there have been two snow emergencies, which have added considerable pressure to the highways budget. Early indications of costs reported in the last exception report have proved insufficient. The extended period of bad weather in some parts of the county has caused salting and snow clearance costs to escalate to £2.020m above budget. A drawdown from the emergency conditions reserve of £0.4m will offset this, leaving a £1.620m pressure on the budget.
- 1.1.3.6 Savings in energy bills of £0.093m and legal fees of £0.090m have offset some of this pressure and this has also been helped by an overachievement of income in the road works budget of £0.235m.
- 1.1.3.7 The Freedom Pass numbers continue to grow due to the popularity of the pass and the number of journeys now being undertaken. Over 26,000 passes have been issued so far against a budget of 24,000. This brings a forecast net pressure of £1.241m, (£1.356m costs and £0.115m additional income), but it is now offset by an underspend of £0.345m on the public transport budgets (mainly from improved contracting in the support to socially necessary but uneconomic bus services).

Waste Management:

- 1.1.3.8 The RPI index for April was much higher than budgeted, which has put significant price pressure on some of the Waste contracts. The Allington waste to energy price per tonne is £2.38 more than the budgeted figure which increases costs (assuming minimum tonnage through Allington of 325,000 tonnes) by £0.773m. Inflation on other disposal and Household Waste Recycling Centre has increased the total price pressure on waste to £1.0m.
- 1.1.3.9 This price pressure will be offset by overall tonnage being less than the budgeted 760,000 tonnes. It is expected that overall tonnage for the year will be 30,000 tonnes below the affordable level. This will give a saving of around £2.1m at an average disposal cost per tonne of £70 (up from £68). During September and October, tonnage started to rise above previous years' levels but this seems to have settled down again now – although the adverse weather in December affected disposal patterns, but this was rectified in January.
- 1.1.3.10 Savings from improved contracting and a reduction on Church Marshes dilapidations have been delivered in relation to Transfer stations (£0.177m). There have also been improvements on recycling contracts for hardcore, tyres and batteries (£0.075m).

- 1.1.3.11 The materials recycling budget has delivered a significant underspend of £0.946m, from recycling materials being diverted from Allington to more cost effective disposal sites. The new wood recycling contract has also done even better than previously reported and will save approximately £0.497m for the rest of this financial year.
- 1.1.3.12 Income is expected to exceed target by £0.298m. This is largely due to sales of recyclable materials, particularly metals, for which the average price per tonne has risen from an average of £67 in 2009-10 to £106 in 2010-11

Environment

- 1.1.3.13 Moratorium savings of £0.029m have been found in the environment budgets
- 1.1.3.14 There are some balancing gross and income changes, mainly from the energy loan fund, where repayments and consequent transfer back to reserves have been £0.111m lower than originally

Planning

- 1.1.3.15 Moratorium savings of £0.009m have been found in the planning budgets

Resources and Strategic Management

- 1.1.3.16 Staff vacancies of £0.226m have been held in order to help offset the pressure on the Freedom Pass and other highway issues; (£0.197m within Resources and £0.029m within Strategic Management).
- 1.1.3.17 £0.169m of savings have been achieved to help meet the moratorium target. These have come from training, IT, events, other directorate-wide budgets and other various small savings e.g. Legal.
- 1.1.3.18 The MIDAS replacement project has taken on a wider aspect and now involves developing an end to end Oracle solution for the Environment Services as well as Highways. As a consequence of this, the project delivery has been further restructured and therefore the expected re-phasing in to 2011-12 has increased from £0.2m reported in the last quarter to £0.3m.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Snow emergencies	+2,027	EHW	Waste tonnage	-2,100
EHW	Freedom Pass: increased demand	+1,356	EHW	Materials Recycling: more cost effective disposal	-946
EHW	Waste contract prices including Allington WtE incinerator	+1,000	EHW	New wood recycling contract	-497
EHW	Pothole Find and fix programme 2	+588	EHW	Drawdown from Emergency conditions reserve towards snow emergencies	-400
EHW	Pothole Find and fix programme 1	+532	EHW	Public transport underspend mainly from improved contracting	-345
EHW	Term maintenance re-procurement costs	+130	EHW	MIDAS financial system replacement rephasing	-300
EHW	Energy loan fund: reduction in repayments due to lower take-up	+111	EHW	Increased recycling income	-298
			EHW	Road works income	-235
			EHW	Staff vacancies within Resources & Strategic Management	-226
			EHW	Moratorium savings	-207
			EHW	Transfer Stations improved contracting and reduced dilapidations	-177
			EHW	Increase in Freedom Pass income	-115
			EHW	Energy loan fund: reduction in transfer to reserves due to lower level of repayments	-111
		+5,744			-5,957

