

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

By: Nick Chard, Cabinet Member and Mike Austerberry, Executive Director

**Subject: BUDGET 2010/11 AND MEDIUM TERM FINANCIAL PLAN 2010/11 TO 2012/13**

Classification: Unrestricted

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**Summary:** This report identifies the proposed strategy for determining next year's budget and the financial plans for the following two years. This includes the latest indications of likely pressures facing the EHW portfolio, suggested areas for service improvements and the savings that may be needed in order to set a realistic three year budget plan.

**Recommendation:** Members are asked to review and comment on the overall strategy, the pressures identified for the EHW portfolio and to identify their priorities for savings if each portfolio had to deliver a 10% saving on gross expenditure over the next three years.

## **FOR COMMENT**

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### **1. Introduction**

- 1.1 The Autumn Budget Statement to Cabinet on 12<sup>th</sup> October 2009 suggested that we are entering into more uncertain times for local government finance than has been the case for many years. Whilst we have been assured that the Government will honour the third and final year (2010/11) of the current three-year Local Government Finance settlement there remain uncertainties on the level of efficiency savings that will be required for the year, the allocation of specific grants and the level of council tax capping.
- 1.2 Beyond 2010/11 the future is even more uncertain with the next three-year Comprehensive Spending Review (CSR) deferred until after the next general election, the general state of the UK economy continuing to be weak, and a big hole in public finances. The most likely scenario is that we will be heading into a period of spending restraint compared to the relative prosperity of recent years.

## **2. Background**

- 2.1 Indicative cash limits for 2010/11 and 2011/12 were approved by the County Council on 19<sup>th</sup> February 2009 in the Medium Term Plan (MTP) for 2009/12. These have been updated for known changes such as transfers of activities or staff between portfolios following the announcement of the new Cabinet responsibilities in May.
- 2.2 We are proposing a minor restructuring of the presentation of the MTP so that we can more clearly distinguish between unavoidable pressures (such as the impact of inflationary pressures on pay and prices, demographic pressures due to changes in Kent's population, and legislative pressures from Government) and pressures arising from local decisions on service levels and policy led improvements. The indicative cash limits have been updated for the latest forecast of these pressures.
- 2.3 We are also proposing a minor re-presentation of savings and income sections to more closely match the strands set out in the budget strategy below. Managing Directors have been set targets to make efficiency savings on staff overheads and procured services. In setting these targets we have been clear that we need to drive out as much as possible from efficiency savings before we look at any other savings.
- 2.4 We are setting POCs the challenge to identify their priorities for areas for savings if we had to make a 10% reduction on gross expenditure over the next 3 years. At this stage in the process this is a scoping exercise to inform policy development over the medium term (and we have no intention to take such a blunt salami slicing approach to policy development) rather than to bring forward specific proposals. However, POCs will have the opportunity to identify any areas where they think savings can be achieved from policy changes affecting the 2010/11 budget.

## **3. Budget Strategy**

- 3.1 In light of the national situation outlined in this report we are proposing a budget strategy based on the following assumptions:
  - A £9m increase in formula grant for 2010/11 from £267m to £276m. Thereafter we are estimating a 3% per annum reduction in cash terms.
  - A reduction in the growth in the council tax base due to additional households from 0.8% in 2009/10 to 0.5% pa for the period of the next MTP
  - As low an increase in council tax as possible

- 3.2 Based on these assumptions this would see a small increase in the council's net spending of £822m in 2009/10 (excl. Area Based Grant) and thereafter standstill or reduced net spending. This represents a substantial shift over the previous three-year period which saw net spending rise from £710m in 2006/07 to £742m in 2007/08 to £796m in 2008/09.
- 3.3 In order to deliver a change of this magnitude we have calculated we would need to reduce spending in real terms by nearly £200m over the period of the next MTP. We are proposing this would be achieved through a combination of resisting budget pressures and making savings through efficiencies/income generation (i.e. delivering the same or similar level of service at lower cost) and policy led changes (i.e. delivering a different level of service).
- 3.4 In the normal course of events we could have anticipated budget pressures of circa £190m over the period of the next MTP. This assumes inflation running within the government target of 2.5% pa, demographic changes arising from an increasingly elderly and needy population, and legislative changes adding additional burdens on local authority services. Under the budget strategy we propose to resist 1/3 of these pressures through taking a robust stance in negotiating pay and price increases and responding to demographic and legislative pressures through innovative cost effective approaches.
- 3.5 Even after resisting some pressures this would still leave the authority needing to find around £130m of cashable savings to deliver a balanced budget within the overall strategic assumptions outlined in paragraph 3.1. This equates to the 10% that we are asking each POC to consider (assuming schools spending/grants continue to be outside of KCC's direct influence). To put savings of this magnitude into context over the preceding three-year period from April 2007 to March 2010 we will have delivered over £110m of efficiency savings/income generation as part of delivering each year's budget.
- 3.6 Chief Officers have signed up to identifying £10m of efficiency savings in 2010/11 from reducing staff overheads through a review of support functions. Chief Officers have also agreed to identify £6m of savings on procured services in 2010/11 through driving out efficiencies between the authority and contractors. POCs can consider and comment on these proposals as part of their deliberations on identifying the scope for 10% savings on the total portfolio spend.

