

TO: Environment, Highways and Waste (EHW) Policy
Overview and Scrutiny Committee – 10 November 2009

BY: Nick Chard, Cabinet Member for EHW
Mike Austerberry, Executive Director of EHW

SUBJECT: Financial Monitoring 2009/10

Classification: Unrestricted

Summary:

Members of the POC are asked to note the first quarter's full budget monitoring report for 2009/10 reported to Cabinet on 14 September 2009 and any variances reported since that time through the monthly exception process.

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 POCs 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 2009/10 is attached.

3. Revenue

- 3.1 The report shows that there is a significant underspend predicted on Waste offset by additional spending required on highways. As discussed in more detail in the report, reduction in waste tonnage cannot be relied upon in the longer term.
- 3.2 Since the detailed quarterly statement, there has been a further reduction in waste tonnage, resulting in an extra £0.32m underspend, taking the total waste underspend to £3.3m. This additional underspend has been offset by dilapidation costs of £0.25m on the Beer Cart Lane premises.

4. Capital

- 4.1 There was a significant rephasing of capital spend reported in the first quarter's return, but this was mainly on schemes where we have less control on the delivery timetable i.e. those relying on securing Government grants or those requiring large developer contributions (which are difficult to secure in the current downturn). However, the schemes where we have full control over the programme such as the recurring highway capital maintenance and the integrated transport schemes etc., are all on target.
- 4.2 An underspend on the natural burials project has been declared since the quarterly report. The £0.7m arising from this has been diverted to support additional expenditure on the Archaeological Research project.
- 4.3 There have been three further rephasings since the quarterly report. Waste infrastructure improvement projects have slipped by £0.534m; work on the Drovers roundabout in Ashford has been rephased by £0.485m, due to design complexity and land compensation and part 1 claims have been re-phased by £0.56m, to address the delay caused by receiving environmental impact assessment reports.

5 Recommendations

- 5.1 Members of the POC are asked to note the budget variations for the EHW Portfolio for 2009/10 based on the first quarter's monitoring and August exception reports to Cabinet.

Contact

Richard Hallett
Directorate Finance Manager – E&R
Richard.hallett@kent.gov.uk
01622 694035

ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE JULY 2009-10 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” i.e. 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 budget was set to reflect the revised portfolio structure; a number of technical adjustments to budget and the addition of £1.206m of roll forward from 2008-09, as approved by Cabinet on 13 July 2009.
- The inclusion of new 100% grants (i.e. 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	59,986	-6,860	53,126	2,950	0	2,950	White lines (+£0.6m), signs (+£0.25m) and resurfacing (+£2.1m)
Public Transport Contracts	18,273	-2,400	15,873	0	0	0	
Waste Management	69,827	-1,973	67,854	-2,976	0	-2,976	Reduced tonnage -£2.170m & Allington WtE off-line -£0.806m
Environmental Group	8,814	-4,278	4,536	0	0	0	
Strategic Planning	808		808	0	0	0	
Planning Applications	1,440	-477	963	0	0	0	
Transport Strategy Group	470		470	0	0	0	
Strategic Management	850		850	0	0	0	
Resources	5,812	-276	5,536	0	0	0	
Support Services purchased from CED	1,871		1,871	0	0	0	
Total E, H & W	168,151	-16,264	151,887	-26	0	-26	
Assumed Management Action							
Forecast after Mgmt Action				-26	0	-26	

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:

Waste Management:

- 1.1.3.1 The waste tonnage figures for May, June and July (provisional) are significantly below the affordable (budgeted) level. This means that there is a substantial saving from reduced waste tonnage and it is expected that waste volumes will continue to be below the budgeted level for the remainder of the financial year. Having said that, March and April both exceeded the 2008 levels (March significantly), so the continued reduction cannot be guaranteed. Our current estimate for the reduced tonnage is around 35,000 tonnes, which at an average of roughly £62 per tonne, produces a budget saving for 2009-10 of approximately £2.17m.
- 1.1.3.2 Given the volatile nature of the waste volumes as described in the paragraph above and the fact that at some point consumption is likely to increase when we come out of recession, reliance on permanently low waste tonnage is inadvisable. Waste tonnage reductions could easily reverse and pent-up demand for replacement household goods may accentuate this. Very small changes in consumer behaviour, if they are replicated across the households in Kent, can have a very large effect on the cost of waste disposal. Each 1% increase in waste tonnage on the existing 796,000 tonne budget will cost around £0.5m. If each household throws away just one additional kilogramme of rubbish per week, this would equate to an increase of 3.6% and a disposal cost of nearly £2m.
- 1.1.3.3 There has also been some planned downtime for the Allington waste to energy plant for maintenance prior to handover to KentEnviropower Ltd from the construction contractor, resulting in 62,000 tonnes being diverted to landfill. This gives a one-off saving of approximately £0.8m.

