

By: Adam Wilkinson, Managing Director Environment & Regeneration

To: Environment & Regeneration Policy Overview Committee – 4 April 2008

Subject: Financial Monitoring Update 2007/08

Classification: Unrestricted

Summary: To update the Committee on the financial position in the current year.

Recommendation: The Committee is asked to note and comment on the report

Introduction

1. The 3rd quarter financial monitoring which has been reported to Cabinet is included with the papers for this meeting. Significant variations since this report was made are set out below:

Revenue

2. In EH&W the overall under spend has decreased by £0.335m (to -£2.23m for the Portfolio), comprising three main items: an increase in waste disposal costs of £0.410m due to the impact of the rise in oil prices, and its effect on contract indexation, and a revision to the forecast for the costs of the waste diversion due to the non operation of the Allington WtE plant. For KHS, the forecast over spend has now reduced by £200k due to improved income levels and a reduction in the forecast for spend on Forward Design activity.
3. In R&SI the under spend has reduced by £280k (to -£0.775m for the Portfolio) due, principally, to the revised funding arrangement for the Fort Hill De-dualling works (now from capital sources) leading to the removal of the forecast slippage under spend on that project, of £450k. There has been slippage on certain projects within Regeneration and Economy Division to the value of £125k. The Planning Applications Group has increased its forecast for fee income by £40k and the work on Shaw Grange has slipped by a further £20k.

Capital

4. The current forecast for EH&W is that the portfolio will under spend by a further £2.237m. The main movements (above £0.1m) are detailed below:
 - -£1.410m Re-shaping KHS Accommodation – further re-phasing as the Wrotham site is now not proceeding, following the judicial review process, so no construction spend will occur this year. There is also several weeks programme delay at the Ashford site, due to the need to revise the internal lay-out.

- -£0.500m Wetland Creation – Negotiations will not be completed before the year-end.
 - -£0.133m Safety Camera Partnership activity – slippage into 2008/09.
 - -£0.252m Energy & Water Investment Funds – the programmes have not advanced as fast as originally anticipated.
 - +£0.154m A228 Leybourne & West Malling Bypass – Costs are higher than previously anticipated, related to safety audits on traffic signal equipment.
5. The forecast for the R&SI portfolio has moved by +£0.699m. The main movement (above £0.1m) is:
- +£0.788m Eurokent Spine Road – this project is supported by the Property Enterprise Fund, which will be providing temporary funding until the costs can be recovered from the Joint Venture in later years. The previous expenditure forecast reflected KCC expenditure only, but this has now been amended to include that part of the contract works being wholly funded by other bodies.

Recommendation

6. Members of this committee are invited to note and comment upon this report.

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ENVIRONMENT & REGENERATION DIRECTORATE SUMMARY JANUARY 2007-08 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, and the following virements:
 - £0.2m from Waste Management to Capital Programme Group for the initial design costs of the Borough Green & Platt bypass
 - £0.195m from Waste Management to Environment Group for Health & Safety requirements, SSSI obligation, income generation priming and e-Government initiative.
 - £0.190m from Waste Management to Regeneration & Supporting Independence portfolio for £0.050m contribution to Dover Pride Programme Team; £0.050m Kent Empty Properties Initiative – continued engagement of consultancy advice to handle wider County remit; £0.090m Production of Regeneration Strategy and subsequent consultation and production.

