

**ENVIRONMENT, HIGHWAYS AND WASTE POLICY
OVERVIEW AND SCRUTINY COMMITTEE**

Thursday, 12th January, 2012

10.00 am

**Darent Room, Sessions House, County Hall,
Maidstone**

**Would Members please bring their copy of the
Draft Budget and Medium Term Financial Plan
Published on 20 December 2011**





AGENDA

ENVIRONMENT, HIGHWAYS AND WASTE POLICY OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 12th January, 2012, at 10.00 am Ask for **Karen Mannering**
Darent Room, Sessions House, County Hall, Telephone **01622 694367**
Maidstone

Tea/Coffee will be available 15 minutes before the meeting

Membership (12)

Conservative (11): Mr D A Hirst (Chairman), Mr N J Collor, Mr J M Cubitt,
Mr M J Harrison, Mr J D Kirby, Mr S C Manion, Mr R F Manning,
Mr R A Pascoe, Mrs E M Tweed, Ms A Hohler and Mr M J Northey

Liberal Democrat (1): Mr M B Robertson (Vice-Chairman)

Webcasting Notice

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UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

Item No

A. COMMITTEE BUSINESS

- A1 Introduction/Webcasting
- A2 Substitutes
- A3 Declaration of interests by Members in items on the Agenda for this meeting
- A4 Minutes - 22 November 2011 (Pages 1 - 10)
- A5 Cabinet Member's Update (Oral Report)

B. PERFORMANCE REVIEW ITEMS FOR INFORMATION

Members are requested to inform the Chairman should they have a question relating to Items B1 – B3. Any such questions will be dealt with immediately prior to the close of the meeting or in writing.

- B1 Financial Monitoring 2011/12 (Pages 11 - 34)
- B2 Budget 2012/13 and Medium Term Financial Plan 2012/15 (Pages 35 - 42)
- B3 KCC Quarterly Performance Report, Quarter 2 2011/12, including mid year Business Plan monitoring (Pages 43 - 64)

C. ITEMS FOR DISCUSSION

- C1 Highway Management Centre and Highway Network Management (Pages 65 - 68)
- C2 Expectation Management (Service clarity) (Pages 69 - 80)
- C3 Highways and Transportation Enterprise Term Maintenance Contract (Pages 81 - 84)
- C4 Bus Services to Pembury Hospital (Pages 85 - 88)
- C5 Growth Without Gridlock - Update (Pages 89 - 90)

D. SELECT COMMITTEE UPDATE

- D1 Select Committee - update (Pages 91 - 92)

MOTION TO EXCLUDE THE PRESS AND PUBLIC

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the public)

- 1 Highways & Transportation Consultancy Services (Pages 93 - 96)

Peter Sass
Head of Democratic Services
(01622) 694002

Wednesday, 4 January 2012

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

**ENVIRONMENT, HIGHWAYS AND WASTE POLICY OVERVIEW
AND SCRUTINY COMMITTEE**

MINUTES of a meeting of the Environment, Highways and Waste Policy Overview and Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 22 November 2011.

PRESENT: Mr D A Hirst (Chairman), Mr M B Robertson (Vice-Chairman), Ms S J Carey (Substitute for Ms A Hohler), Mrs P T Cole (Substitute for Mr N J Collor), Mr J M Cubitt, Mr J D Kirby, Mr S C Manion, Mr R F Manning, Mr M J Northey and Mrs E M Tweed

ALSO PRESENT: Mr B J Sweetland and Mr D L Brazier

IN ATTENDANCE: Mr M Austerberry (Corporate Director, Environment and Enterprise), Mr P Crick (Director of Planning and Environment), Mr D Hall (Future Highways Manager), Mr B Haratbar (Head of Programmed Work), Mr D Joyner (Transport & Safety Policy Manager), Ms C McKenzie (Sustainability and Climate Change Manager), Mr H Miller (Acting Finance Business Partner), Mrs E Milne (Flood Risk & Natural Environment Manager) and Mrs K Mannering (Democratic Services Officer)

UNRESTRICTED ITEMS

52. Minutes- 27 September 2011

(Item A4)

(1) Mr Manning referred to paragraph 46 – Reducing Congestion (Management of Road Works), and suggested that a working group be established to look at the management of road works across Kent. Mr Hall undertook to discuss, with Mr Manning and Mr Robertson, a possible Members' briefing session being arranged, and an in-depth report being submitted to a future meeting of the POSC.

(2) RESOLVED that the Minutes of the meeting held on 27 September 2011 are correctly recorded and that they be signed by the Chairman.