Kent Highways Services (KHS):

- 1.1.3.4 The highways budget continues to be under significant pressure. The backlog of capital maintenance remains high, which in turn puts pressure on revenue spend. There has been injection of capital cash in 2009-10 to start reducing some of the backlog but it would be good to go further. There are a number of roads in serious need of resurfacing which cannot be met from current allocations. It is proposed therefore that KHS make a revenue contribution, (to be funded from the underspending on Waste Management), to bring forward essential resurfacing works into 2009-10. **Cabinet is asked to agree this proposal.**
- 1.1.3.5 The Directorate expected to receive its rollover from 2009-10 and had earmarked this funding for a number of highways projects. As agreed by Cabinet in July, the rollover, which was not already committed, is now being held in the Economic Downturn reserve pending decisions during the budget process throughout the autumn as to how this will be used.

1.1.3.6 One project however, which was agreed at the Highways Advisory Board and is already underway is the white lining project. This is a complete refresh of white lines in 31 towns across Kent (Maidstone and Ashford are already complete). Continuation of this project will cause KHS to overspend by about £600k, which will now need to be set against this year's waste underspend.

1.1.3.7 There is also a need to do a comprehensive clean of all of our signs which will add a further £250k to the signs and lines budget.

1.1.3.8 There are other emerging causes for concern in the KHS budget, with continuing pressure on vegetation control, dilapidation charges against Beer Cart lane premises and not being able to reduce energy consumption as quickly as was originally budgeted, due to delays in completing the inventory and building an array in order to give a clearer indication of actual consumption. These pressures are being quantified at the moment and will be reported in coming months if they cannot be contained within existing KHS allocations.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure/saving has an offsetting entry which is directly related)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	KHS - Essential resurfacing	+2,100	EHW	Reduced waste tonnage	-2,170
EHW	KHS - White lining refresh	+600	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for planned maintenance	-806
EHW	KHS - Sign cleaning programme	+250			
		+2,950			-2,976

1.1.4 Actions required to achieve this position:

There are no specific actions required to achieve this position.

1.1.5 Implications for MTP:

The ongoing pressures on the KHS budget are a cause for concern for the MTP. The waste tonnage is currently in our favour but as described in paragraph 1.1.3.2, this may be reversed by very small changes in household behaviour.

1.1.6 Details of re-phasing of revenue projects:

There are no re-phasings to report at this stage.

1.1.7 **Details of proposals for residual variance:** [e.g. roll forward proposals; mgmt action outstanding]

The residual variance is currently minimal (-£26k).

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 since last reported to Cabinet on 13th July 2009, as 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Budget	161,469	129,553	154,167	124,938	325,986	896,113
Adjustments:						
- roll forward	-5,404	5,404	0	0	0	0
- Outturn and pre-outturn changes	-56,285					-56,285
- Energy & Water Investment Fund		-117				-117
- Highway Maintenance		-2,100	0	0	0	-2,100
- Integrated Transport		-1,518	0	0	0	-1,518
- Major Schemes - Design Fees		-350	0	0	0	-350
Revised Budget	99,780	130,872	154,167	124,938	325,986	835,743
Variance		-28,506	11,947	-5,656	23,767	1,552
split:						
- real variance		-306	-3,587	-6,614	+12,059	+1,552
- re-phasing		-28,200	+15,534	+958	+11,708	0
Real Variance	0	-306	-3,587	-6,614	+12,059	+1,552
Re-phasing	0	-28,200	+15,534	+958	+11,708	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 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.

Whilst, there is large rephasing of capital spend being reported this month, this is mainly on schemes where we have less control on the delivery timetable i.e. those relying on securing Government grants or those requiring large developer contributions (which are difficult to secure in the current downturn). However, the schemes where we have full control over the programme such as the recurring highway capital maintenance and the integrated transport schemes etc., are all on target. The Sittingbourne Northern Relief Road is in front of its scheduled spend and the project is also on target to deliver a substantial underspend (not accruing to KCC though as the scheme is grant and developer funded).