1.1.4 Actions required to achieve this position:

Vacancies in Resources and Strategic Management are being deliberately held in order to achieve this position.

Moratorium savings of £0.207m on non-essential expenditure have also been delivered.

1.1.5 Implications for MTFP:

All current year pressures and savings have been fully addressed in the 2011-13 MTFP.

1.1.6 Details of re-phasing of revenue projects:

*(Details of any **committed** projects included in the forecast as underspending, for which roll forward will be required)*

The MIDAS replacement project will be rephased by £0.3m into 2011-12, leaving a real underspend on the Directorate of £0.207m

1.1.7 Details of proposals for residual variance: [eg roll forward proposals; mgmt action outstanding]

The residual forecast underspend of £0.207m has come from the moratorium on non-essential spend. This is earmarked, to contribute towards the £1m roll forward of underspend from the authority wide moratorium required to support the 2011-12 budget

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted to reflect the position in the 2011-14 MTFP as agreed by county council on 17 February 2011, any further adjustments are detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Budget	100,869	151,498	85,741	76,439	313,747	728,294
Adjustments:						
Revised Budget	100,869	151,498	85,741	76,439	313,747	728,294
Variance		-11,374	8,187	622	584	-1,981
split:						
- real variance		-2,809	+828			-1,981
- re-phasing		-8,565	+7,359	+622	+584	0
Real Variance		-2,809	+828	0	0	-1,981
Re-phasing		-8,565	+7,359	+622	+584	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
	Highways Major Maintenance	phasing	254			
			+254	+0	+0	+0
Underspends/Projects behind schedule						
	Ashford Drivers Roundabout	phasing		-3,000		
	East Kent Access Rd Ph2	phasing		-2,331		
	Sittingbourne Northern Relief Rd	real		-2,000		
	Victoria Way Ph 2	phasing		-809		
	Non TSG land Compensation	phasing	-721			
	Victoria Way Ph 2	real		-396		
	Reshaping Highways Accom	phasing		-372		
	Country Park Access	phasing	-350			
	Household Waste Recycling & Transfer Stations	phasing		-295		
	Old Residual Schemes	real	-283			
	Sittingbourne Northern Relief Rd	phasing		-272		
	A2 Slip Road	phasing	-254			
			-1,608	-9,475	-0	-0
			-1,354	-9,475	-0	-0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Ashford Drivers Roundabout, Junction 9 and Footbridge - re-phasing of -£3.000m

This scheme is made up of two elements, a conventional road works scheme and a feature pedestrian and cycle bridge over the M20. The bridge element of the project is complex due to its design and the contractor's erection methodology. The erection of the bridge will require the closure of the M20 which is not permitted over Easter and Bank Holidays. The bridge was due to be erected in March but this has been revised to May with full completion at the end of June.

The road works have generally made good progress but the severe winter weather has had some impact. The combined re-phasing is £3.0m.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	1,524	16,628				18,152
Forecast	1,524	13,628	3,000			18,152
Variance	0	-3,000	+3,000	0	0	0
FUNDING						
Budget:						
grant	1,524	16,628				18,152
TOTAL	1,524	16,628	0	0	0	18,152
Forecast:						
grant	1,524	13,628	3,000			18,152
TOTAL	1,524	13,628	3,000	0	0	18,152
Variance	0	-3,000	+3,000	0	0	0

1.2.4.2 East Kent Access Road (EKA) Phase 2 - re-phasing of -£2.331m

EKA phase 2 is the improvement of the A299 and the A256 leading to the Lord of the Manor junction and connecting with phase 1 at the Richborough power station site.

