

I

**TO: Environment, Highways and Waste (EHW) Policy
Overview & Scrutiny Committee – 5 July 2011**

**BY: Bryan Sweetland, Cabinet Member, EHW
Mike Austerberry, Corporate Director, E&E**

SUBJECT: EHW Directorate/Portfolio Financial Outturn 2010/11

Classification: Unrestricted

Summary:

This report summarises the 2010/11 financial outturn for each of the service units within the EHW Portfolio. Previously, outturn reports to POSCs have included performance outcome information but this is now covered in the separate Core Monitoring report

FOR INFORMATION

1. Introduction:

- 1.1 In the March/April cycle of meetings POSCs received a report setting out the latest forecast outturn for the 2010/11 financial year as reported to Cabinet based on the position as at the end of the third quarter. Third quarter performance monitoring against unit business plans was also covered at the same meetings in the Core Monitoring report.
- 1.2 This is the second year we have been able to bring the final outturn reports to the July round of POSC meetings. It is important that committees receive timely information on actual costs in advance of considering options for future years' budgets during the autumn. This report includes the final outturn for each of the service units within the EHW Portfolio in the same format as reported throughout the year in monitoring reports together with an explanation of any significant variances from the third quarter's monitoring. We are not in a position to report the outturn in the A to Z Service format used for the 2011/12 Budget Book as financial reporting for 2010/11 was not set up to produce information in this format.
- 1.3 At its meeting on 26th May, Scrutiny Board considered how POSCs can be more engaged in the budget planning process. Scrutiny Board recommended that each POSC should establish an Informal Member Group of up to 5 members which should meet between July and October in order to report back to the November POSC meeting on options for the forthcoming budget. The 2010/11 outturn report was identified as one of the core pieces of information that IMGs will need for these series of meetings.

2. EHW Directorate/Portfolio 2010/11 Financial Outturn- Revenue

- 2.1 The provisional revenue outturn was reported to Cabinet on 20th June together with recommendations on rollover for committed projects and contributions to reserves for uncommitted under spends. The overall position for the EHW Portfolio was an under spend of £0.602m. This figure includes a rephasing of £0.364m for the MIDAS financial system replacement project, leaving a net real underspend of £0.237m (the Directorate was given a target underspend of £0.2m to contribute towards alleviating future budget pressures).
- 2.2 Table 1 sets out the original budget, final approved cash limit and spending for each service unit within the EHW Portfolio. The changes between the original budget and final approved cash limit are all within KCC's "virement" rules as set out in Financial Regulations.

Table 1 – EHW revenue outturn

Service Unit	Original Budget £	Cash Limit £	Outturn £	Variance £
Highways	51,301	50,918.0	53,533.9	2,615.9
Public transport	17,922	18,513.0	19,590.6	1,077.6
Waste	67,933	67,413.0	64,042.6	-3,370.4
Environmental Group	4,744	5,282.6	5,233.5	-49.1
Strategic Management	850	850.0	847.4	-2.6
Resources	4,822	5,063.7	4,202.0	-861.7
Transport Strategy	503	503.0	493.9	-9.1
Planning Applications	657	657.0	655.3	-1.7
Planning & Development	755	755.0	755.1	0.1
Support Services purchased from CED	1,774	1,767.7	1,766.9	-0.8
Total	151,261	151,723.1	151,121.3	-601.8
Central overheads	6,022	5,302.3	5,302.3	0
Capital Charges	34,205	55,508.1	55,508.1	0
PORTFOLIO TOTAL (per TB)	191,488	212,533.5	211,931.8	-601.8

- 2.3 This represents a movement of £29k compared to the third quarter's monitoring.

The significant variations include the following:

Highways +£2.616m

There were a number of pressures on the highways budget, the most significant of which were the find and fix pothole programme +£1.3m and the winter weather emergencies +£1.9m. These pressures were partially offset by reductions in energy usage on streetlights and additional income on roadworks.

Public transport +£1.078m

The popularity of the Freedom pass continued to grow during 2010-11 and the additional take-up caused a pressure of +£1.5m. This was offset by a reduction on the net public transport expenditure of -£0.4m.

Waste -£3.37m

Contractual inflation of +£1m was more than offset by improved contracting -£1.4m, over recovery of recycling income -£0.675m, reduced HWRC and transfer station costs -£0.36m, abandoned vehicles and Clean Kent -£0.2m and reduced tonnage -£1.7m.

Resources -£0.862m

Resources held a number of posts vacant during the year to help offset the Directorate pressures and also managed reductions in spending on training, IT, legal, and events to deliver the Directorate's £0.2m moratorium savings target.

- 2.4 The approved budget for 2011/12 was set on the basis of known/forecast activity as at December 2010. Of the above variations £3.2m relate to one-off issues for 2010/11 and should not impact on the 2011/12 budget, unless we experience another severe winter. The other ongoing pressures such as Freedom Pass take-up and waste inflation were addressed in the MTFP and the impact of any ongoing further variations in 2011/12 will be reported as part of the in-year budget monitoring together with progress on delivering the savings needed to balance the budget.
- 2.5 The first exception monitoring for 2011/12 will be reported to Cabinet on 18th July and the full monitoring as at the first quarter is scheduled to be reported on 19th September. The timing of this Cabinet means reports to the September round of POSCs may have to be despatched late in order to include the latest position considered by Cabinet.
- 2.6 The under spend for 2010/11 includes a number of areas of committed expenditure which Cabinet agreed should be rolled forward into 2011/12. The figure for this portfolio is shown in table 2 over.