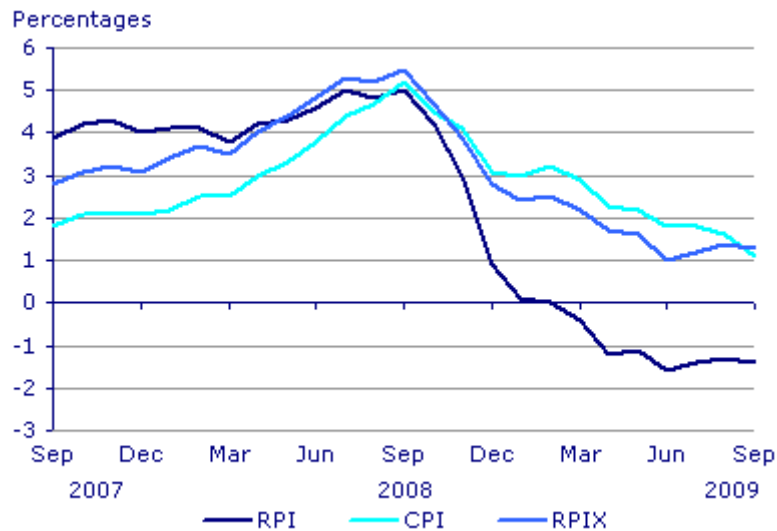
#### **4. Latest Developments: National Context**

- 4.1 There are a number of national factors to take into account.
- 4.2 The Government's Comprehensive Spending Review 2007, published on 9 October 2007, set out national spending plans for 2008/11. The overall state of public finances and direction of the UK and world economy has significantly deteriorated since these plans were published. Nonetheless, the Government has assured local authorities that they will honour the third and final year of the current plan and that Formula Grant settlements will be as previously announced. For Kent this represents an increase of around £9m on the £267m grant for 2009/10. The final figure will vary slightly for changes in the data used for the formula and the Government is due to issue revised indicative figures in late November/Early December and we should get final settlements in late January/early February.
- 4.3 Over the last 18 months inflation has initially gone up (exceeding Government targets) and subsequently reduced. There are different indices used to measure inflation, the indices enable an annual rate of underlying inflation to be calculated:

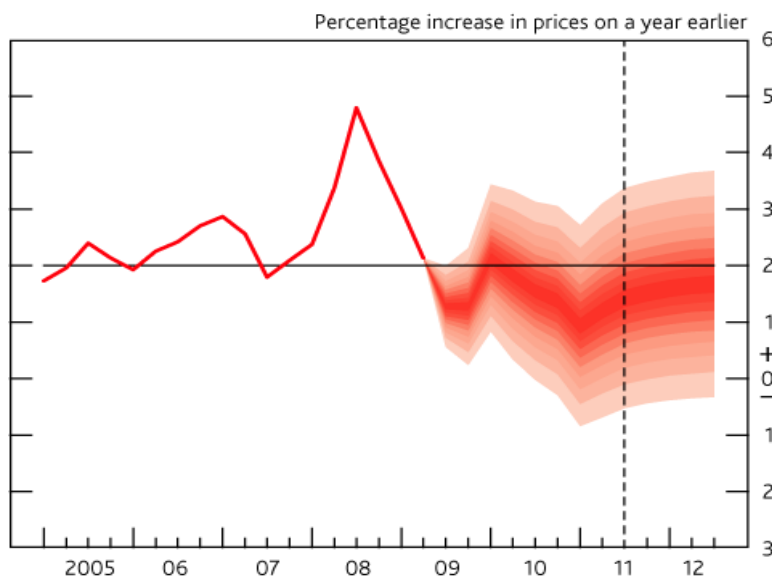
Retail Price Index (RPI) – This is the traditionally accepted measure for inflation and has been calculated continuously since June 1947. It is used by the government to update pensions, benefits and index-linked gilts. It is commonly used to uprate contracts, and is often taken into account in wage bargaining. RPIX is a variant excluding mortgage interest payments; RPIY is a further variant excluding mortgage interest and indirect taxes (e.g. VAT and council tax).

Consumer Price Index (CPI) – This is the measure now adopted by Government for targets on the economy. It is based on harmonised consumer index prices (HCIP) and enables comparison on internationally agreed standards throughout Europe. It does not include mortgage interest or indirect taxes but does include some financial services not included in RPI.

- 4.4 The chart below shows the changes in inflation over the last 2 years. In summer 2008 we experienced relatively high levels of inflation (CPI 5.2%, RPI 5.0% both peaked in September 2008) well above the levels assumed in the government's spending plans. At the time was attributed to rising fuel prices. Since then RPI has declined steadily dropping to 0% in January 2009 and currently stands at an annual decrease of -1.4% as at September 2009. This is mainly on the back of reduced interest rates affecting mortgage payments and reduction in VAT. CPI has declined less rapidly and currently stands at an annual increase of +1.1% as at September 2009 (down from 1.6% in August). The largest downward factor on CPI over the last year has come from housing and household services particularly energy prices which have remained largely constant following increases last September.