The construction of the scheme started in autumn 2009 and is progressing well with completion due in April 2012 which is nearly 6 months ahead of the contract programme.

Due to a recent issue with piling design, which is now resolved, and the adverse winter weather the profile of expenditure has been revised. We are advised that this delay will be recovered and the completion date remains unchanged.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	10,970	46,331	25,571	912	3,217	87,001
Forecast	10,970	44,000	27,902	912	3,217	87,001
Variance	0	-2,331	+2,331	0	0	0
FUNDING						
Budget:						
Ex Developer	24					24
prudential			1598	62	915	2575
prudential/revenue					2302	2302
grant	10,946	46,331	23,973	850		82,100
TOTAL	10,970	46,331	25,571	912	3,217	87,001
Forecast:						
Ex Developer	24					24
prudential			1598	62	915	2575
prudential/revenue					2302	2302
grant	10,946	44,000	26,304	850		82,100
TOTAL	10,970	44,000	27,902	912	3,217	87,001
Variance	0	-2,331	+2,331	0	0	0

1.2.5 Projects with variances, including resourcing implications:

There is a real variance of -£1.981m (-£2.809m in 2010-11 and -£0.828m in 2011-12) which is detailed as follows:

Sittingbourne Northern Relief Road real -£2.000m (in 2010-11):

This scheme was started in autumn 2009 and is progressing well, with completion expected in October 2011. A prudent view has been maintained on the predicted outturn until the engineered earth works, foundations and abutments of the major bridge structures over Kemsley light rail and Milton Creek had made substantial progress; and the effects on progress over winter fully assessed. A major review of cost and risk has been carried out and this has allowed the forecast of the scheme cost to be reduced by £2.0m at this stage. This real saving has been reported to the Department for Transport (DfT).

Victoria Way, Ashford +£0.404m (-£0.396m in 2010-11 and +£0.800m in 2011-12): The net overspend is made up as follows:

The under spend of £0.396m relates to the commuted sum for the future maintenance which will be a charge to revenue. Funding is made available through the grant from Community Infrastructure Fund (CIF) and had been included against the capital project. This will be claimed in 2010-11 and held as a receipt in advance in revenue.

The £0.8m increase to the scheme relates to additional works that will be carried out on behalf of UK Power Network (previously EDF). There is a formal agreement in place with the company to fund this work.

Old residual schemes - Newtown Road Bridge -£0.283m (in 2010-11)

This scheme was mainly funded from Growth Area Funding (GAF) and was completed in December 2008. Network Rail designed and managed the contract and claimed the costs back from KCC. An estimated sum was paid towards the final settlement of the project costs. Final settlement has been agreed and is £0.283m less than the estimate. This has been refunded by Network Rail. The reduction to the project cost will result in GAF funding having to be returned.

Preliminary Design Fees (Smart Link) -£0.089m (in 2010-11):

The Smart Link preliminary design fee and strategic support from Ashford Futures has been funded from GAF, with the actual construction to be funded by DfT as a Local Transport Plan scheme. DfT has advised no bids for major schemes will be accepted for the time being. Based on this advice no further preliminary work is being done and the Ashford's Future's fees have been reduced by £0.089m.

Overall this leaves a residual balance of -£0.012m on a number of other projects.