53. Cabinet Member's Update

(Item A5)

(1) Mr Sweetland gave a verbal report on the following issues:-

Planning & Environment

RAC Report; Third Thames Crossing; Operation Stack; National Policy Consultations; and Local Development Frameworks

Waste Management

Household Waste Recycling Centres

Highways & Transportation

Tackling Congestion; Tunbridge Wells Hospital at Pembury; Community Buses; Road Safety; Jacobs professional services consultancy contract; Winter preparations; Highway Inspections; and Highways Management Centre (HMC).

(2) During discussion it was suggested that a visit to the Highways Management Centre at Aylesford be arranged for POSC Members; and that a report be submitted to the January meeting of the POSC on Traffic Control progress, including the HMC role.

(3) RESOLVED that:-

- (a) a visit to the HMC be arranged for Members and a report relating to traffic control be submitted to the January meeting; and
- (b) the update be noted and a copy circulated to Members of the Committee.

54. Financial Monitoring 2011/12

(Item B1)

(1) Members were asked to note the August budget monitoring exception report for 2011/12 reported to Cabinet on 17 October 2011.

Revenue

(2) The overall position for the EHW Directorate reported to Cabinet on 17 October remained unchanged from the detailed quarterly monitoring reported to the 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.

Capital

(3) The forecast variance for 2011/12 had moved by -£0.285m and was due to a combination of real variances and variances arising from re-phasing projects. Where real variances arose, it was important that funding sources were identified to compensate for the potential overspend. Variances arising from re-phasing did not require funding sources as they were the result of moving capital funding between years.

(4) During debate Mr Cubitt requested further information about the revenue funding applied to the North Farm Transfer Station development; and also expressed concern that the nature of 'exception reporting' meant that there was no reference base available for comparison purposes. Mr Miller undertook to provide information relating to both issues to Mr Cubitt direct, and would copy to all POSC members.

(5) RESOLVED that the budget variations for the EHW Portfolio for 2011/12 based on the August exception report to Cabinet on 17 October 2011, be noted.

55. Revenue Budget 2012/13 and Medium Term Financial Plan 2012/13 to 2014/15
(Item B2)

(1) The report identified the latest forecasts for next year's budget and the financial plans for the following years. This included an analysis of the overall financial outlook for the whole council, appraisal of the existing plans for 2012/13, an update on the budget pressures facing the Environment, Highways and Waste portfolio and recommendations from the Informal Member Group on areas for budget savings.

(2) The Autumn Budget Statement was due to be presented to Cabinet on 5 December 2011 and would set out the County Council's proposed budget strategy following the Chancellor of the Exchequer's statement to Parliament on 29 November. The Spending Review 2010 (SR 2010) set out the Government's four year plans to reduce the budget deficit, and showed an anticipated 21.9% reduction in the Formula Grant for local government over the four year period. The Local Government Finance settlement for 2011/12 was published on 13th December 2010 and included provisional grant figures for 2012/13 but did not provide any provisional figures for 2013/14 or 2014/15. The 2012/13 provisional grant showed a £26.9m reduction in Formula Grant on 2011/12 (8.5%) for KCC. The overall planning assumption for the next medium term financial plan (MTFP) was a £340m reduction in spend in real terms between 2011/12 to 2014/15.

(3) The approved MTFP for the Environment Highways and Waste portfolio was set out in appendix 1 to the report. At the time the plan was approved £15m had been set aside for unforeseen "emerging" budget pressures and £28m of savings still needed to be identified in order to balance the budget for 2012/13 against the anticipated level of resources (CLG grants and Council Tax).

(4) For 2012/13 POSCs were asked to consider what savings would be feasible or acceptable within the Environment, Highways and Waste portfolio in order to close the estimated overall £32m gap across KCC (3.5% of net spend) arising from the combination of additional pressures and the unidentified savings in the existing plan partially offset by the additional grant that would be available. For the medium term POSCs were asked to consider what strategies should be considered for the Environment, Highways and Waste portfolio if, overall, the council needed to make 15% saving over the next two years.

(5) The council's overall strategy would be set out in the Autumn Budget Statement setting out how the authority planned to deal with reducing funding and continuing additional spending pressures. The EHW Directorate would continue to focus on cost avoidance, efficiencies and service reductions.

(6) Very significant savings were being made in 2011/12 from the Directorate's revenue budget strategy and additional savings would be made in the medium term as the full year effect of those savings came into effect. The savings had resulted from contract relets in Waste and Highways, diversion of waste to less costly outlets,

major staffing efficiencies and reductions in some service areas. Proposals were currently being developed to deliver additional savings within the medium term and outline proposals had been discussed at the Budget Informal Members Group and the Waste Informal Members Group meetings.