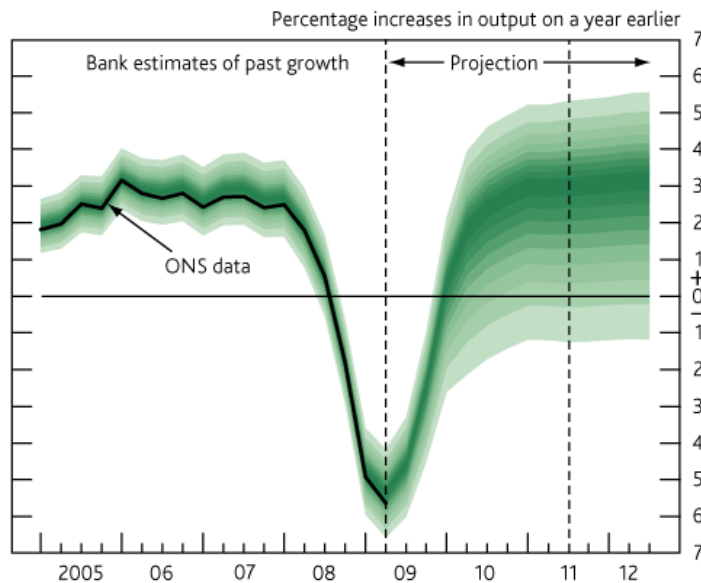
4.5 The Bank of England Monetary Policy Committee (MPC) produces monthly “fan charts” with forecasts for inflation (CPI) and economic growth (Gross domestic Product – GDP). The idea of the fan chart is that it provides a range for forecasts which expand the further into the future to allow for greater uncertainty. The latest fan chart for inflation is reproduced below.



4.6 As can be seen from the fan chart the MPC is forecasting a rise in inflation (as measured by CPI) to around 2% by the end of the year with a steady decline throughout 2010 (down to around 1%) and thereafter a small but steady rise up to around 1.8% by the end of 2011. On the presumption that interest rates will remain low for the foreseeable future it seems likely that RPI will continue to be below CPI although the gap should close as the reductions in interest rates last year no longer have a negative impact on the annual underlying rate of inflation (when interest

rates eventually rise this is likely to impact as an increase in RPI taking it above CPI).

- 4.7 We have dwelt on inflation in more depth than previous POC reports as it is an essential component of our budget strategy that the current low levels be reflected in our pay and price pressures and negotiations. In particular RPI on which many of our contracts and wage bargaining is based is currently negative (and likely to remain so or at least negligible increase while interest rates remain low).
- 4.8 The other major economic factor which we have to take into account is that the UK economy has been in recession since Autumn 2008. The MPC is currently forecasting that we reached the bottom of the trough earlier in the year and the economy is slowly improving. The fan graph for GDP suggests the economy could be back into modest growth by the end of the year. Should the forecasts prove to be inaccurate and the recession continue longer than expected this could have significant impact on the demographic forecasts within the MTP as there is much evidence that in a time of prolonged recession people's attitudes, behaviours and demands for public services change.



## 5. The current budget

- 5.1 The current budget for the portfolio under the oversight of this POC is as follows (recast for recent portfolio changes):

	Gross spend £'000	Income £'000	Net spend £'000
Portfolio controllable	166,945	-16,264	150,681

Further detail is outlined in Appendix 1.

5.2 In very brief summary this budget provides for the following outcomes, outputs and/or service improvements:

- Highways maintenance
- Public transport
- Road safety
- Traffic management
- Waste disposal
- Environment including public rights of way, country parks and heritage and climate change response
- Strategic planning (including transport planning)
- Planning applications

Further detail is outlined in Appendix 2.

5.3 As reported in the quarterly monitoring reports there are spending pressures/savings in the following areas:

- Additional spending on highway maintenance
- Reduced waste tonnage

Further detail is outlined in Appendix 3.

## **6. EHW Priorities for the Medium Term Plan**

6.1 The overall direction for the EHW portfolio is now well established, and enclosed with this report at Appendix 4 is a draft statement of the Medium Term Service Priorities, which will shape our contribution to Section 3 of the Medium Term Plan.

6.2 Members will appreciate, from the information in Section 3 above, that the financial framework for the medium term will be very tough for all portfolios and comes at a time when demand for services has never been higher, both because more people need services and because of greater public expectations particularly at times of recession.

6.3 Whilst the Directorate is implementing modernisation changes that will increase efficiency and effectiveness, this will not avoid altogether the need for some difficult decisions over the medium term.

- 6.4 Areas of spending priority for which significant additional funding is proposed are as follows:

### **Pay**

There is no provision currently included in cash limits for an annual pay award for Kent Scheme staff in 2010/11 as no proposal has been made. Thereafter cash limits include a provision consistent with the underlying rates of inflation throughout 2009 and the Monetary Policy Committee forecasts for the next two years. Settlements continue to be the subject of local pay bargaining with recognised trade unions on an annual basis.

The majority of staff in the Kent Scheme benefit from incremental progression under the performance progression arrangements. On average incremental progression equates to a 2.7% increase in pay. No funding is provided within the overall cash limit for incremental progression on the grounds that the cost is offset by the effect of staff turnover. Staff turnover levels have marginally declined in the current recession, we now have an average turnover level of around 12% of staff. This will continue to be closely monitored.

In addition to staff turnover, vacancy management continues to be used to both balance budget provision and wherever possible to mitigate the impact of restructuring and any necessary downsizing for other employed staff.

### **Prices**

We have tried to keep prices as low as possible but we need to be realistic in order to maintain our current purchasing power. As seen in 6.6 below we have trimmed our price increase estimates by £1.5m in 2010-11 and £1.7m in 2011-12 but continuing pressure on fuel and oil-based materials (such as bitumen) has meant that we cannot go further at this stage.

Energy costs are also likely to increase significantly in years two and three of this MTP adding about £1.5m to our electricity bill for street lights and traffic signals. However, we are not expecting an increase in 2010-11 as we will be in the second year of a two-year deal with Commercial Services.