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	56,646	-8,511	48,135	1,030	-415	615	Additional Depot, Running Costs and SLA charges. Assumes Emergency Works met by Corporate Centre. Extra Recharges & Fees
Public Transport Contracts	7,677	-634	7,043	-25	-175	-200	Income from CFE and others above budget expectation
Rural Bus Grant	2,276	-2,276	0	430	-430	0	Non-grant income supporting further rural service.
Capital Programme Group	889	-444	445	-115	0	-115	A bid will be made to roll £160k of the design funds for Borough Green and Platt Bypass
Waste Management	60,037	-2,749	57,288	-3,245	-445	-3,690	Less tonnage via Allington and less tonnage overall. WEEE Grant and improved sales/Op. Cubit income.
Environmental Group	8,096	-3,931	4,165	795	-660	135	More project expenditure, supported by external funding, than included in the budget. Reduced income from Country Parks.
Transport Strategy	558	0	558	-115	0	-115	Vacant post. Slippage on CTRL Impact Study.
Resources	4,449	-467	3,982	970	-165	805	Directorate Budget Gap. IT licences higher than budgeted. Extra recharge (AIT) income.
Total E, H & W	140,628	-19,012	121,616	-275	-2,290	-2,565	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Supporting Independence portfolio							
Regeneration & Projects - Area Teams & Major Projects	5,422	-1,112	4,310	-35	-565	-600	Extra DCLG activity. De-dualling of Fort Hill Road will slip to 2008/09 as will part of the funding for EK Empty Properties and Manston/Eurokent
Economic Development	2,946	-988	1,958	40	-65	-25	Minor Variations
Planning & Development	1,181	-57	1,124	-310	20	-290	£280k of delay in Local Development Framework, to be bid for roll forward. Similarly for Household & LT Crossing Studies. Reduced grant from Government.
Planning Applications	1,580	-468	1,112	-275	10	-265	Vacant posts. Delay on Shaw Grange remedials £250k, to be bid for roll forward.
Change & Development	285	0	285	220	-95	125	Unfunded post and seconded staff, with income
Kent Regeneration Fund	954	-850	104	-100	100	0	Projects held-back due to shortfall in funding.
Total Regen & SI	12,368	-3,475	8,893	-460	-595	-1,055	
Total Directorate Controllable	152,996	-22,487	130,509	-735	-2,885	-3,620	

1.1.3 Major Reasons for Variance:

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

Environment, Highways & Waste portfolio:

1.1.3.1 Kent Highway Services (KHS):

The budget requirement for the running costs of the KHS depot network was under estimated, at a cost of £340k, and SLA charges from Legal Services will be £265k in excess of budget reflecting an upsurge in the volume of work submitted.

Recharge and fees income for KHS is estimated to exceed the budget, particularly in the area of Section 38 Agreements (developer contributions towards the KHS design and supervision fee in respect of new housing developments), generating an extra £450k.

The demand, for operational (non street lights) maintenance on the Highway, will lead to an over spend of some £400k. However, a £240k under spending on Street Lighting Maintenance will form a roll forward bid.

A number of vacant posts in KHS Division have led to temporary appointments and there will be a cost overrun of £125k.

1.1.3.2 Public Transport Contracts:

One of the Towards 2010 targets is the provision of a Freedom Pass for public transport usage by 11 to 16 year olds. Two pilots are in progress. The take-up of passes has exceeded expectations but there hasn't been a commensurate increase in costs due to greater use of non-peak travel than anticipated. There will be additional income received from the Education Service, and others, exceeding the budget assumption by £175k.

1.1.3.3 Rural Bus Grant:

Additional non-grant income of £430k on Rural Bus Services is supporting further service provision.

1.1.3.4 Capital Programme Group:

There will be a re-phasing into 2008-09 of the design work on the Borough Green and Platt Bypass and £160k will be sought as roll-over.

1.1.3.5 Waste Management:

The Allington Waste to Energy plant is still not fully operational. After a long period of shutdown for repairs it began to come back on stream again on February 8th. As a result more waste is sent to Landfill than budgeted for, but this is at a cheaper rate, for the moment. Also, the waste tonnage to date, compared to last year, is reduced but remains volatile, hence an estimated

saving on the budget of some £3.4m is the result. Within this forecast an assessment has been made as to the period needed before full working of the Waste to Energy plant is achievable.

KCC has received WEEE grant income of £350k that was not built into the budget. Additional sales and Operation Cubit income of some £670k will be achieved. However, some £810k of WPEG budgeted income has been paid as a capital grant and therefore is not available to support the revenue budget as planned.

Income has been received from the district councils for the work of the Kent Waste Partnership and the Clean Kent Campaign (£230k).

A bid will be made to roll forward £280k to support the Kent Waste Partnership objectives.

1.1.3.6 Environmental Group:

In Environment, an ability to increase the level of external funding received, compared to the budget assumption, has enabled more projects to be achieved, resulting in an increase in both costs and income of £700k. However a reduction in the income from Country Parks, ascribed to the poor summer weather, has meant a shortfall on the budget of £100k.