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Prelimina ry Stage £'000s
Overspends/Projects ahead of schedule						
EHW	Sittingbourne Relief Road	phasing			+1,592	
EHW	Major Scheme Design	real	+250			
			+250	+0	+1,592	+0
Underspends/Projects behind schedule						
EHW	East Kent Access Rd Ph 2	phasing			-10,696	
EHW	Reshaping Highways Accommod.	phasing		-5,939		
EHW	Ashford Drivers Roundabout	phasing			-3,712	
EHW	Victoria Way	phasing			-3,476	
EHW	KTS Transport Programme	phasing			-2,449	
EHW	Church Marshes Transfer Station	phasing			-970	
EHW	Hernebay Site Improvement	phasing		-823		
EHW	Rushenden Relief Road	phasing			-781	
EHW	Dartford Heath Site Replacement	real		-687		
EHW	Wetland	phasing		-478		
EHW	Integrated Transport scheme	phasing	-300			
			-300	-7,927	-22,084	-0
			-50	-7,927	20,492	-0

1.2.4 Projects re-phasing by over £1m:

Sittingbourne Northern Relief Road – ahead of plan £1.592 million

This scheme is designed to deliver regeneration of Sittingbourne by supporting existing and future commercial and housing development. The scheme progress is expected to be advanced by £1.6million representing 4% of the revised scheme cost. The total scheme cost has now been reduced by £7.4million due to favourable tender price under current economic climate and consequent adjustment of risk registers. The scheme is expected to start in October 09 and looks to an accelerated completion. The cost reduction of the scheme has no financial savings to the council as the scheme is funded from grant and the developer. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,553	10,058	18,604	10,909	0	43,124
Forecast	3,553	11,650	13,643	4,041	2,761	35,648
Variance	0	+1,592	-4,961	-6,868	+2,761	-7,476
FUNDING						
Budget:						
grant	3,428	10,058	18,604	6,809	0	38,899
developer cont	67			4,100		4,167
revenue	58					58
TOTAL	3,553	10,058	18,604	10,909	0	43,124
Forecast:						
grant	3,428	11,570	13,643	2,702		31,343
developer cont	67			1,339	2,761	4,167
revenue	58	80				138
TOTAL	3,553	11,650	13,643	4,041	2,761	35,648
Variance	0	+1,592	-4,961	-6,868	+2,761	-7,476

East Kent Access Road Phase 2 – slippage £10.696 million

This scheme is designed to deliver improved economic performance for east Kent. The scheme has slipped by £10.7m, representing 12% of the total value of the scheme. The start of the scheme has been delayed by 15 months due to the delay in confirmation of statutory Orders and more recently by awaiting Full Approval of funding from DfT. The total scheme cost has significantly increased due to Tender returns being significantly above the estimate and this was considered to be a combination of increased archaeology costs and contractors being more cautious about the cost of the complex box structure under the railway line, together with the risks associated with Network Rail approval. The increased cost has been reported to PAG on 29 July and was approved. The full approval of funding is expected in August and an award of contract will follow with a formal start of construction in October 2009. There will be no delay in the completion of the scheme, but there will be some delays in the settlement of part1 land compensation claims. There is no service or the financial implications by the expected delay in settling the claims. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	262	21,393	27,745	21,574	0	70,974
Forecast	262	10,697	37,895	26,541	11,605	87,000
Variance	0	-10,696	+10,150	+4,967	+11,605	+16,026
FUNDING						
Budget:						
prudential				1,660	0	1,660
prudential/revenue						0
grant	262	21,393	27,745	19,914	0	69,314
TOTAL	262	21,393	27,745	21,574	0	70,974
Forecast:						
prudential				1,660		1,660
prudential/revenue					4,090	4,090
grant	262	10,697	37,895	24,881	7,515	81,250
TOTAL	262	10,697	37,895	26,541	11,605	87,000
Variance	0	-10,696	+10,150	+4,967	+11,605	+16,026