### **Government/Legislative**

The landfill tax escalator will continue to grow at £8 per year for each year of the MTP. This will add an additional £5.4m per year to the cost of landfill at the end of the three years. To mitigate against this, we are trying to keep landfill to a minimum through our strategy of using waste to energy technology at Allington and increasing recycling rates.

## Demographic/Demand Led

Waste tonnage fell significantly in 2008-09 and is continuing to remain low in 2009-10. It is expected that waste tonnage will soon level-out and continue to remain at this reduced level for the next three years and will then start to grow again. This enables us to remove 2.5% (20,000 tonnes) from the current budgeted tonnage for the period of the MTP.

## Service Strategies & Improvement

There are very limited service improvements being proposed. The main elements are to fund the prudential borrowing for the additional capital investment for 2009-10 and 2010-11 in highway maintenance and streetlights (£763k). We also need to replace the capitalisation of buses saving from 2009-10 (£1,518k), as this has not been possible to sustain.

- 6.5 Additional income generation is proposed for our Country Parks, with an additional £135k sought each year at the end of the three year period.
- 6.6 Areas where the Managing Director/Cabinet Member consider there is scope for efficiency savings are as follows:
- Overhead efficiencies through delayering and streamlining (see appendix 5 for details). This will affect all service areas but the majority of the savings will fall upon Kent Highway Services
  - Procurement efficiencies – these are mainly on highways maintenance.
- 6.7 The position can be summarised as follows:

### Existing pressures in published MTP 2009/12

	2010/11 £'000	2011/12 £'000	2012/13 £'000
Pay	411	419	
Prices	4,266	5,229	
Legislative	2,073	2,073	
Demographic/Demand Led	0	0	
Service Improvements	1,018	-174	

### New pressures

	2010/11 £'000	2011/12 £'000	2012/13 £'000
Pay	-411	-77	347
Prices	-1,542	-1,788	4,029
Legislative	-126	-310	1,802
Demographic/Demand Led	-1,343	0	0
Service Improvements	1,183	630	50

More detail is set out in the attached draft Medium Term Plan Financial Appendix 5. For reference, the previous published MTP for 2009/12 is reproduced in Appendix 6.

- 6.7 As previously indicated the POC is asked to consider the gross spend within the portfolio and identify its priorities should the authority have to make a 10% reduction in spend over the period of the next MTP. In making its recommendations the POCs should consider the balance between efficiency savings in front line, procured and support functions, and policy savings influencing the level and scope of front line services to the public.

## **7. Recommendation**

### **7.1 Members are asked to**

(i) note and comment on the above proposals

(ii) identify and express their relative priorities for services in EHW giving broad indications of areas or types of savings and efficiencies that they consider could be realistically be achieved.

*Contact officer: Richard Hallett, Head of Finance and Resources (x4035)*

**Appendix 1 – Existing 2009-10 budgets (as recast to reflect new portfolio responsibilities)**

## ENVIRONMENT, HIGHWAYS & WASTE

### REVENUE SPENDING

2008-09 Spending Plans £'000	Spending Plans	2009-10		Net Cost £'000		Managing Director
		Total £'000	Income £'000			
50,836	Kent Highway Services Group	59,986	-6,860	53,126	Managing, improving and maintaining approximately 9,200km of roads, 7,400km of footways, 2,750 structures and 119,000 street lights. Integration of travel needs, reducing road casualties, improving	MA
13,555	Public Transport Contracts Group	18,273	-2,400	15,873	Support of socially necessary but uneconomic bus services and free bus travel for all 11-16 year olds ("Freedom Pass")	MA
64,577	Waste Management Gro	69,356	-1,973	67,383	Managing the disposal of approximately 800,000 tonnes of household waste.	MA
4,112	Environmental Group	8,814	-4,278	4,536	Maintenance, enhancement and ensuring access to a healthy & diverse Kent environment.	MA
5,022	Strategic Management, Finance, Performance and Information and Analysis Group				Now split between Strategic Management and Resources - see below. Analysis and Information team transferred to Regeneration portfolio	MA
	Strategic Management	850		850	Executive Director of EHW plus all Directors and their personal assistants	MA

Appendix 1 contd. – existing 2009-10 budgets (as recast to reflect new portfolio responsibilities)

## ENVIRONMENT, HIGHWAYS & WASTE

### REVENUE SPENDING

2008-09 Spending Plans £'000	2009-10 Spending Plans	2009-10 Total £'000	2009-10 Income £'000	2009-10 Net Cost £'000	Description	Managing Director
	Resources	4,838	-276	4,562	Provides Finance, Health and Safety, Risk and Performance management, Information Governance, Learning&Development, Business Plans and CAA lead. Contains budgets for pensions (£785k), training and office running costs and LINK (£472k).	MA
884	Planning & Development Group	749		749	Consultation on & development of major strategies.	MA
739	Planning Applications Group	1,200	-477	723	Dealing with around 350 planning applications per year.	MA
467	Transport Strategy Group	470		470	Creation, Consultation and Promotion of the Local Transport Plan.	MA
	Central support	2,409		2,409	Delegated budgets for all Corporate Support including finance, personnel, IT, property and legal	MA
<b>140,192</b>	<b>Budget Controlled by this Portfolio</b>	<b>166,945</b>	<b>-16,264</b>	<b>150,681</b>		