1.1.3.7 Resources:

The Resources Division within the E,H&W Portfolio holds the Directorate-wide budget imbalance of £735k, which relies upon a Management Action Plan to ensure a balanced Portfolio budget by the year-end. The under spending of the Waste Management budget, detailed in 1.1.3.5 above, will provide the needed funding cover.

The Analysis & Information Team within Resources Division will exceed its income target by £190k.

Regeneration & Supporting Independence portfolio:

1.1.3.8 Regeneration & Projects Team:

There is an increased volume of DCLG activity within Regeneration & Projects, in relation to the Kent Thameside and Swale Forward Boards resulting in increased costs of £500k, which will be matched by 100% grant. The budget for this item has to be determined often before knowledge of all programmes of work is available. However, slippage of £450k on the Fort Hill, Margate de-dualling project will require a bid for roll-forward to next year.

1.1.3.9 Planning & Development:

A delay in the Minerals and Waste Local Development Framework will require a bid for roll-forward of £280k.

1.1.3.10 Planning Applications:

There is also a delay in the remedial works required to Shaw Grange of £250k.

1.1.3.11 Change & Development:

Within Change and Development, one occupied post is unfunded as the external funding has now ceased, and there are three seconded staff matched by 100% external funding of £100k. Expenditure will exceed the budget by £220k.

1.1.3.12 Kent Regeneration Fund:

Due to an expected shortfall in the Kings Hill income available for the Kent Regeneration Fund, projects have been held back wherever possible, leading to a reduction in costs and income of £100k.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	The Waste WPEG grant was budgeted as 100% revenue grant but it is being paid as 50% capital grant and is therefore not available to support the revenue budget	+810	EHW	Reduced tonnage through the Allington WtE plant. Reduced tonnage in total, compared to the budget assumption.	-3,400
EHW	Directorate Budget Gap (covered from Waste under spend)	+735	EHW	Increased level of external funding enabling more projects within Environment Group	-700
EHW	More project expenditure supported by external funding within Environment Group	+700	EHW	Waste - improved sales / Operation Cubit income	-670
RSI	Increased Volume of DCLG activity - Kent Thameside & Swale Forward Boards	+500	RSI	Increased Volume of DCLG grant - Kent Thameside & Swale Forward Boards	-500
EHW	Rural Bus Services - non-grant income supporting further rural	+430	RSI	Re-phasing of Fort Hill, Margate de-dualling project	-450
EHW	Operational Highway Maintenance works	+400	EHW	Additional recharges and fees income from KHS Division	-450
EHW	Budget under-estimate on KHS depot running costs.	+340	EHW	Increase on non-grant income on rural bus services	-430
EHW	KHS Additional SLA charges (Legal Services)	+265	EHW	WEEE Grant not budgeted as income	-350
RSI	1 Unfunded post and Seconded Staff in Change & Development Division	+220	RSI	Delay in Minerals and Waste Local Development Framework activity	-280
EHW	Additional cost of temporary and agency staff within KHS	+125	RSI	Delay in Shaw Grange remedial works	-250
EHW	Reduction in Country Parks income due to poor summer weather	+100	EHW	Street Lighting Maintenance and Inventory	-240
RSI	Kent Regeneration Fund expected funding shortfall	+100	EHW	Unbudgeted income from Districts for Clean Kent and Kent Waste Partnership	-230
			EHW	Additional income from Analysis & Info Team	-190
			EHW	Additional income from base revenue supported bus services	-175
			EHW	Re-phasing into 2008-09 of design for the Borough Green & Platt Bypass	-160
			RSI	Seconded Staff funded externally in Change & Development Division	-100
			RSI	Kent Regeneration Fund - projects delayed due to expected funding shortfall	-100
		+4,725			-8,675

1.1.4 **Actions required to achieve this position:**

Whilst the Regeneration and Supporting Independence Portfolio shows a net under spending of £1,055k, it should be noted that a sum of £1,190k will be the subject of bids for roll forward into 2008/09, in order to complete key activities. Hence the imbalance is in reality +£135k, which relates, mainly, to a post in Change & Development for which the external funding has now ceased. The Directorate is confident that a funding solution will be found before the year-end.