Kent Highways accommodation – slippage £5.939 million

This scheme is designed to deliver service improvements through creating the West Kent equivalent of the new Ashford super depot. A site has now been identified (after considerable difficulty in finding a suitable location) but the purchase of this land will be subject to gaining the appropriate planning permission. This will not happen now before the end of the financial year and therefore the spend will need to be rephased into 2010/11. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	16,605	6,489	2,000			25,094
Forecast	16,605	550	7,939			25,094
Variance	0	-5,939	+5,939	0	0	0
FUNDING						
Budget:						
prudential	4,555	107				4,662
prudential/revenue	10,483	2,463	2,000			14,946
PEF2		3,398				3,398
external other	9					9
capital receipts	1,558	521				2,079
TOTAL	16,605	6,489	2,000	0	0	25,094
Forecast:						
prudential	4,555		107			4,662
prudential/revenue	10,483	550	3,913			14,946
PEF2			3,398			3,398
external other	9					9
capital receipts	1,558		521			2,079
TOTAL	16,605	550	7,939	0	0	25,094
Variance	0	-5,939	+5,939	0	0	0

Kent Thameside Strategic Transport Programme – slippage £2.449 million

This programme is designed to deliver a package of Strategic Transport schemes in the Kent Thameside area. The programme has slipped by £2.4million representing 1% of its total value. This slippage is due to a delay in the programme due to the slow down in development in Kent Thameside area and the fact that funding agreements have not been secured with HAC/DfT. There is an overall reduction in the programme due to change in price base compared to 2007. This is a long term project that covers a wide time span. The necessary infrastructure will be crucial, to deliver growth in the Thameside area. This current delay should have minimal impact to the 20 year plus development timescale for this area (provided that sufficient contributions can be secured in the future).

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	155	3,166	7,011	15,741	125,194	151,267
Forecast	155	717	1,736	9,486	131,622	143,716
Variance	0	-2,449	-5,275	-6,255	+6,428	-7,551
FUNDING						
Budget:						
grant		2,770	3,030	4,310	38,112	48,222
developer cont		396	3,981	11,431	87,082	102,890
revenue	155					155
TOTAL	155	3,166	7,011	15,741	125,194	151,267
Forecast:						
grant		331	876	6,625	39,665	47,497
developer cont		386	860	2,861	91,957	96,064
revenue	155					155
TOTAL	155	717	1,736	9,486	131,622	143,716
Variance	0	-2,449	-5,275	-6,255	+6,428	-7,551

Ashford Drivers Roundabout – slippage £3.712 million

This scheme is designed to support the growth of Ashford and improve access into the area from the west, including measures to facilitate future Smartlink and access to the Waren Park & Ride site. The scheme has slipped by £3.7million representing **24%** of the total value of the scheme. The programme has slipped from what was an optimistic profile in the RIF bid aimed at achieving acceptance. The announcements on RIF have been delayed and this has allowed the design of Drivers roundabout which is a complex junction involving a roundabout with five dual carriageways entries to be reviewed. The Highways Agency has asked for the slip road aspects of the M20 J9 scheme to be reviewed. Ashford's Future Partnership board has also asked for the new footbridge over the M20, as a consequence of the J9 improvements to be more of a feature structure rather than a utilitarian solution. The South East Regional Panel are minded to approve RIF which will require substantive expenditure to be completed by 31 March 2011. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	269	4,946	10,000			15,215
Forecast	269	1,234	13,712			15,215
Variance	0	-3,712	+3,712	0	0	0
FUNDING						
Budget:						
grant	269	4,946	10,000			15,215
TOTAL	269	4,946	10,000	0	0	15,215
Forecast:						
grant	269	1,234	13,712			15,215
TOTAL	269	1,234	13,712	0	0	15,215
Variance	0	-3,712	+3,712	0	0	0

Victoria Way Phase 1 – slippage £3.476 million

This scheme is designed to support the growth of the Ashford town centre to the south and provide a link between Beaver Road and A28 Chart Road. It has slipped by £3.5million representing 21% of the total value of the scheme. The programme has slipped from what was an optimistic profile in the CIF bid aimed at achieving acceptance. The slippage is due to delay in securing planning consent and in publishing statutory Orders to accommodate scheme amendments and the outcome of negotiations with commercial landowners. KHS are working with Ashford Future Company to deliver a tight but just deliverable programme subject to the full support of the Ashford Future Partnership Board and other key partners. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	611	6,989	9,000			16,600
Forecast	611	3,513	12,476			16,600
Variance	0	-3,476	+3,476	0	0	0
FUNDING						
Budget:						
grant	611	6,989	9,000			16,600
TOTAL	611	6,989	9,000	0	0	16,600
Forecast:						
grant	611	3,513	12,476			16,600
TOTAL	611	3,513	12,476	0	0	16,600
Variance	0	-3,476	+3,476	0	0	0

1.2.5 Projects with real variances, including resourcing implications:

The Major Scheme Design budget has an overspend of £0.250m on the Smart Link transport project in Ashford on preparation of major scheme business case and Waren Street Park and Ride. This will be met by GAF3 funding.