Appendix 1 contd. - Portfolio subjective budget as per budget book (does not match current budget above because of recasting of portfolio spend)

## ENVIRONMENT, HIGHWAYS & WASTE

### REVENUE SPENDING ❖ HOW THE MONEY IS SPENT

2008-09 Spending Plans £'000		2009-10 Spending Plans £'000
	<b>Employee Costs</b>	
23,328	Salaries and Wages	23,792
658	Pension and Severance Payments	785
272	Training Expenses	248
57	Other Employee Costs	123
<b>24,315</b>	<b>Total Employee Costs</b>	<b>24,948</b>
	<b>Premises Costs</b>	
514	Repairs, Alterations and Maintenance	578
36	Energy Costs	75
392	Rent	532
233	Rates	564
8	Other Premises Costs	208
<b>1,183</b>	<b>Total Premises Costs</b>	<b>1,957</b>
	<b>Transport Costs</b>	
37	Vehicle Expenses	51
17	Hire and Pool Car Charges	429
-	Home to School / College Transport	-
113	Public Transport	42
13,569	Public Transport Revenue Support	19,491
802	Car Allowances	759
<b>14,538</b>	<b>Total Transport Costs</b>	<b>20,772</b>
	<b>Supplies and Services</b>	
2,686	Equipment and Services	4,621
1,732	Communications and Computing	859
113	Expenses and Allowances	48
2,253	Grants and Subscriptions	160
7,649	Levies and Other Expenses	9,804
<b>14,433</b>	<b>Total Supplies and Services</b>	<b>15,492</b>

Appendix 1 contd. - Portfolio subjective budget as per budget book (does not match current budget above because of recasting of portfolio spend)

## ENVIRONMENT, HIGHWAYS & WASTE

### REVENUE SPENDING ❖ HOW THE MONEY IS SPENT

2008-09		2009-10
Spending		Spending
Plans		Plans
£'000		£'000
92,988	Third Party Payments	96,860
1,177	Coast Protection	1,177
8,646	Central Support Costs	8,739
44,215	Capital Financing Costs	31,181
255	Capital Expenditure Financed by Revenue	-
135	Contribution to Reserves	-
<b>201,885</b>	<b>GROSS EXPENDITURE</b>	<b>201,126</b>
	<b>Income</b>	
4,377	Contributions	5,984
430	Sales	1,057
3,527	Fees and Charges	6,910
958	Other Income	1,314
<b>9,292</b>	<b>Total External Income</b>	<b>15,265</b>
3,097	Specific and Supplementary Grants	522
<b>12,389</b>	<b>TOTAL INCOME</b>	<b>15,787</b>
<b>189,496</b>	<b>NET EXPENDITURE</b>	<b>185,339</b>

## Appendix 2 – Activity and output data – what the current budget “buys”

### Kent Highway Services Group

- Maintaining the 9,297km network of county roads, and 12.6million square metres of footways
- Maintaining 2,750 bridges and structures (plus inspection of 1300 other bridges and structures), 119,000 street lights, 134,000 traffic signs and bollards, 168,000 drainage gullies, 4.8 million metres of piping, 500,000 trees, 2,800km of road markings, 238km of safety barriers, 6,800 soakaways and 11 million square metres of grass.
- Statutory safety inspections by Technical Services staff
- Reduce road casualties by altering and improving roads, and driver behaviour
- Improving road safety through carefully targeted promotional campaigns and road safety education
- Improving roadworks co-ordination and publishing information about roadworks concerning location, duration and alternative routes
- Monitoring and managing traffic through the Traffic Management Centre and providing up to date information on congestion hot spots
- Carrying out routine inspections, and effective & efficient maintenance to 635 no. traffic signal locations (15,000 traffic lights)
- Undertake the detail design and delivery of Local Integrated Transport, Crash Reduction and maintenance schemes within KHS.

### Public Transport Contracts Group

- Improving public transport quality and information by working with bus operators
- Financially supporting around 200 socially necessary but uneconomic bus routes
- Working with bus and rail industries to better integrate bus and train travel
- Working with developers to ensure there is an appropriate transport infrastructure to new developments
- Working with schools and business to develop travel plans.
- Working with District Councils to ensure that transport solutions support local development
- Provide free bus travel for young people aged between 11 and 16 under the Freedom Pass scheme.

Waste  
Management  
Group

- Management and supervision of contracts for the recycling, treatment, and disposal of Kent's municipal solid waste – budgeted tonnage for 2009/10 - 796,000 tonnes.
- Management and supervision of contracts for the operation of Kent's 18 Household Waste Recycling Centres and associated waste haulage, composting, and recycling services; sites open 362 days per year, 4 million visits per year.
- Disposal of clinical waste collected by 12 districts from private dwellings and residential nursing homes.
- Direction, management and supervision of pollution monitoring services, remedial works and ongoing maintenance/restoration of 19 closed landfill sites.
- Provision, management and supervision of contracts for the removal and disposal of abandoned vehicles (ABV) in Kent.
- The continuous improvement of co-operation between KCC, districts and the Environment Agency via the Kent Waste Partnership and Forum
- Promotion of waste reduction, recycling and composting initiatives
- Implementation of the Joint Municipal Waste Management Strategy and input to the Waste and Minerals Development Framework
- Enforcement, campaigning and community engagement to make Kent a cleaner county

Environmental  
Group

To maintain, protect, enhance and promote the natural and historic environment including:

- Strategic management, promotion, improvement, enforcement and maintenance of 6,700 km of the Public Rights of Way network.
- Management of Common Land and Village Green Service (CLVG): processing on average 5 Commons and Village Green Applications each year and c.6,500 searches per year.
- Management of the County Council's Country Parks, picnic sites and woodland, attracting c.2 million visitors each year
- Maintenance of 9 Sites of Special Scientific Interest (SSSI) in "favourable status" and management of 3 Scheduled Ancient Monuments

Environmental  
Group contd.

