

TO: Environment, Highways and Waste (EHW) Policy
Overview and Scrutiny Committee – 22 November 2011

BY: Bryan Sweetland, Cabinet Member – Environment,
Highways & Waste
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Environment

Subject: Financial Monitoring 2011/12

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the August budget monitoring exception report for 2011/12 reported to Cabinet on 17 October 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 August exception monitoring report for 2011/12 is attached.

3. Revenue

- 3.1 The overall position for the EHW Directorate reported to Cabinet on 17 October remained unchanged from the detailed quarterly monitoring reported to the EHW POSC on 27 September 2011. This was a predicted underspend of £2.186m due to a net underspend on waste, predicated on the estimated waste tonnage for 2011/12 being 25000 tonnes lower than the affordable level and a break-even position for the remainder of the Directorate.

4. Capital

- 4.1 The forecast variance for 2011/12 has moved by -£0.285m and is due to a combination of real variances and variances arising from re-phasing projects. Details of these movements are included in the August exception monitoring report which is attached.
- 4.2 Where real variances arise, it is important that funding sources are identified to compensate for the potential overspend. The attached exception monitoring report identifies those funding sources where required. Variances arising from re-phasing do not require funding sources as they are the result of moving capital funding between years.

5 Recommendations

- 5.1 Members of the POSC are asked to note the budget variations for the EHW Portfolio for 2011/12 based on the August exception report to Cabinet on 17 October 2011.

Contact Officer

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**ENTERPRISE AND ENVIRONMENT
EXCEPTION MONITORING REPORT
AUGUST 2011-12**

REVENUE

	Cash Limit £000s	Variance		Movement £000s
		This month £000s	Last report £000s	
Directorate total	149,116	-2,186	-2,186	0
Management action	0	0	0	0
Directorate total after management action	149,116	-2,186	-2,186	0

The overall position for the Directorate is expected to be an underspend of £2186k, at this stage, but it is important to recognise that this is dependent on waste tonnages continuing to remain at the levels experienced over the last two years and Highways being able to deliver a balanced budget.

The budgeted waste tonnage for 2011-12 is 760,000 tonnes. Tonnage for the first five months of this financial year combined with the experience of the last two financial years has allowed the Directorate to estimate that the final tonnage will be 25000 tonnes less than budgeted, which has resulted in the forecast underspend. Whilst the Directorate has a direct influence over the disposal and recycling of waste, it has limited control over the amount of waste put into the system and any significant changes in waste tonnage will impact on the forecast outturn.

A break even position is currently predicted for Highways and Transportation. In previous years severe winters have resulted in additional costs which have had a detrimental impact on the Directorate's outturn. This position will be monitored closely and all efforts will be taken to manage any winter pressures within budget.

CAPITAL

The forecast has moved by -£0.285m. Projects subject to re-phasing and overall variances affecting 2011-12 are:

- A2 Cyclo Park (+£0.905m, real variance): £0.605m funding has been secured from Interreg which will enable additional access improvements and creating/improving the park's wildlife habitat. Projects costs have increased by £0.300m due to slippage, re-measurement and additional paving; the increase is to be met from external funding.
- Non TSG Land, Compensation Claims (-£0.733m re-phasing and -£0.050m real variance): the re-phasing is due to the Edenbridge Relief Road, where compensation on one of the plots of land is subject to a Land Tribunal decision which will not be settled in this financial year. There is an overall real underspend of -£0.204m (-£0.050m 2011-12) this is due to reduction in the estimated volume of Land Compensation Act Part 1 claims related to Hawking phase 2.
- Household Waste Recycling Centres and Transfer Station (-£0.500m re-phasing and £0.300m real variance): the movement is forecast is due to the following:

Herne Bay Site Improvement - -£0.500m re-phased to reflect the anticipated construction start date of Spring 2012.

North Farm Transfer Station - +£0.400m overspend where scheme costs have increased due to slippage in construction and potential claims caused by unforeseen ground condition. The overspend is to be funded from an underspend against the Lydd/New Romney site project and revenue.

Lydd/New Romney Site - -£0.100m underspend due to unused contingency.

- Ashford Ring Road (-£0.117m, re-phasing): reconstruction of the damaged flume work has been re-phased to 2012-13 to ensure the correct option will be chosen.

Overall this leaves a residual balance of -£0.090m on a number of minor projects.