The E, H & W Portfolio is showing a forecast net £2,565k under spend. This reflects that the Directorate budget net gap of £735k is a first call on the Waste Management under spend, which is forecast at £3,690k. Of the £2,565k net forecast under spend, a bid for roll forward will be made for £740k in order to complete a number of projects, leaving a residual £1,825k under spend. It is proposed to submit other bids for roll-over, subject to further discussion, as linked to the restructure of the Directorate and the replacement of a key management and financial information system.

It should be noted that this forecast assumes that the County Council's Emergency Reserve will provide funding to meet the estimated cost of £650k, for corrective work following the earthquake and floods in June and January, consistent with previous practice.

1.1.5 **Implications for MTFP:**

- The WtE plant at Allington is assumed to be at full operational capacity from 1st April 2008.
- The Directorate budget net gap of £735k has been re-aligned within the 2008/09 budget.

1.1.6 **Details of re-phasing of revenue projects:**

The following revenue projects are re-phasing into 2008-09, and therefore roll forward will be requested in order to complete these activities:

R&SI portfolio:

- £280k in respect of a delay in the Local Development Framework for Waste and Mineral Studies,
- £25k for the Lower Thames Crossing Study,
- £35k for the Household Study,
- £250k for Shaw Grange remedial works,
- £450k slippage on the Fort Hill de-dualling work
- £100k for the running costs of the Manston/Eurokent project.
- £50k for East Kent Empty Properties Initiative

EH&W portfolio:

- £60k in order to complete the CTRL Impact Study,
- £160k for the design of the Borough Green and Platt Bypass and
- £240k for Street Lighting maintenance programme and Inventory completion.
- £280k will be requested to roll forward to 2008-09 to support the Kent Waste Partnership objectives.

1.1.7 **Details & impact of proposals for residual variance:**

R&SI portfolio:

Under spends elsewhere in the Directorate will be achieved to provide a solution to the unfunded post within Change & Development Division.

EH&W portfolio:

As detailed in 1.1.4 above, roll forward bids will be submitted for the residual underspend after allowing for the re-phased projects detailed in 1.1.6, which are linked to the restructure of the Directorate and the replacement of a key management and financial information system.

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.

Cash limits have been adjusted since the last full monitoring report to reflect:

2007-08	2008-09	2009-10	Future
£000s	£000s	£000s	Years
			£000s

Environment, Highways & Waste portfolio:

- Major Scheme Design – external

160

funding for Arts Projects				
▪ Re-phasing per 2008-11 MTP	-25,987	6,782	15,265	79,330
▪ Thamesway – additional external funding from Kent Police & London & Continental Railways	407			
<u>Regeneration & Supporting Independence portfolio:</u>				
▪ Fastrack Delivery Executive – DCLG grant to install ticket machines	500			
▪ Kent Science Resource Centre – DCLG grant	717			
▪ Gravesend Community Arts Complex – DCLG grant & SEEDA funding	442			
▪ Re-phasing per 2008-11 MTP	-3,724	6,335	1,235	1,235
▪ Eurokent Road – inclusion of external funding and developer contributions in order to reflect the gross costs of the project		1,304		
▪ Gravesend Community Arts Complex – removal of revenue costs	-92	-10		

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

	Prev Yrs Exp £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Revised Budget per Dec Cabinet	64,753	112,251	67,028	53,795	88,428	386,255
Adjustments:						
- Major Scheme Design Art projects		160				160
- re-phasing per 2008-11 MTP		-25,987	6,782	15,265	79,330	75,390
- Thamesway external funding		407				407
Revised Budget	64,753	86,831	73,810	69,060	167,758	462,212
Variance		-1,370	3,409	0	0	2,039
split:						
- real variance		+284	+1,755			+2,039
- re-phasing		-1,654	+1,654			0
Regeneration & Supporting Independence Portfolio						
Revised Budget per Sept Cabinet	3,904	10,607	1,500	2,000	1,000	19,011
Adjustments:						
- Fastrack Delivery Exec DCLG grant		500				500
- Kent Science Resource Centre		717				717
- Gravesend Community Arts Complex		350	-10			340
- re-phasing per 2008-11 MTP		-3,724	6,335	1,235	1,235	5,081
- Eurokent Road external funding			1,304			1,304
Revised Budget	3,904	8,450	9,129	3,235	2,235	26,953
Variance		-2,471	+2,471	0	0	0
split:						
- real variance						0
- re-phasing		-2,471	+2,471			0
Directorate Total						
Revised Budget	68,657	95,281	82,939	72,295	169,993	489,165
Variance	0	-3,841	+5,880	+0	+0	2,039

Real Variance		+284	+1,755	0	0	+2,039
Re-phasing *		-4,125	+4,125	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2007-08 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 planning 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 planning stage, is explained further in section 1.2.4 below.