1.2.6 General Overview of capital programme:

- (a) Risks and action being taken to alleviate risks

East Kent Access Phase 2:

The construction contract is progressing well and main influences on outturn are third party costs, such as network rail fees and track possessions costs, final costs of utility diversions and in particular contract price fluctuation-inflation. These aspects are all being actively managed except for contract price fluctuation, which to some extent is outside of our control. Further value engineering is also being pursued but opportunities are inevitably limited at this stage of a project. Forecast outturn has at times been more than the approved funding of £87.0m but they are on a downwards trend and are expected to continue reducing as the project progresses and risk factors reduce. We are confident that the scheme will be delivered within the agreed funding of £87.0m, but the inflation factors remain a concern given the current economic conditions. DfT has been approached with a view to diverting £1m of the underspend on Sittingbourne Northern Relief Road to the East Kent Access scheme. This is still under consideration but if approved, would reduce KCC's liability and help offset the inflation issue.

Victoria Way, Ashford

This complex scheme involves major utility diversions and new utilities including combined heat and power apparatus to serve new developments, and has had a major impact on cost and delivery of the programme. All major risks have materialised and after allowing for acceleration costs there is only a small contingency remaining. The delays to this scheme were a major concern with the Community Infrastructure Fund (CIF) funding expiring on the 31 March 2011. However, Homes and Communities Agency (HCA) have agreed to a restructure of CIF funded Ashford projects. The result is expenditure currently funded from GAF will be switched to CIF, allowing the GAF funding, which is not time limited, to be re-phased and therefore covering the expenditure on this scheme that will occur in the new financial year.

Ashford Drivers Roundabout, Junction 9 and footbridge

This scheme is made up of two elements, a conventional road works scheme and a striking feature pedestrian and cycle bridge over the M20. The complexity of the bridge design, interfacing of the fabrication and erection constraints has had a major effect on cost and delivery of the programme. The junction 9 cost of works and risk has increased, and the contingency is expected to be fully utilised. The cost of works at Drivers Roundabout has reduced significantly. The project is currently in balance overall. The re-phasing into 2011-12 was a major concern with the Regional Infrastructure Funding (RIF) expiring on the 31 March 2011. The GAF funding towards extra cost of the bridge is not time limited. DfT has agreed, subject to confirmation by Business Innovation & Skills who have taken over the management of RIF from SEEDA, to vire the under spend on Drivers to the M20 Junction 9 and to carry forward £0.5m into 2011-12. This remains a high risk scheme until the bridge is erected in May. If the overall cost exceeds the current budget then KCC would look for additional GAF support or have a call on future S106 contributions.

Rushenden Relief Road

KCC has taken responsibility for completing the Relief Road because SEEDA was unable to secure the full funding required. KCC will forward fund from Prudential Borrowing but will be entering into a S106 Agreement with SEEDA, such that KCC will have a charge on the land held by SEEDA with a view to recovering its costs in time.

1.2.7 Project re-phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below/over.

	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Country Park Access					
Amended total cash limits	+1,218	+900			+2,118
re-phasing	-350	+350			0
Revised project phasing	+868	+1,250	0	0	+2,118
Highways Major Maintenance					
Amended total cash limits	+39,245	+26,907	+31,797	+58,149	+156,098
re-phasing	+254	-254			0
Revised project phasing	+39,499	+26,653	+31,797	+58,149	+156,098
A2 Slip Road					
Amended total cash limits	+1,000	+670	+57		+1,727
re-phasing	-254	+254			0