Swanley Household Waste Recycling Centre project is now completed and showing an over spend of £0.118m. This is mainly due to price increases and some minor modification to original scheme specification. This real overspend will be funded from the under spend on Dartford Heath site replacement (-£0.687m). This project is currently on hold due to problems finding a suitable site. All other Waste Management Capital programmes have now been reviewed to fund identified overspend in the current and the future years by rephrasing and reducing the scope of other waste projects.

Ashford Ring road is expected to overspend by £0.045m due to design of Latitude walk which will be funded from GAF3.

After allowing for these funding issues the true underlying variance is £0.032m.

1.2.6 **General Overview of capital programme:**

(a) Risks

One of the major risks for EHW at the moment is the cost escalation on the East Kent access phase 2 scheme. Tenders came back with an increase of £16m over initial expected costs, with KCC needing to meet 25% of this (DfT have agreed in principle to fund the other 75%). The higher price for the scheme was considered to be a combination of increased archaeology costs and contractors being more cautious about the cost of the complex box structure under the railway line, together with the risks associated with Network Rail approval for any works affecting the railway.

Schemes linked heavily to developer contributions are struggling due to the economic downturn. This mainly affects projects in the Thameside and Ashford areas, although schemes such as Sittingbourne Northern Relief road (SNRR) also have some significant developer funding attached.

(b) Details of action being taken to alleviate risks

EHW have identified savings in future years' budgets to fund prudential borrowing to cover the shortfall in funding. The Directorate is working hard to reduce the cost of the scheme through value engineering but 75% of saving will need to be returned to DfT, reflecting their share of the cost increase. We have appointed independent quantity surveyors to review the scheme and to provide ongoing monitoring and challenge to ensure best price is achieved.

We are working closely with landowners and developers to ensure that contributions are secure and in the case of SNRR have sought a letter of comfort to confirm the developer's intention and ability to pay. Schemes will not proceed unless KCC's financial position is protected.

1.2.7 **Project Re-Phasing**

It is proposed that a cash limit change be recommended for the following 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 can be requested but the full extent of the slippage will have to be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Integrated Transport					
Amended total cash limits	+13,234	+16,418	+17,200	+37,100	+83,952
re-phasing	-300	+300			0
Revised project phasing	+12,934	+16,718	+17,200	+37,100	+83,952
Wetland Creation					
Amended total cash limits	+488				+488
re-phasing	-478	+478			0
Revised project phasing	+10	+478	0	0	+488
Herne Bay Site Improvements					
Amended total cash limits	+923				+923
re-phasing	-823	+823			0
Revised project phasing	+100	+823	0	0	+923
Re-shaping Kent Highways					
Amended total cash limits	+6,489	+2,000			+8,489
re-phasing	-5,939	+5,939			0
Revised project phasing	+550	+7,939	0	0	+8,489
Maidstone/Tonbridge Site					
Amended total cash limits	+200	+550	+1,250		+2,000
re-phasing	-200	-550	-472	+1,222	0
Revised project phasing	0	0	+778	+1,222	+2,000
Church Marshes Transfer Station					
Amended total cash limits	+1,000	+775			+1,775
re-phasing	-970	-675	+1,645		0
Revised project phasing	+30	+100	+1,645	0	+1,775
East Kent Waste - Ashford					
Amended total cash limits		+5,000			+5,000
re-phasing		-2,000	+2,000		0
Revised project phasing	0	+3,000	+2,000	0	+5,000
Sittingbourne Northern Relief Road					
Amended total cash limits	+10,058	+18,604	+10,909		+39,571
re-phasing	+1,592	-1,592	-2,761	+2,761	0
Revised project phasing	+11,650	+17,012	+8,148	+2,761	+39,571
Rushenden Link Road					
Amended total cash limits	+9,531	+3,102			+12,633
re-phasing	-781	+781			0
Revised project phasing	+8,750	+3,883	0	0	+12,633