All real variances in excess of £250k 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 Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Highway Major Maintenance	Phasing	+2,329			
EHW	Integrated Transport Programme	Real	+516			
R&SI	East Kent Empty Property Initiative	Phasing		+398		
			+2,845	+398	0	0
Underspends/Projects behind schedule						
R&SI	Eurokent Spine Road	Phasing			-1,650	
EHW	Ashford Ring Road	Phasing		-1,535		
R&SI	Arts & Business Centre at Folkestone	Phasing		-1,219		
EHW	Re-shaping Kent Highways Accommodation	Phasing		-694		
EHW	Integrated Transport Programme	Phasing	-507			
EHW	Newtown Way Improvement	Phasing			-421	
EHW	Everards Link Phase 2	Phasing		-374		
			-507	-3,822	-2,071	0
			+2,338	-3,424	-2,071	0

1.2.4 Projects re-phasing by over £1m:

There are four schemes/programmes falling into this category, namely the Arts and Business Centre at Folkestone, the Eurokent Spine Road, the Ashford Ring Road, and the Highway Major Maintenance programme of works.

1.2.4.1 R&SI portfolio - Arts and Business Centre at Folkestone– slippage £1.219 million

This scheme is designed to assist the regeneration and employment opportunities in this part of East Kent. The project has slipped by £1.219 million representing 35% of the total value of the scheme. There has been a delay in the construction programme due to adverse weather and difficulties in pursuing the ground-works because of archaeological findings. There will be a delay in completion until late spring 2008. There are no specific service implications of this delay. Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	477	2,223	800			3,500
Forecast	477	1,004	2,019			3,500
Variance	0	-1,219	1,219	0	0	0
FUNDING						
Budget:						
prudential	477	2,223	800			3,500
TOTAL	477	2,223	800	0	0	3,500
Forecast:						
prudential	477	1,004	2,019			3,500
TOTAL	477	1,004	2,019	0	0	3,500
Variance	0	-1,219	1,219	0	0	0

1.2.4.2 R&SI portfolio - Eurokent Spine Road– slippage £1.650m

This project is necessary in order that the regenerative benefits from the Manston/Eurokent developments can be achieved. The project has slipped by £1.65million representing 25% of the total value of the scheme. The proposal for this project assumed that there would be an earlier start date. However, the complex suite of agreements needing to be in place before committing to a contract has meant that the construction contract has only recently been awarded. The works are expected to complete in November 08 (3 months later than originally expected).

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		2,400	4,304			6,704
Forecast		750	5,954			6,704
Variance	0	-1,650	1,650	0	0	0
FUNDING						
Budget:						
Developer contribution			763			763
External			541			541
capital receipt		2,400	3,000			5,400
TOTAL	0	2,400	4,304	0	0	6,704
Forecast:						
Developer contribution			763			763
External			541			541
capital receipt		750	4,650			5,400
TOTAL	0	750	5,954	0	0	6,704
Variance	0	-1,650	1,650	0	0	0

1.2.4.3 EH&W portfolio - Ashford Ring Road – slippage £1.535 million

This scheme is one element of the infrastructure required for the Ashford growth area. The project has slipped by £1.535 million representing 11% of the total value of the scheme. There has been a delay in the construction programme partly due to slower progress than anticipated but also to the adjoining development in County Square encountering problems, which has had an impact. There will be a delay in completion, the precise effect of which is under discussion. It should be noted that this forecast is based on the full scheme, although not all the funding is yet confirmed to be in place (and hence the noted over run in 2008/09 of £1.922m). It could be necessary to trim the scheme if the required funding is not achieved. There are no specific service implications of this delay. Revised phasing of the scheme is now as follows:

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	1,437	8,697	1,840			11,974
Forecast	1,437	7,162	5,297			13,896
Variance	0	-1,535	3,457	0	0	1,922
FUNDING						
Budget:						
grant	1,437	7,458	850			9,745
loan	0	117	0			117
developer contribution	0	1,122	990			2,112
TOTAL	1,437	8,697	1,840	0	0	11,974
Forecast:						
grant	1,437	7,162	3,547			12,146
loan		0	50			50
developer contribution		0	1,700			1,700
TOTAL	1,437	7,162	5,297	0	0	13,896
Variance	0	-1,535	3,457	0	0	1,922

1.2.4.4 EH&W portfolio – Highway Major Maintenance – acceleration £2.329 million

In previous exception reports, it was reported that this £29m programme would not be completed by the year-end. Excellent progress has turned that position around, to the extent that the slippage declared previously of £1.060m (which has been reflected in the budget figures in the 2008-11 MTP and therefore also in the cash limits now used in this report) has been reversed and further works are to be completed late in the programme. There is a £2.329m acceleration against the revised budget which represents 8% of the total value of the 2007-08 annual highway major maintenance programme. It is recognised that this position results in a funding issue, and that if temporary borrowing is needed the Directorate will be required to meet the financing costs involved. The precise funding of this accelerated spend will be reviewed at year end once the final funding streams available to finance the overall 2007-08 capital spend for the authority are known. It is also acknowledged that next year's programme of works will need to be reduced as a result of the acceleration in the current year.

	Prior Years	2007-08	2008-09	2009-10	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		29,119	23,697	25,085	85,102	163,003
Forecast		31,448	21,368	25,085	85,102	163,003
Variance	0	2,329	-2,329	0	0	0
FUNDING						
Budget:						
Prudential		2,909	1,000			3,909
Prudential/Revenue		2,450				2,450
Loan		14,714	22,647	24,875	84,902	147,138
Grant		9,046	50	210	200	9,506
TOTAL	0	29,119	23,697	25,085	85,102	163,003
Forecast:						
Prudential		2,909	1,000			3,909
Prudential/Revenue		3,719	-1,269			2,450
Loan		15,774	21,587	24,875	84,902	147,138
Grant		9,046	50	210	200	9,506
TOTAL	0	31,448	21,368	25,085	85,102	163,003
Variance	0	2,329	-2,329	0	0	0

1.2.5 Projects with real variances, including resourcing implications:

Table 3 shows a real (net) over spend of £0.284m in 2007-08 and £1.755m in 2008-09, which is in respect of the following:

2007-08:

- +£516k Integrated Transport Programme which is to be met by a revenue contribution. In addition there is £0.507m being re-phased into 2008-09 funded by of supported borrowing.
- +£0.069m on Waste and country Parks projects which will be met by revenue contributions.
- -£0.213m on Waste Performance Grant funded projects; however there will be a compensatory reduction in grant.
- -£0.088m on the Thamesway project which will be matched by a compensatory reduction in grant funding.

2008-09:

- +£1.922m Ashford Ring Road – this is subject to the accessing of additional funding, otherwise the scheme will be trimmed back. A bid for additional Government grant has been submitted.
- -£0.112m Ashford Newtown Way improvement, which will be matched by a compensatory reduction in grant funding.
- -£0.055m on the Thamesway project which will be matched by a compensatory reduction in grant funding.

1.2.6 General Overview of capital programme:

(a) Risks:

The time limits placed on Government grant funding is posing operational problems with the timetable movements that is inherent in complex and large scale projects.

