

From: Bryan Sweetland, Cabinet Member – Environment, Highways & Waste
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To: Environment, Highways & Waste Cabinet Committee

Date: 15 November 2012

Subject: Enterprise & Environment Directorate (Environment, Highways and Waste Portfolio) Financial Monitoring 2012/13

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the first quarter's (April-June) full budget monitoring report for 2012/13 was reported to Cabinet on 17 September 2012. Members of the Cabinet Committee are also asked to note the subsequent update to this position which was reported in the monitoring exception report to Cabinet on 15 October 2012.

FOR INFORMATION

1. Introduction:

- 1.1 This is a regular report to this Committee on the forecast outturn for Enterprise & Environment Directorate (Environment, Highways and Waste Portfolio).

2. Background:

- 2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees 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 first quarter's monitoring report for 2012/13 was reported to Cabinet Committees in September. An update to this position was reported in the monitoring exception report to Cabinet on 15 October. The relevant extracts from this exception report are included in the revenue and capital sections below.

3. Enterprise & Environment Directorate 2012/13 Financial Forecast - Revenue

3.1 **Table 1** shows the movements reported in the exception report following the quarter 1 report provided to Cabinet Committees in September.

Portfolio	Forecast Variance £000s	Movement from Qtr 1 report £000s
Environment, Highways & Waste	-2.603	-0.375
Directorate Total	-2.603	-0.375

The main reasons for this movement are detailed below:

3.2 Environment, Highways & Waste Portfolio:

The underspend for this portfolio has increased by £0.375m this month from -£2.228m to -£2.603m. The main movements are:

- a) Planning Applications: Although there is no net movement on this budget, there is a movement on gross of -£0.128m which primarily results from staffing vacancies which are being held to offset an under-recovery in income of +£0.128m, which largely relates to reduced income from planning applications.
- b) Waste Management: Although the overall forecast net underspend has increased by -£0.341m from -£1.888m to -£2.229m, the overall forecast tonnage remains at 715,000. There have however been a number of changes to the forecast which are detailed below:
 - +£0.374m Recycling Contracts and Composting - an increase in the net position from a -£0.211m underspend to a pressure of +£0.163m. This is made up of various movements in both volume (+£0.183m) and prices (+£0.216m) across the recycling and composting contracts, together with additional income from the sale of recyclables (-£0.025m).
 - -£1.912m Disposal Contracts - an increase in the underspend from -£0.440m to -£2.352m as a result of reduced contractual payments due to extended planned maintenance at the Allington Waste to Energy Plant, which has resulted in less tonnage being processed at the plant than previously forecast. However, for the same reason part of this underspend has been offset by an increase in spend on Landfill Disposal Contracts due to more waste being diverted to landfill; this has also resulted in a corresponding increase in landfill tax referred to below.
 - -£0.178m Haulage and Transfer Stations - an increase in the underspend from -£0.067m to -£0.245m which is due to a reduction in forecast activity.

- +£1.442m Landfill Tax - an increase in the position from a -£0.241m underspend to a pressure of £1.201m. This movement relates to additional volumes of waste sent to landfill due to extended planned maintenance at the Allington Waste to Energy Plant. This pressure is offset by savings on Disposal Contracts referred to above.
- In addition, there has been a small increase of -£0.067m in the underspend on the Household Waste Recycling Centres budget, which has moved from a net underspend of -£0.579m to -£0.646m

4. Enterprise & Environment Directorate 2012/13 Financial Forecast - Capital

4.1 **Table 2** shows the summary of variance from cash limit, as reported in the exception report to Cabinet on 15th October 2012.

Portfolio	Environment, Highways & Waste
	Amount £m
Unfunded variance	1.203
Funded variance	0.514
Variance to be funded from revenue	6.000
Project underspend	-0.013
Rephasing (to/from beyond 2012-15)	-4.130
Total variance	3.574

Movements from the quarter 1 report are detailed below:

4.2 Movements in unfunded variance

There have been no movements in unfunded variance since the quarter 1 report.

4.3 Movements in re-phasing (to/from beyond 2012-15)

Movements since the quarter 1 report are detailed below:

- **Sandwich Sea Defences** – re-phasing beyond 2012-15 of -£1.016m. The schedule of planned contributions from KCC now reflects the anticipated progression of the scheme, giving more realistic phasing.
- **Sittingbourne Northern Relief Road** – further re-phasing of -£0.462m. Although the scheme itself is complete, the revised phasing gives a more accurate estimate of the final costs which include landscaping, signage, traffic calming and compensation claims.

- **East Kent Access Phase 2** – re-phasing back into 2012-15 of +£0.368m. This reflects a more realistic view of settling compensation claims within the 6 year statutory period.
- **Growth Without Gridlock** – re-phasing beyond 2012-15 of -£2.500m to better reflect the plans for this money.
- **A28 Chart Road** – re-phasing into 2012-15 of +£3.600m. The plan is to deliver this scheme in phases as funding becomes available. The initial phase has funding approval in principle from the Growing Places fund, and is unlikely to require planning consent. The revised forecast spend reflects this.

4.4 **Other movements**

There have been no other movements since the quarter 1 report.

5. **Recommendations**

- 5.1 Members of the Environment, Highways & Waste Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Enterprise & Environment Directorate (Environment, Highways and Waste Portfolio) based on the first quarter's full monitoring to Cabinet and the subsequent exception report.

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