

**TO: Environment, Highways and Waste (EHW) Policy  
Overview Committee – 22 January 2010**

**BY: Nick Chard, Cabinet Member for EHW  
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**SUBJECT: Financial Monitoring 2009/10**

**Classification: Unrestricted**

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**Summary:**

Members of the POSC are asked to note the November budget monitoring exception report for 2009/10 reported to Cabinet on 11 January 2010.

**FOR INFORMATION**

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**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 November exception monitoring report for 2009/10 is attached.

**3. Revenue**

- 3.1 The overall position for the EHW Directorate reported to Cabinet on 11 January was a small underspend of £0.219m. The major elements of this predicted outturn are a significant underspend on Waste offset by additional spending required on Highways.

- 3.2 Since the attached exception report was written, there has been a prolonged period of adverse weather. The total costs of this are being calculated at the moment and will be reported to cabinet in due course. The predicted underspend as reported in 3.1 above will be needed to offset the costs of dealing with this emergency weather response. There will also need to be a draw down from the Emergency Conditions Reserve.
- 3.3 As a result of the snow and ice, there will be some road surface issues that will need urgent attention. The portfolio had set aside some of its budget to deal with these defects and also Cabinet agreed at the meeting on 11 January to redirect at least £1m to address the pothole damage.

#### **4. Capital**

- 4.1 There are no significant variances to report on the capital budget.

#### **5 Recommendations**

- 5.1 Members of the POSC are asked to note the budget variations for the EHW Portfolio for 2009/10 based on the November exception report to Cabinet.

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## **ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE NOVEMBER 2009-10 EXCEPTION REPORT**

### **REVENUE**

The underspend on this portfolio has reduced by £0.133m to £0.291m this month, however within this movement there are compensating larger movements:

Within Kent Highway Services:

- +£0.573m relating to the set up costs of the Permit Scheme from the Traffic Management Act. Kent County Council received approval from the Secretary of State for Transport to introduce a Permit Scheme into Kent in July 2009. We are now preparing for the introduction of a scheme and expect to have this in place by early 2010. These set up costs are declared as an overspend but will be rolled forward to be offset by future income (once the implementation of the scheme is formally approved by the Cabinet Member for EH&W).
- +£0.567m – the portfolio had significant savings targets on energy costs in this financial year (£1.25m). We expect to fall about £0.567m short of this target in this year. Streetlight energy is largely unmetered and the anticipated saving was to come from renegotiating our consumption levels. This has not been possible at this stage due to the time taken to finalise the inventory of street lights and delays with implementing the array, which has been constructed to give a more accurate picture of our actual consumption.
- -£0.460m – we have previously been reporting an overspend on the signs and lines budget of £0.850m (funded from Waste underspend), but this project will now not be completed by the end of the financial year as the project has re-phased due to weather conditions. This underspend will be required to roll forward to 2010-11 in order to complete this re-phased project.
- +£0.121m pressure on the transport budget. This is on the Freedom Pass, which completed its roll out in June. Now that the project is operating Countywide we have a better understanding of the number of journeys each child is undertaking. Whilst the take-up of passes is very close to estimates, the number of passenger journeys is above original estimates. This is positive in terms of the popularity and use of the pass, but is causing a budget pressure. This variance may change over the coming months as pass take-up and usage settles down.

These variances are largely offset by further underspending on Waste. Tonnage continues to remain at its reduced level and it is likely that the outturn tonnage will reduce by a further 10,200 tonnes on top of the 40,000 tonne reduction already declared in the previous report. This will give a further underspend of £0.668m.

Within the £0.291m current forecast underspend, a net £0.072m will be required to roll forward in order to complete re-phased committed projects and to offset against future permit scheme income. (*-£0.460m signs & lines project; -£0.120m land use survey and -£0.065m external funding for land use survey, both reported in the last report; and +£0.573m permit scheme*). This leaves the portfolio with a real net underspend of £0.219m for which there are no detailed plans, but the recent spell of bad weather will increase the pressure on the highway maintenance budget and this underspend may be needed to assist with this. Alternatively, if we do not get any further bad weather for the rest of the financial year, we could make a further contribution to the Planning Inquiries reserve set up at the end of last year to meet the costs of current and future planning inquiries, including the ongoing costs of the KIG inquiry. We will have a better indication of whether this further contribution is necessary, or even possible depending on highway maintenance pressures, nearer the end of the financial year when we will be more aware of upcoming inquiries and their likely costs.

## **CAPITAL**

The forecast for the portfolio has moved by -£0.345m in 2009/10 since the last month.

The main movements are detailed below:

- Old Residual schemes (-£0.33m): This total underspend includes various completed schemes that had some outstanding creditor provisions which are now being settled either for a lesser amount, or they are no longer required. The reversal of these creditor provisions has given additional funding which is now earmarked to fund Salt Storage infrastructure and Works Asset Management system enhancements as part of Reshaping KHS Accommodation.
- Salt Storage Infrastructure (+£0.175m): This was part of a spend to save programme which was approved by the County Council in the 2007/08 budget process. During this financial year, it is now estimated £0.175m is needed to purchase the remaining five salt spreading vehicles to complete the original programme.

- Deal Waste (+£0.1m): An opportunity has arisen to purchase a plot adjacent to the existing Deal Household Waste site. The existing site is constrained by limited parking spaces. Also, the site is congested at peak traffic periods and unable to provide full recycling facilities due to the limited space for further storage containers. The site expansion will help to overcome these constraints. A report is being prepared to seek Member approval. The purchase of the plot will be funded from the residual waste grant allocation.

Projects subject to re-phasing affecting 2009/10 are:

- Non TSG Land (-£0.15m): Part 1 claims expenditure and land settlements are being reviewed by Mouchel and some are likely to rephase into the next financial year.
- Safety Camera Partnership (-£0.124m): The programme is to rephase as surfacing and lining works can only be carried out at a time when the weather and road conditions are appropriate, which will now be in the spring/summer months of 2010.

Overall this leaves a residual balance of -£0.016m on a number of more minor projects.