(b) Details of action being taken to alleviate risks:

Monthly meetings with project managers take place to revise the forecast.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

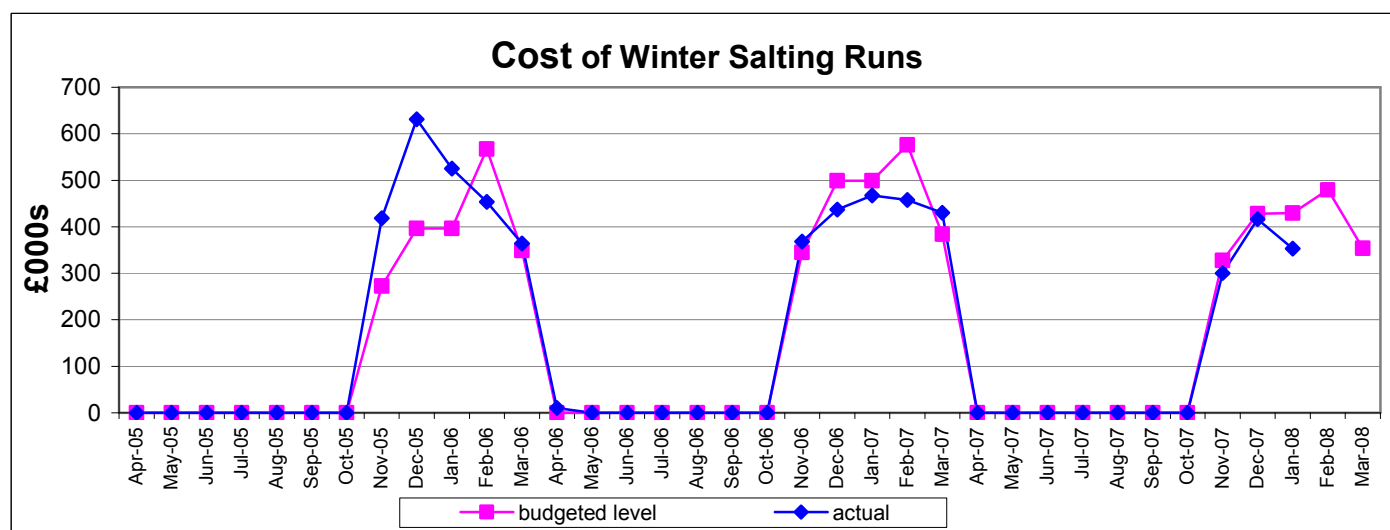
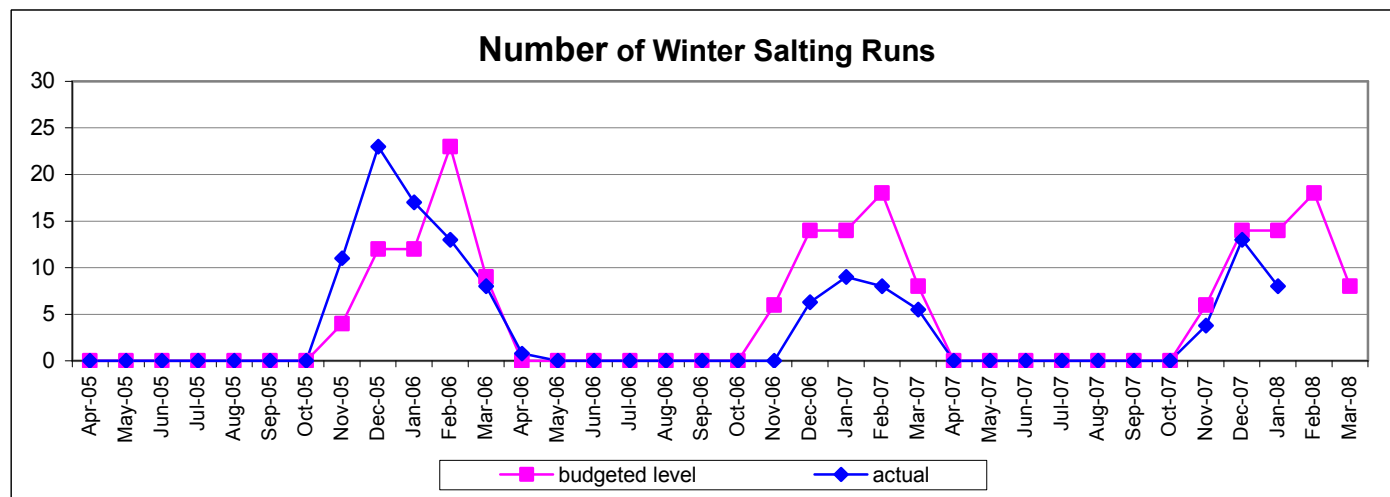
2.1 Waste Tonnage:

	2005-06	2006-07	2007-08	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Business Plan Target *
April	75,142	69,137	70,102	69,290

September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-
November	11	4	418	272	-	6	368	345	3.8	6	300	328
December	23	12	631	396	6.3	14	437	499	13	14	416	428
January	17	12	525	396	9.0	14	467	499	8	14	353	429
February	13	23	453	567	8.0	18	457	576		18		479
March	8	9	364	349	5.5	8	430	384		8		354
TOTAL	72	60	2,391	1,980	29.6	60	2,169	2,303	24.8	60	1,069	2,018

Note ¹: only part of the Kent Highways Network required salting

Note ²: the 2007-08 budget excludes overheads, as these are now charged centrally

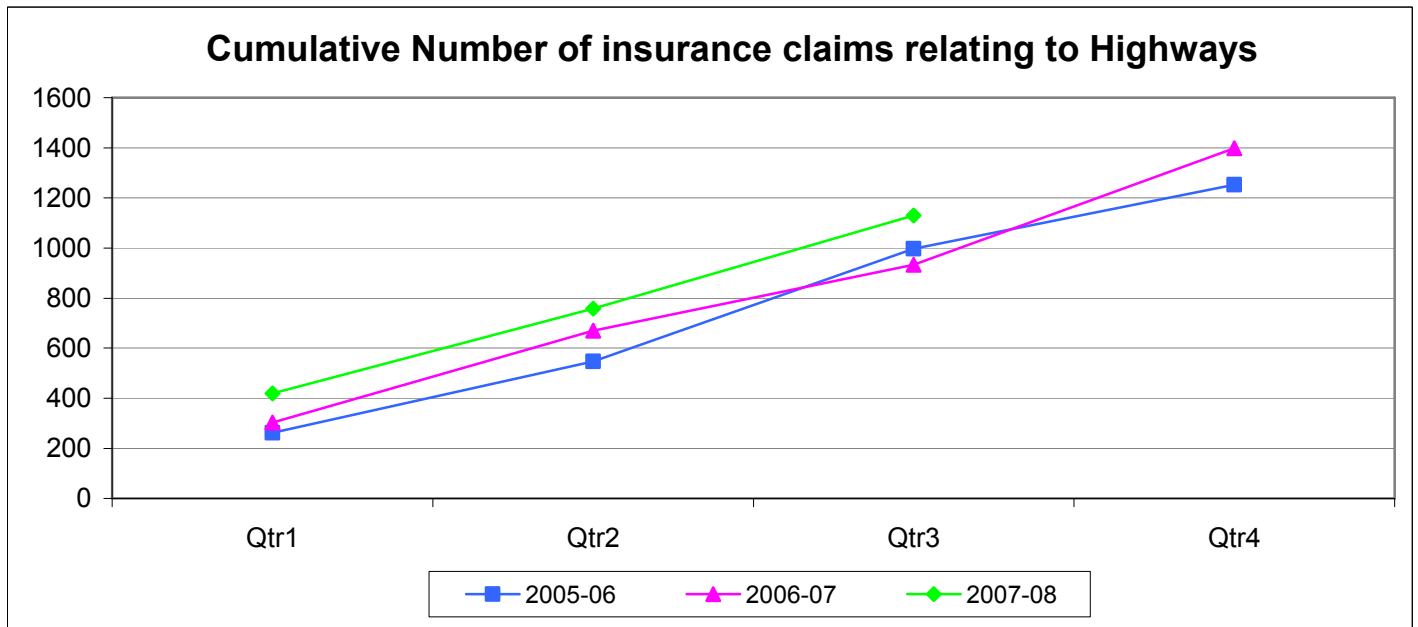


Comment:

- The charges for the Winter Maintenance Service reflect a large element of fixed cost; the smaller element being the variable cost of the salting runs. Contractual fixed costs 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
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	263	303	419
July – September	547	669	758
October – December	997	933	1,130
January - March	1,252	1,398	



Comments:

- The increase in claims between 2005-06 and 2006-07 appears to reflect a national trend. Nearly all other county councils in South East England have reported a similar rise in 2006. Carriageway claims are starting to increase and this may be evidenced by the relatively high figure for the first three quarters of this financial year.