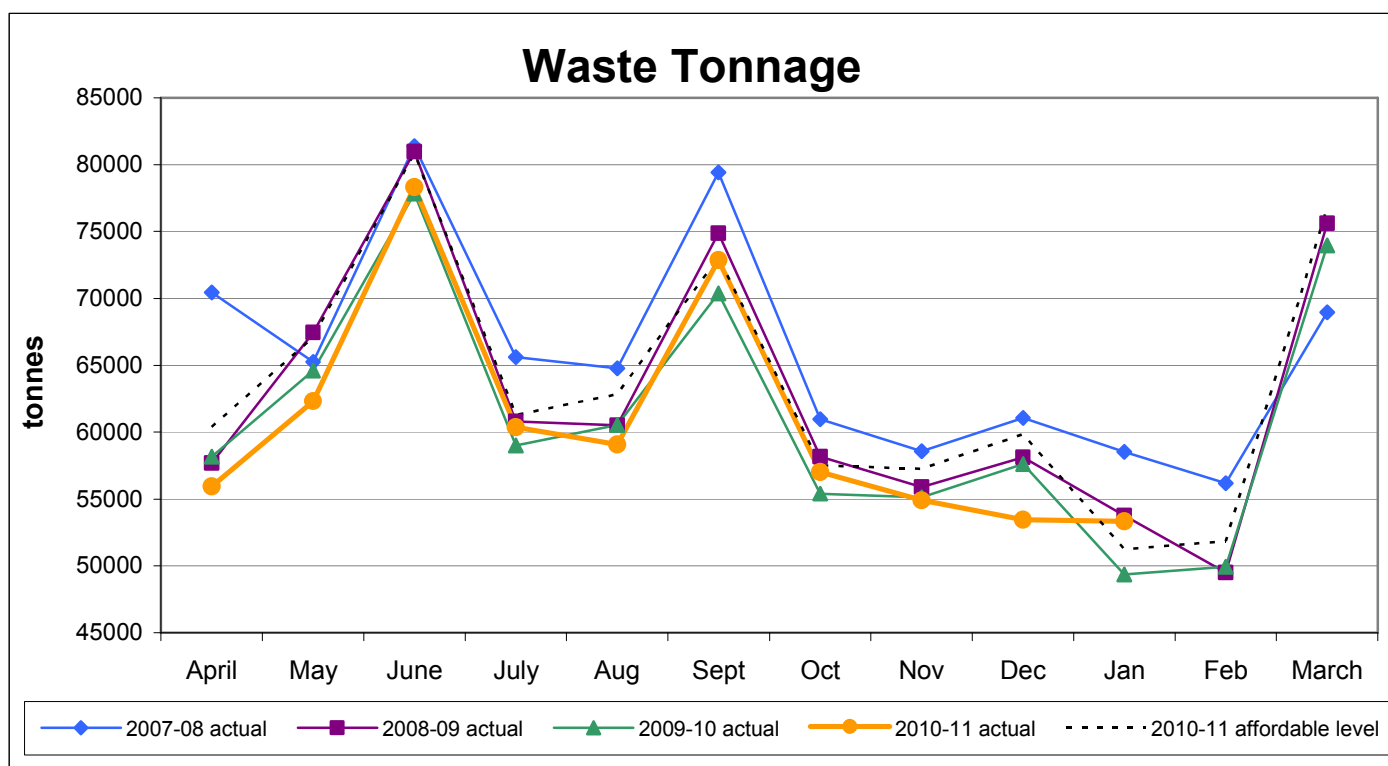
	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Non TSG Land;Compensa					
Amended total cash limits	+1,630	+1,963	+458	+771	+4,822
re-phasing	-721	+627	+249	-155	0
Revised project phasing	+909	+2,590	+707	+616	+4,822
Archaeological Resource					
Amended total cash limits		+700	+200		+900
re-phasing		-700	+200	+500	0
Revised project phasing	0	0	+400	+500	+900
Household waste recycling					
Amended total cash limits	+3,009	+1,500	0	+500	+5,009
re-phasing	-295	+295			0
Revised project phasing	+2,714	+1,795	0	+500	+5,009
Sittingbourne Northern RR					
Amended total cash limits	+12,895	+7,163	+1,703	+1,100	+22,861
re-phasing	-272	+272			0
Revised project phasing	+12,623	+7,435	+1,703	+1,100	+22,861
East Kent Access 2					
Amended total cash limits	+46,331	+25,571	+912	+3,217	+76,031
re-phasing	-2,331	+2,331			0
Revised project phasing	+44,000	+27,902	+912	+3,217	+76,031
Rushenden Link Road					
Amended total cash limits	+1,406	+1,756	+70	+600	+3,832
re-phasing	-147	+147			0
Revised project phasing	+1,259	+1,903	+70	+600	+3,832
Kent Accommodation					
Amended total cash limits	+2,560	+2,012			+4,572
re-phasing	-372	+372			0
Revised project phasing	+2,188	+2,384	0	0	+4,572
Victoria Way Ph1					