(7) Members of the POSC had had informal member group meetings (IMG) meetings throughout the summer/autumn. IMGs had found the meetings useful to gain a more detailed insight into budgets controlled by the Environment, Highways and Waste portfolio. The IMG meetings provided the opportunity to share the budget planning process in some detail with Members as well as discussing areas where the Directorate could potentially make savings in the future. Members were supportive of the direction of travel outlined by officers and provided some helpful ideas, but it was accepted that due process would be required before they could be factored in to the Directorates medium term financial plan.

(8) RESOLVED that the latest forecasts for 2012/13 and the next two years, be noted.

56. Kent Environment Strategy

(Item C1)

(1) Further to Minute 37 of 5 July 2011, the report summarised midyear progress towards delivery of the Kent Environment Strategy plus gaps and challenges to delivery for scrutiny by the POSC. It outlined potential opportunities for Members to get involved. The Kent Environment Strategy had three Themes and 10 priorities. Appendix 1 of the report gave key progress highlights against expected outcomes and was RAG rated. Currently four of the priorities were green, five amber and one red. The priority which was red related to the Kent Design Guide and new development. The Kent Design Guide review was currently delayed, and therefore it had not been updated to include changes relating to issues such as energy, low carbon technologies, water, waste and climate change.

(2) This was a fast moving agenda and many areas of policy, such as the emerging Green Deal were still unclear or subject to rapid change e.g. the Feed In Tariff. For Kent to deliver real improvement another step change in approach was needed to accelerate progress. An element of informed evidence based risk must be taken, for example piloting new low carbon technologies. External funding was needed in order to deliver real change. The public sector had a key role in attracting external funding of all types into Kent.

(3) As already identified in external discussions through the Kent Partnership and lately the Kent Forum, strong and visible leadership was crucial. The public sector, business and communities needed to examine in full the way they operated and behaved, identifying smarter ways of working and new ways of delivering services. Identifying accountable leads to take action forward and champions to challenge progress within public sector bodies would be crucial. The environment and related issues such as high energy prices and water metering continued to remain an important concern for the public, business and the voluntary sector.

(4) A number of tools had been or were being developed to help Members and key decision makers, including:-

- KCC's Environmental Performance Report – outlining progress in KCC delivering the Kent Environment Strategy (due end of November 2011).
- Climate Change – A Guide for Kent's Decision Makers – available at www.kent.gov.uk/climatechange and distributed through the Information Point.
- Kent Environment Strategy Area Briefings – focusing on KCC activity in each District (in development).

(5) Members were asked to:-

- (a) Review and provide feedback on progress, including the level of ambition being delivered;
- (b) Highlight any gaps in delivery and any further opportunities; and
- (c) Identify what further support they needed to be able to actively participate in the delivery of the Kent Environment Strategy

Members' ideas/input could be provided to Paul Crick or Carolyn McKenzie direct.

(6) RESOLVED that the report be noted.

57. Natural Environment White Paper and development of Local Nature Partnership for Kent

(Item C2)

(1) In June 2011, Defra published the Natural Environment White Paper, which launched the formation of Local Nature Partnerships, which aimed to secure the wider social and economic benefits of a healthy natural environment. The report provided an overview of the Paper's vision and the establishment of a Local Nature Partnership for Kent.

(2) Much like the Kent Environment Strategy, the White Paper recognised that a healthy, properly functioning natural environment was the foundation of sustained economic growth, prospering communities and personal wellbeing. The Paper aimed to mainstream the value of nature across society by a number of key reforms.

(3) One initiative announced by the White Paper, to facilitate the protection and improvement of nature at the local level, was the establishment of Local Nature Partnerships, which represented a more holistic view of the natural environment and recognised the wider social and economic benefits biodiversity brought. The Kent Biodiversity Partnership had recognised the value of working towards becoming a Local Nature Partnership, broadening the vision for the county's natural environment and widening the spectrum of delivery partners.

(4) The Partnership had recently secured £27,000 of capacity building funding from Defra to take the work forward, which would focus on engaging additional partners and establishing a vision and set of targets for the natural environment that recognised the potential for social and economic benefits also. As outlined as a

requirement in the White Paper, the Partnership would also be seeking constructive and cooperative working arrangements with the Local Enterprise Partnership, to ensure opportunities for a green economy were realised. Partnerships that fulfil Defra's vision would be invited to submit applications in early 2012 to be recognised by Government and its environmental agencies.

(5) The White Paper closely mirrored the ethos of the Kent Environment Strategy, whereby nature was valued not just for its own sake but as an asset which supported economic and social regeneration. The Kent Local Nature Partnership would reflect the three cornerstones of theme 3 of the Kent Environment Strategy, *Valuing our natural, historic and living environment* – the economic value of the natural environment; the quality of life that it supported; and that the natural environment must be protected and enhanced if the services were to be realised. The Partnership would therefore provide a framework for delivery of the theme and its aims and objectives, that would last (and continue to deliver) past the timeframe of the Strategy.