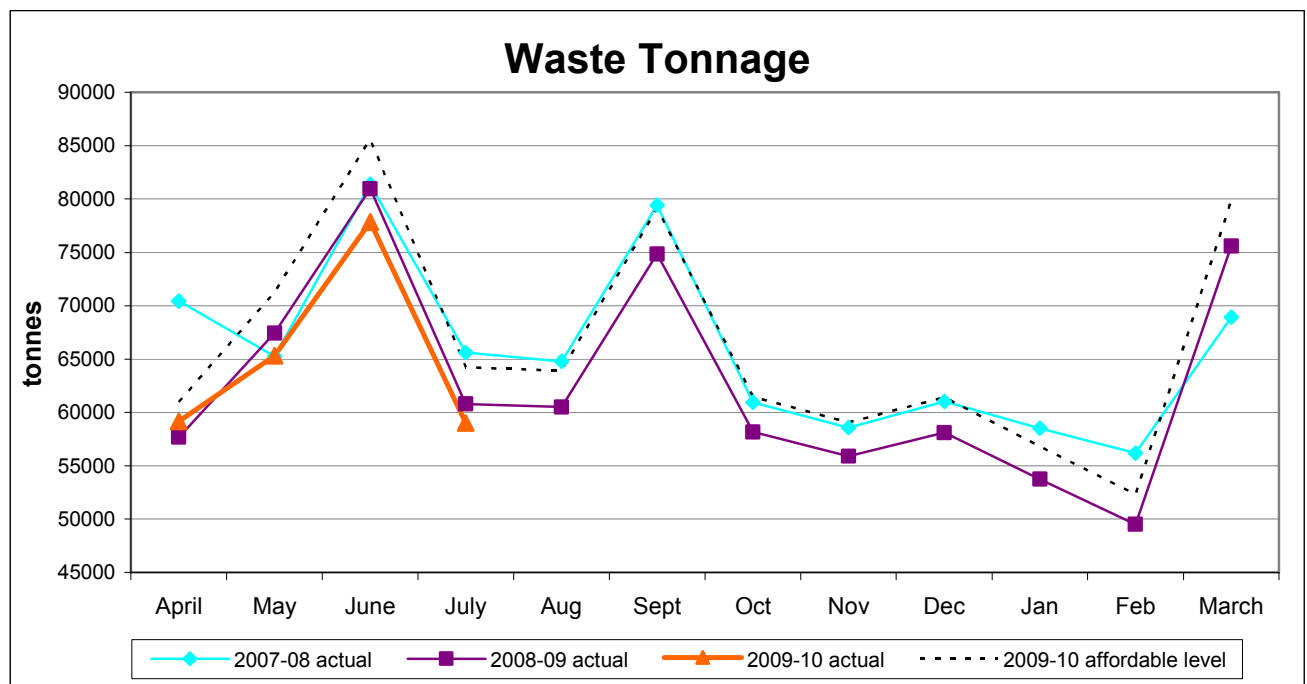
	2009-10	2010-11	2011-12	Future Years	Total
East Kent Access phase 2					
Amended total cash limits	+21,393	+27,745	+21,574		+70,712
re-phasing	-10,696	+10,150	+546		0
Revised project phasing	+10,697	+37,895	+22,120	0	+70,712
Kent Thameside Strategic Transport					
Amended total cash limits	+3,166	+7,011	+15,741	+125,194	+151,112
re-phasing	-2,449	-5,276	0	+7,725	0
Revised project phasing	+717	+1,735	+15,741	+132,919	+151,112
Ashford - Drovers Roundabout					
Amended total cash limits	+4,946	+10,000			+14,946
re-phasing	-3,712	+3,712			0
Revised project phasing	+1,234	+13,712	0	0	+14,946
Ashford - Victoria Way					
Amended total cash limits	+6,989	+9,000			+15,989
re-phasing	-3,476	+3,476			0
Revised project phasing	+3,513	+12,476	0	0	+15,989
Total re-phasing >£100k	-28,232	+15,566	+958	+11,708	0
Other re-phased Projects below £100k					
re-phasing	+32	-32			0
Revised phasing	+32	-32	0	0	0
TOTAL RE-PHASING	-28,200	+15,534	+958	+11,708	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2006-07	2007-08	2008-09	2009-10	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	69,137	70,458	57,688	59,158	60,957
May	69,606	65,256	67,452	65,304	71,274
June	82,244	81,377	80,970	77,844	85,558
July	63,942	65,618	60,802	59,020	64,248
August	62,181	64,779	60,575		63,921
September	77,871	79,418	74,642		79,100
October	61,066	60,949	58,060		61,465
November	60,124	58,574	55,789		59,065
December	64,734	61,041	58,012		61,414
January	60,519	58,515	53,628		56,798
February	58,036	56,194	49,376		52,313
March	73,171	68,936	76,551		79,887
TOTAL	802,631	791,115	753,545	261,326	796,000