- Delivering a programme of environmental education through 3 main centres
- Delivering archaeological, historic buildings and historic landscape planning advice
- Raising awareness and understanding of biodiversity, wildlife recording and the coast and providing ecological planning advice.
- Promoting and delivering best practice in coastal zone management through the Kent Coastal Network and Coastal and Estuary Partnerships.
- Providing advice and support to the development of the climate change action plan and biodiversity and coastal issues.
- Promoting and delivering sustainable management of the countryside
- Co-ordinating the implementation of KCC's commitments under the new corporate Environment Policy
- Managing and promoting the Eco-schools programme
- Promoting sustainability in KCC's business management
- Co-ordinating the delivery of project and initiatives to fulfil KCC's community leadership role and commitments under key environmental policies and strategies, such as the Kent Environment Strategy, the Kent Local Area Agreement and the Kent Climate Change Action Plan.
- Leading on the co-ordination of the delivery of Kent Agreement 2 Environmental Excellence indicators

Strategic  
Management  
and Resources

- Develop and monitor the Directorate's £279 million revenue and capital budget
- Act as the Directorate's focal point for CAA and VFM and lead for the Directorate on business management processes
- Provide a co-ordinated approach to risk and performance management
- Provide executive support and advice to EHW Cabinet/Lead Members and Director
- Provide specialist advice and expertise for the Directorate in Health & Safety, Data Protection, Freedom of Information and Environmental Information regulations
- Manage and direct the Directorate's performance management framework
- Co-ordinate web development and ensure quality standards across communications channels
- Talent management and succession planning.

Strategic Management and Resources contd.

Planning & Development Group

Planning Applications Group

Transport Strategy Group

- Through the Directorate Learning & Development Board develop and implement a wide range of training initiatives
- Ensure all new staff have appropriate induction
- Lead the work on Equalities and Diversity
- Formulation of planning policy including influencing national and regional planning policy
- Undertake preparation, implementation and monitoring of Minerals Development Documents and produce Annual Monitoring Report
- Deliver Strategic Environmental Appraisal and Sustainability Appraisals on all major strategies
- Influence Development Plan Documents and policies prepared by the 12 District Planning Authorities
- Monitor progress and impact of Kent and Medway Structure Plan
- Represent Kent's interests at public inquiries relating to planning policies
- Represent the County Council on regional partnerships and specialist working groups relating to the group's activities
- Consultation on & development of major strategies
- Determine c 350 planning applications for minerals, waste and County Council developments each year
- Undertake pre-application discussions with applicant as required and where necessary carry out screening and scoping processes in accordance with Environmental Impact Assessment legislation.
- Monitor compliance with planning permissions and take appropriate enforcement action where breaches of planning control have taken place in accordance with the Council's approved Enforcement Protocol.
- Comment on behalf of County Council on draft waste management licences and IPPC permits and variations to existing waste management licences issued by the Environment Agency.
- Implementation of Local Transport Plan (LTP) policies and strategies and monitoring delivery through the LTP process reporting mechanism.
- Influence European, national and regional transport policy (CTRL, rail services, freight, trunk road schemes, ports and airports) in Kent's interests

Transport  
Strategy Group  
contd.

- Monitor traffic flow and travel trend data in the County to inform Kent's transport policies and to ensure that the LTP best meets the needs of Kent residents and users of the county's transport systems.
- Represent Kent's interests at public inquiries relating to transport planning policies and major transport proposals

### Appendix 3 – Current budget monitoring details

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Environment, Highways &amp; Waste portfolio</b>							
Kent Highways Services	59,986	-6,860	53,126	3,200	0	3,200	White lines (+£0.6m), signs (+£0.25m), resurfacing (+£2.1m) and Beer Cart Lane dilapidations (+£0.25m)
Public Transport Contracts	18,273	-2,400	15,873	0	0	0	
Waste Management	69,827	-1,973	67,854	-3,296	0	-3,296	Reduced tonnage -£2.49m & 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	
<b>Total E, H &amp; W</b>	<b>168,151</b>	<b>-16,264</b>	<b>151,887</b>	<b>-96</b>	<b>0</b>	<b>-96</b>	
<b>Assumed Management Action</b>							
<b>Forecast after Mgmt Action</b>				<b>-96</b>	<b>0</b>	<b>-96</b>	

## **Appendix 4 - draft for Section 3 of the Medium Term Plan**

# **ENVIRONMENT, HIGHWAYS AND WASTE**

### **Overall Objectives of the Portfolio**

The overarching aim of making Kent a better place to live, work and visit will continue to be the reference point for all of our activities. We will strive to look after the built and natural environment, maintain and improve transport, reduce congestion, and manage Kent's waste in an effective and efficient manner.