Amended total cash limits	+13,359	+2,012			+15,371
re-phasing	-809	+570		+239	0
Revised project phasing	+12,550	+2,582	0	+239	+15,371
Drovers Roundabout J9					
Amended total cash limits	+16,628				+16,628
re-phasing	-3,000	+3,000			0
Revised project phasing	+13,628	+3,000	0	0	+16,628
Kent Thames Strategic Prog.					
Amended total cash limits	+256	+2,637	+8,140	+134,047	+145,080
re-phasing	-173	0	+173		0
Revised project phasing	+83	+2,637	+8,313	+134,047	+145,080
Total re-phasing >£100k	-8,470	+7,264	+622	+584	0
Other re-phased Projects below £100k	-95	+95			0
TOTAL RE-PHASING	-8,565	+7,359	+622	+584	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2007-08	2008-09	2009-10	2010-11	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	70,458	57,688	58,164	55,937	60,394
May	65,256	67,452	64,618	62,316	67,096
June	81,377	80,970	77,842	78,327	80,826
July	65,618	60,802	59,012	60,350	61,274
August	64,779	60,575	60,522	59,082	62,842
September	79,418	74,642	70,367	72,862	73,065
October	60,949	58,060	55,401	57,022	57,526
November	58,574	55,789	55,138	54,908	57,252
December	61,041	58,012	57,615	53,440	59,825
January	58,515	53,628	49,368	53,330	51,260
February	56,194	49,376	49,930		51,845
March	68,936	76,551	73,959		76,795
TOTAL	791,115	753,545	731,936	607,574	760,000