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

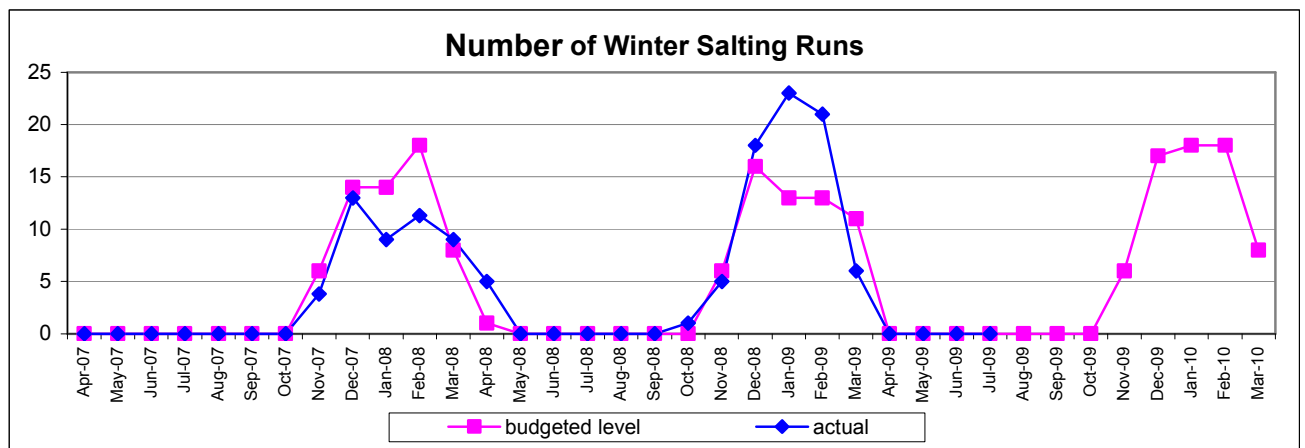


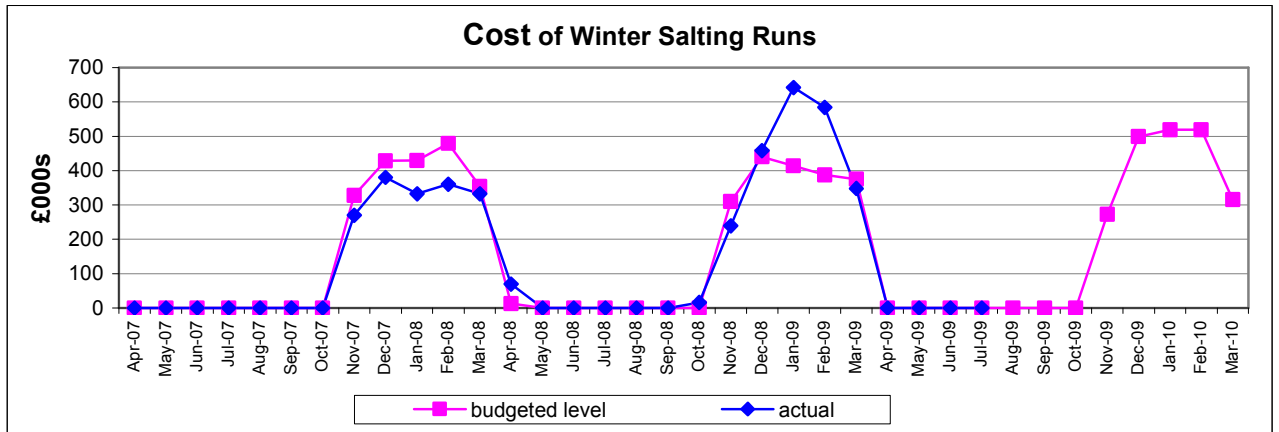
Comments:

- The March 2009 tonnage figures were considerably higher than the equivalent figure for 2008 and the April figure also slightly higher. This indicated that the decline in waste tonnage may have eased or indeed, started to reverse. However the May, June and July (provisional) figures have returned to the lower levels seen through most of the last financial year, again demonstrating the unpredictable nature of waste volumes.
- The tonnage is expected to remain below the affordable level for the remainder of the year but may exceed 2008-09 levels in particular months.