I

Table 2	Amount
Replacement of the MIDAS financial system	£0.364m

- 2.7 The balance of the uncommitted underspend (£2.128m) for the County Council was transferred to the Economic Downturn reserve in accordance with the recommendation agreed by Cabinet.

3. EHW Directorate/Portfolio 2010/11 Financial Outturn – Capital

- 3.1 Table 3 over identifies the planned and actual spend on all capital projects in 2010/11 and the total approved and forecast spending over the lifetime of these projects.

Table 3	2010-11 Spend				Total scheme cost		
	Original Budget 2010-11 £000s	Cash Limit 2010-11 £000s	Outturn 2010-11 £000s	Variance 2010-11 £000s	Cash Forecast limit exp £000s	Variance £000s	Variance £000s
ROLLING PROGRAMMES							
Major Scheme- preliminary design fees	567	434	425	-9	N/A		
Management & modernisation of assets	105	105	100	-5	N/A		
PROW- structural maintenance	950	1,065	1,111	46	N/A		
Country Park access and development	1,125	868	838	-30	N/A		
Highway major maintenance	40,505	39,573	39,529	-45	N/A		
Member Highway Fund	0	837	671	-166	N/A		
Integrated Transport Scheme	11,065	7,310	7,204	-106	N/A		
A2 slip road	0	729	673	-56	N/A		
Old scheme residual works	0	-283	-300	-17	N/A		
Non TSG land compensation claims and blight	3,275	913	839	-74	N/A		
Total Rolling programmes	57,592	51,551	51,089	-462			
APPROVAL TO SPEND							
Energy reduction	335	410	323	-87	410	410	0
Small community projects		20	1	-19	20	20	0
North Farm Transfer Station		251	251	0	1,077	1,077	0
Lydd/New Romney HWRC	500	1,845	1,845	0	2,150	2,150	0
LTP- A228 Leybourne and West Malling	59	103	28	-75	29,526	29,526	0
Ashford Ring Road	704	456	445	-11	15,777	15,778	1
Sittingbourne Northern Relief Road	13,876	10,352	10,361	9	32,366	32,199	-167
East Kent Access PH2	37,286	44,000	44,008	8	87,001	87,001	0
Rushenden Link Road	969	1,474	1,236	-238	11,474	11,474	0
Re-shaping Kent Highways accommodation	3,919	2,745	2,726	-19	21,858	21,869	11
Safety Camera Partnership	632	132	135	3	1,350	1,350	0
A2 Cyclo Park	2,085	1,090	1,140	50	4,376	4,435	59
Salt storage infrastructure	0	35	36	1	175	176	1
Victoria Way Ph 1	12,176	11,792	11,813	21	17,470	17,470	0
Ashford-Drover's Roundabout / junct. 9	15,888	11,875	12,148	273	18,152	18,425	273
Vehicle	0	0	14	14	0	14	14
Total approval to spend	88,429	86,580	86,510	-70	243,182	243,374	192
APPROVAL TO PLAN							
Windmills refurbishments	0	100	72	-28	100	100	0
Kent Thameside Strategic Transport Programme		83	32	-51	145,311	145,311	0
PSW		0	0	0	0	0	0
Total approval to plan	0	183	104	-79	145,411	145,411	0
Total Capital Expenditure	146,021	138,314	137,702	-612	388,593	388,785	192

- 3.2 The movements from the original budget and the approved cash limit have been reported in monitoring during the year and the cash limits were changed when the capital programme in 2011/13 Medium Term Financial Plan was approved in February. The variance from approved cash limit represents the latest actual spending for 2010/11 (and forecast spending for future years) since the capital programme was published and includes the following issues:
- There has been some rephasing of integrated transport scheme works that are due to be funded by developer contributions -£106k
 - Member Highway Fund schemes have also seen some rephasing into the new financial year - £166k
 - There were two slight variations to major road schemes, with a small rephasing on the Rushenden relief road -£238k and the expenditure on the Drovers / J9 scheme in Ashford being slightly ahead of the February plan +£278k
- 3.3 These variances will be included in the budget monitoring reports to Cabinet in July and September together with any other issues affecting capital projects which have arisen during 2011/12.

4. Recommendations

- 4.1 Members of the EHW POSC are asked to:
- a) NOTE the revenue and capital financial outturn for 2010/11 including rollovers for committed projects and changes to capital programme
 - b) NOTE the potential impact of variations since the 2011/12 budget was approved
 - c) PROVIDE any comments and guidance to IMG members on potential impact for 2012/13 and future years' budgets

Richard Hallett
Finance Business Partner, E&E
Tel: 01622 69 4035
Email: Richard.hallett@kent.gov.uk