* Note: waste tonnages are subject to slight variations between quarterly reports as figures are refined and confirmed with Districts



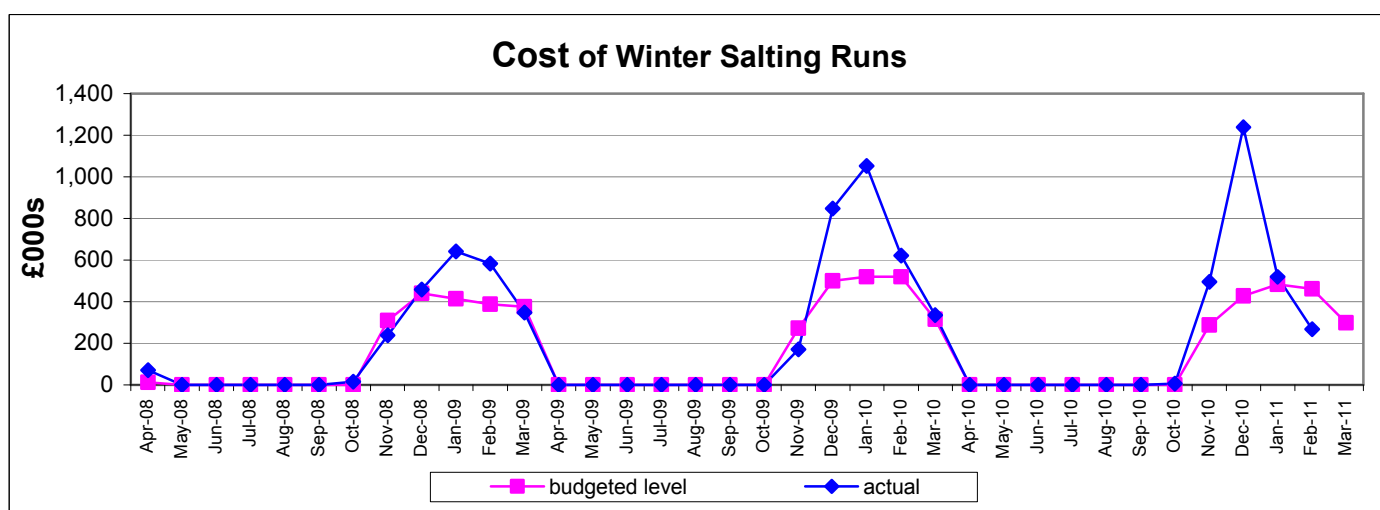
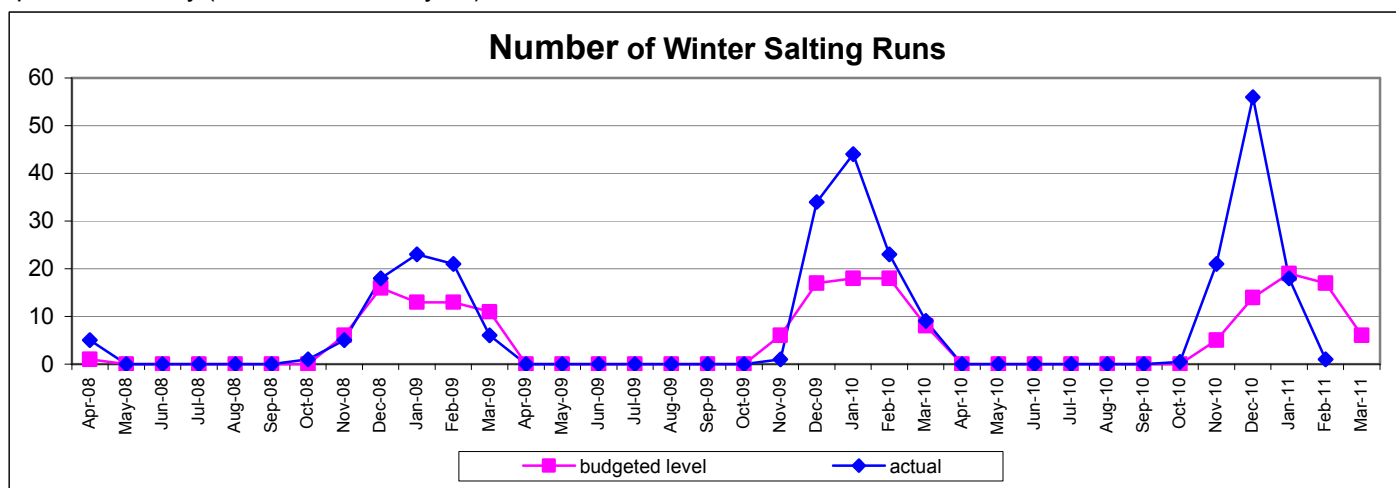
Comments:

- Despite the September and October tonnage showing an increase on previous years, waste volumes are forecast to remain below the affordable level for 2010-11. It is estimated that outturn tonnage will be 30,000 tonnes below budget based on current figures. However waste may start to increase again at any point, and continued falls in waste cannot be relied upon. The December figure is significantly below forecast but it is assumed that this was because of the bad weather and indeed has been reversed during January.

2.2 Number and Cost of winter salting runs:

	2008-09				2009-10				2010-11			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted level	Actual £000s	Budgeted Level £000s
April	5	1	70	13	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	1	-	16	-	-	-	-	-	0.5	-	6	-
November	5	6	239	310	1	6	171	273	21	5	494	288
December	18	16	458	440	34	17	847	499	56	14	1,238	427
January	23	13	642	414	44	18	1,052	519	18	19	519	482
February *	21	13	584	388	23	18	622	519	1	17	268	461
March	6	11	348	375	9	8	335	315	-	6	-	299
TOTAL	79	60	2,357	1,940	111	67	3,027	2,125	96.5	61	2,525	1,957

* part month only (as at 18th February 11)