2.2 Number and Cost of winter salting runs:

	2007-08				2008-09				2009-10			
	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	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted level	Actual	Budgeted Level
		£000s	£000s			£000s	£000s			£000s	£000s	
April	-	-	-	-	5	1	70	13	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	1	-	16	-	-	-	-	-
November	3.8	6	270	328	5	6	239	310	6	6	273	
December	13.0	14	380	428	18	16	458	440	17	17	499	
January	9.0	14	332	429	23	13	642	414	18	18	519	
February	11.3	18	360	479	21	13	584	388	18	18	519	
March	9.0	8	332	354	6	11	348	375	8	8	315	
TOTAL	46.1	60	1,674	2,018	79	60	2,357	1,940	0	67	0	2,125



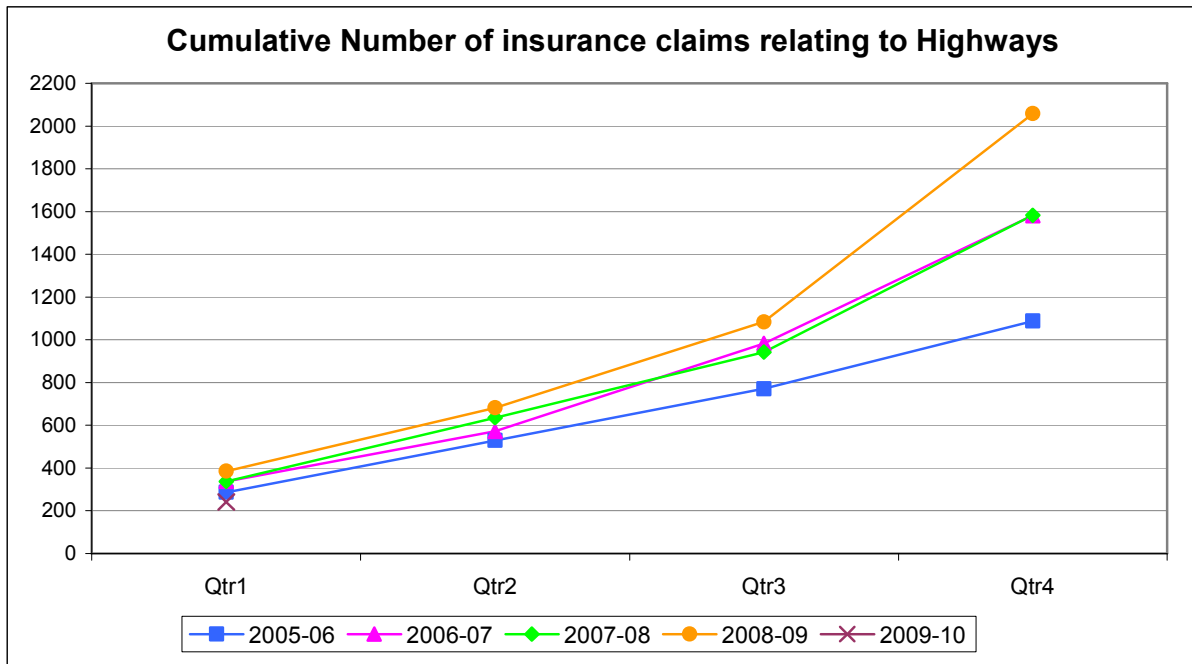


Comment:

- 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 normal salting period.

2.3 Number of insurance claims arising related to Highways:

	2005-06	2006-07	2007-08	2008-09	2009-10
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	337	338	385	242
July – Sept	530	572	635	682	
Oct – Dec	771	983	942	1,083	
Jan - Mar	1,087	1,581	1,582	2,057	



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 14 July 2009.
- The number of claims rose sharply at the end of 2008-09. 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. The number of claims for the first quarter of 2009-10 is back below the average but this figure may rise as claims continue to be submitted for that period (see paragraph above).
- The Insurance Section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority manages to achieve a rejection rate of claims, where it is considered that we do not have any liability, of about 75%.