### **Medium Term Service Priorities**

Many of these will remain as set out in the current Medium Term Plan:

- Maintaining essential quality of life services
- Improving customer service
- Managing real-terms costs pressures that affect our services
- Ensure more efficient and value for money highways maintenance
- Driving out smarter and more efficient procurement
- Implementing road schemes
- Reducing KCC's environmental impact
- Streamlining staffing
- Progressing Kent's LAA, 'The Kent Agreement'
- Progressing LPSA2 targets
- Progressing Towards 2010 Objectives

### **Risk Assessment**

As with the medium term priorities, many of these remain as in the current plan:

- Health & Safety
- Budget overspend (e.g. fuel, energy and aggregate inflation, extreme weather, waste tonnage volatility)
- Managing a large capital programme and potential budget overruns on the major capital schemes
- Securing sufficient developer contributions and government funding to deliver the required transport infrastructure for the growth areas

## Appendix 5 – Draft of MTP financial appendices for EHW portfolio

<b>Environment, Highways &amp; Waste Portfolio Revenue Budget</b>				
		2010-11	2011-12	2012-13
		£'000	£'000	£'000
<b>Base budget</b>		<b>150,002</b>		
<b>Base Budget Adjustments - Internal:</b>				
Directorate	Prices Uplift for Legal Services	16	17	0
Directorate	Folkestone Triennial contribution to Communities	50	0	0
All	Area Based Grant (Gross)	33	2	0
KHS	Two-year energy contract smoothing	589	-589	0
SM	Transfer of Strategic Management to R&ED	-158	0	0
Res	Transfer of Resources to R&ED	-323	0	0
Res	Transfer of Support Services to R&ED	-250	0	0
Planning	Transfer of Planning & Development Group from R&ED	701	0	0
Planning	Transfer of Planning Applications Group from R&ED	709	0	0
<b>Total Base Adjustments</b>		<b>1,367</b>	<b>-570</b>	<b>0</b>
<b>Revised Base Budget</b>		<b>151,369</b>		
<b><u>PRESSURES:</u></b>				
<b>Pay:</b>				
All	Kent Scheme	0	342	347
<b>Total Pay</b>		<b>0</b>	<b>342</b>	<b>347</b>
<b>Prices:</b>				
<b>Transport:</b>				
KHS	Buses	283	293	303
KHS	Freedom Pass	291	301	312
		<b>574</b>	<b>594</b>	<b>615</b>
<b>Gas &amp; Electricity:</b>				
KHS	Electricity contract ( as per KCS)	0	531	991
		<b>0</b>	<b>531</b>	<b>991</b>
<b>Waste:</b>				
WMG	Waste contracts (indexed linked eg Allington)	1,216	1,387	1,468
		<b>1,216</b>	<b>1,387</b>	<b>1,468</b>
<b>Highways:</b>				
Various	Highways maintenance (including fuel at 18%)	923	921	955
		<b>923</b>	<b>921</b>	<b>955</b>

Appendix 5 contd. – Draft of MTP financial appendices for EHW portfolio

<b>Environment, Highways &amp; Waste Portfolio Revenue Budget</b>				
		2010-11 £'000	2011-12 £'000	2012-13 £'000
<b>Other:</b>				
ENV	Contract prices	11	8	0
		<b>11</b>	<b>8</b>	<b>0</b>
<b>Total Prices</b>		<b>2,724</b>	<b>3,441</b>	<b>4,029</b>
<b>Unavoidable Government/Legislative Pressures:</b>				
Waste	Landfill Tax Escalator - growth adjustment (+£8 per tonne)	1,832	1,818	1,802
ENV	Flood risk management	60	0	0
Planning	Local transport plan	55	-55	0
		<b>1,947</b>	<b>1,763</b>	<b>1,802</b>
<b>Total Unavoidable Government/Legislative Pressures</b>		<b>1,947</b>	<b>1,763</b>	<b>1,802</b>
<b>Demand/Demographic Led:</b>				
Waste	2.5% reduction in budgeted waste tonnage (0.7% increase on current predicted outturn tonnage for 2009-10). 0% for 2011-12 and 2012-13	-1,343	0	0
<b>Total Demand/Demographic Led</b>		<b>-1,343</b>	<b>0</b>	<b>0</b>
<b>Service Strategies &amp; Improvements:</b>				
<b>Commitments From Previous MTP:</b>				
KHS	Streetlighting (financing costs of prudential borrowing)	163	0	0
KHS	Highway Maintenance (financing costs of prudential borrowing)	360	260	0
		<b>523</b>	<b>260</b>	<b>0</b>
<b>New Proposals:</b>				
KHS	Traffic Management Centre	60	136	50
KHS	Uncapitalisation of buses (reversal of unachievable saving from 2009-10)	1,518	0	0
Waste	Lydd / New Romney extended HWRC service	0	160	0
Waste	North Farm leachate control	100	-100	0
		<b>1,678</b>	<b>196</b>	<b>50</b>
<b>Total Service Strategies &amp; Improvements</b>		<b>2,201</b>	<b>456</b>	<b>50</b>
<b>Total Pressures</b>		<b>5,529</b>	<b>6,002</b>	<b>6,228</b>