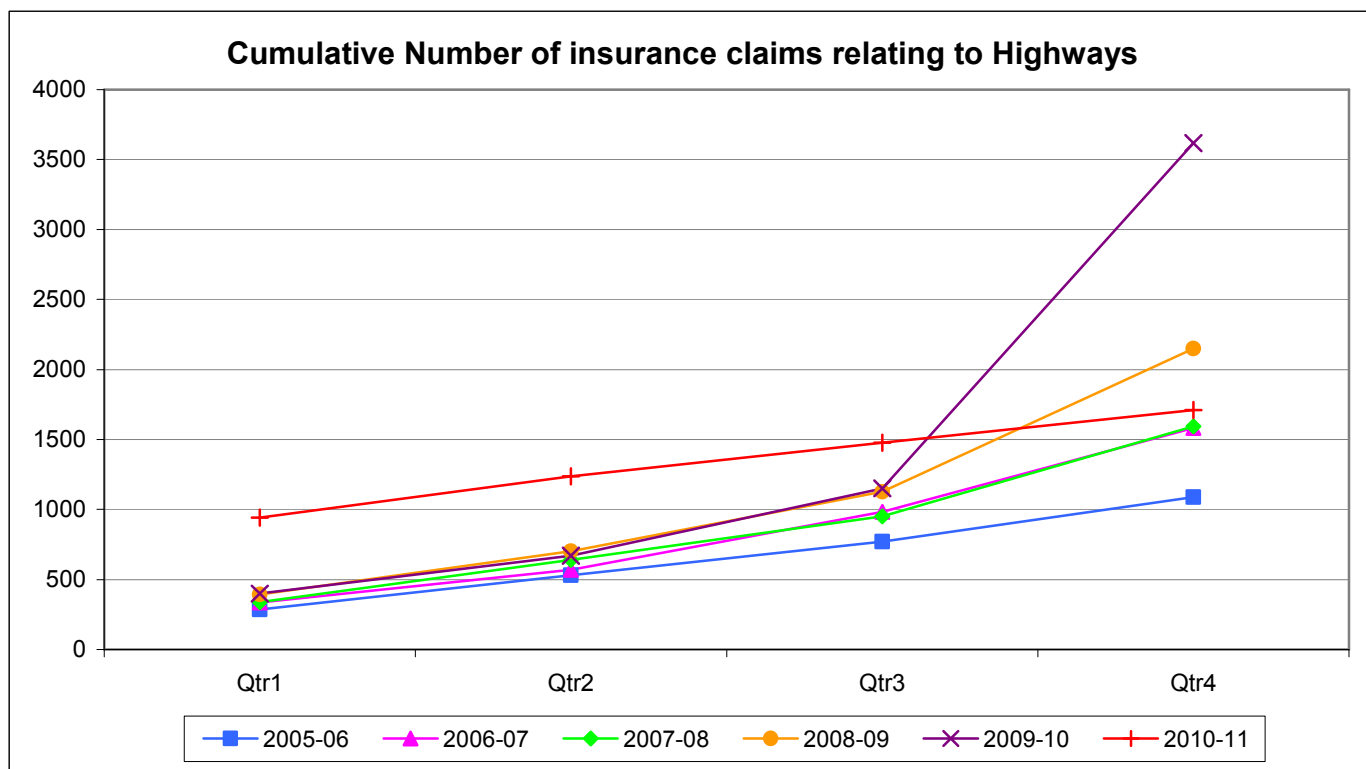


Comment:

- The charges for the Winter Maintenance Service reflect two elements of cost: the smaller element being the variable cost of the salting runs undertaken; the major element of costs, relating to overheads and mobilisation within the contract, have been apportioned equally over the 5 months of the salting period.

2.3 Number of insurance claims arising related to Highways:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	335	337	392	399	942
July – Sept	530	570	640	702	669	1,238
Oct – Dec	771	982	950	1,125	1,151	1,478
Jan - Mar	1,087	1,581	1,594	2,150	3,616	1,710



Comments:

- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 11 February 2011.
- The number of claims rose sharply at the end of 2008-09 and 2009-10. The particularly adverse weather conditions and the consequent damage to the highway seems a major factor with this along with some possible effect from the economic downturn. Claims for the first three quarters 2010-11 are also significantly above previous years (and will increase as more claims for that period are received in subsequent months).
- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2010-11 claims where it is considered that we do not have any liability, of about 92%.