Appendix 5 contd. – Draft of MTP financial appendices for EHW portfolio

<b>Environment, Highways &amp; Waste Portfolio Revenue Budget</b>				
		2010-11	2011-12	2012-13
		£'000	£'000	£'000
<b><u>SAVINGS AND INCOME:</u></b>				
<b>Income Generation:</b>				
Env	Country parks	-40	-45	-50
<b>Total Income Generation</b>		<b>-40</b>	<b>-45</b>	<b>-50</b>
<b>RAA (Overheads/Staff Efficiency):</b>				
Directorate Controllable:				
Res	Further Resources staff reductions	-337	0	0
Planning	Streamline integrated strategy and planning staffing	-82	0	0
KHS	Overhead efficiencies through delayering and streamlining	-560	-390	0
Env	Staff savings	0	0	0
		<b>-979</b>	<b>-390</b>	<b>0</b>
CED Delegated				
All CED	General efficiencies and income generation to offset core costs	-72	-71	0
		<b>-72</b>	<b>-71</b>	<b>0</b>
<b>Total RAA Savings</b>		<b>-1,051</b>	<b>-461</b>	<b>0</b>
<b>Procurement:</b>				
KHS	Improved procurement in Highways maintenance	-2,823	-1,262	0
Waste	Replacement of Hersden contract (wef 1.1.13)	0	0	0
Waste	Ashford tipping away payment reduction	0	0	0
Waste	Reduction in disposal tonnage due to behaviour awareness campaigns	-806	0	0
<b>Total Procurement Savings</b>		<b>-3,629</b>	<b>-1,262</b>	<b>0</b>
<b>Total Place (Assets):</b>				
KHS	Premises rationalisation	-132	0	0
<b>Total Total Place (Assets) Savings</b>		<b>-132</b>	<b>0</b>	<b>0</b>
<b>Total Savings and Income</b>		<b>-4,852</b>	<b>-1,768</b>	<b>-50</b>

## Appendix 6 – existing 2008-11 MTP

### Environment, Highways and Waste Portfolio Revenue Budget

		2009-10 £'000	2010-11 £'000	2011-12 £'000
Base Budget		<b>139,486</b>	<b>150,002</b>	<b>153,646</b>
Base Budget Adjustments:				
	Devolved facilities management	332	0	0
	Support services purchased from CED	2,410	0	0
	Other virements	-135	66	17
	Area Based Grant (Gross)	-101	33	2
		<b>2,506</b>	<b>99</b>	<b>19</b>
<b>Revised base budget after corporate adjustments</b>				
		<b>141,992</b>	<b>150,101</b>	<b>153,665</b>
Pay:				
All	Cost of Living	202	411	419
		<b>202</b>	<b>411</b>	<b>419</b>
Prices:				
WMG	Waste contracts	2,558	2,028	2,635
KHS	Buses	336	355	370
KHS	Freedom Pass	268	404	421
KHS	Highways maintenance	2,236	1,061	1,380
KHS	Electricity contract	146	365	365
Various	Other	42	46	50
ENV	Contract prices	70	7	8
		<b>5,656</b>	<b>4,266</b>	<b>5,229</b>
Government/Legislative Pressures:				
Waste	Landfill Tax Escalator - growth adjustment (+£8 per tonne)	2,155	2,073	2,073
		<b>2,155</b>	<b>2,073</b>	<b>2,073</b>
Demand/Demographic Led:				
Resources	Ex DLO pension fund liabilities	175	0	0
ENV	Vegetation control on PROW Network	45	0	0
		<b>220</b>	<b>0</b>	<b>0</b>
Delivery of Towards 2010 Targets:				
KHS	Free transport for all 11 to 16 year olds (extension of 2007/08 pilot)	3,800	0	0
		<b>3,800</b>	<b>0</b>	<b>0</b>

Appendix 6 contd. – existing 2008-11 MTP

**Environment, Highways and Waste Portfolio Revenue Budget**

		2009-10	2010-11	2011-12
		£'000	£'000	£'000
<b>Service Strategies &amp; Improvements:</b>				
KHS	Open golf championship - roads impact	0	400	-400
KHS	Patching and minor repairs	1,484	0	0
KHS	Concessionary fares	650	15	16
KHS	Traffic Management Centre	150	50	50
KHS	Electronic congestion management	500	0	0
KHS	Streetlighting (financing costs of prudential borrowing)	63	163	0
KHS	Highway Maintenance (financing costs of prudential borrowing)	100	360	260
ENV	Shorne Country Park - replace Heritage Lottery funding	0	30	0
ENV	10-Yearly update of land use & development survey	250	0	-100
		<b>3,197</b>	<b>1,018</b>	<b>-174</b>
<b>Savings and Mitigations:</b>				
WMG	Renegotiation of contracts	-500	0	0
Resources	Restructure and other efficiencies	-802	0	0
KHS	Convert lighting revenue spend to IT grant	-1,000	0	0
KHS	Convert connection spend to IT grant	-200	0	0
KHS	Convert safety base spend to grant	-250	0	0
WMG	Assume waste growth runs at -2% in 2009-10	-1,000	0	0
KHS	Energy savings from investment in lighting	-875	0	0
KHS	Selective turning off/reduced hours on streetlights	-375	0	0
All	Corporate Services - cross-cutting review savings	-54	0	0
All	Vacancy management	-143	0	0
All	Publicity	-280	0	0
All	Essential user allowances	-80	0	0
KHS	Convert revenue support for socially necessary but uneconomic bus routes to a capital (IT) grant	-1,518	0	0
All	General efficiency savings	-143	0	0
All	Targeted reduction in net spend	0	-4,223	-5,867
		<b>-7,220</b>	<b>-4,223</b>	<b>-5,867</b>
<b>Budget controlled by this portfolio</b>		<b>150,002</b>	<b>153,646</b>	<b>155,345</b>