(6) The White Paper did not pose any additional burdens or statutory duties on local authorities. However the Paper emphasised the need for "*greater local action*". Whilst recognition of the local authority role was welcomed, there was some element of concern over delivery as, other than some one-off funding for specific initiatives, there was no additional funding from central government. KCC had an important strategic role to ensure that the county did fully engage with, and contribute to, the vision of the White Paper.

(7) RESOLVED that the establishment of a Partnership which would help the county to fully realise the economic and social benefits of a healthy natural environment, be supported.

58. Recommended Marine Conservation Zones

(Item C3)

(1) Further to Minute 4 of 4 November 2010, the report presented the recommendations that had been made for sites off the coast of Kent. The Balanced Seas Project, one of four regional projects established to identify the Recommended Marine Conservation Zones (rMCZ) coordinated a Regional Stakeholder Group that was responsible for recommending the boundaries and conservation objectives for rMCZs in the south-east.

(2) Selection of the sites was guided by statutory selection criteria, which set out the conservation principles and targets for the MPA network. The decisions were based not only on the location of habitats and species but also on how the sea was used for both commercial and recreational purposes. In addition to identifying rMCZs, recommended Reference Areas (rRA) had also been identified. The purpose of the sites was to return them to as close to a natural state as possible, to act as a benchmark for other MCZs and illustrate how well protection measures within MCZs were working.

(3) The following Recommended Marine Conservations Zones had been identified off the Kent coast

- Thames Estuary
- Medway Estuary
- The Swale Estuary
- Thanet Coast
- Goodwin Sands
- Offshore Foreland
- Dover to Deal
- Dover to Folkestone
- Folkestone Pomerania
- Hythe Bay

(4) The following Recommended Reference Areas had been identified off the Kent coast

- Westgate Promontory
- Turner Contemporary
- Goodwin Knoll
- South Foreland Lighthouse
- Hythe Flats
- Flying Fortress

(5) The rMCZs and rRAs had been submitted to Natural England. Currently, an Impact Assessment was being prepared by the project economist and would estimate the costs and benefits associated with the recommendations, including the costs of potential management measures. Over the coming months, Natural England, JNCC and the MCZ Science Advisory Panel would be assessing whether the recommendations from each of the four regional projects together satisfied the Ecological Network Guidance design criteria and principles. They would submit their statutory advice to Defra early next year. Ministers would then consider all supporting evidence before deciding which rMCZs to take forward to the public consultation. This would provide an opportunity for stakeholders to review, comment and feedback to Government before designation decisions were made.

(6) RESOLVED:-

- (a) that the report be noted; and
- (b) a further report be submitted to the POSC during the 2012 consultation period.

59. A Sensible Approach to Supported Bus Services (Item C4)

(1) The report made recommendations to update the existing criteria for prioritising support for Socially Necessary Bus Services. It had been considered by and had the support of the Finance Working Group to the Committee.

(2) Kent County Council (KCC) currently committed around £6.4m annually to supporting local bus services. The budget was fully committed in the current financial year and was likely to come under increasing pressure over the coming years for the following reasons:

- Commercial service withdrawals - when a commercial bus service was withdrawn KCC had a duty to assess whether it should intervene and support the service;

- Operator gave Contractual Notice to cease operation of a subsidised bus service – KCC could procure a replacement service but the cost might increase

In addition, KCC could decide to vary the supported bus budget. It was essential that there was a method through which bus services were prioritised for support. The paper set out the proposed prioritisation approach that would be used for adding/de-prioritising services.

(3) Given the inter-relationship with other public transport budgets including the English National Concessionary Travel Scheme and the Kent Freedom Pass there was also a proposal to form an Informal Member Group to consider policy development, integration and delivery.

(4) The report set out proposed new criteria for support of bus services; procedure to be followed in the event of commercial bus service being deregistered or Contractual Notice being given on a subsidised bus service; and procedure to be followed in the event of bus service withdrawals due to future budget reductions.

(5) During debate the following issues were raised:-

- Local engagement and consultation was a key part of the review
- Support for volunteer schemes, i.e. Kent Karrier, Weald on Wheels
- Dialogue with local supermarkets
- Possible kick start funding/local Member funding
- Establishing a common framework for individual routes

(6) RESOLVED that:-

- (a) the processes outlined in the report to prioritise the support of bus services in the event of a commercial withdrawal by an operator or reduction in funding availability being approved, be noted;
- (b) the creation of a contingency of £100k from the existing budget to cover interim periods when KCC was supporting additional services, be noted; and
- (c) the formation of an Informal Member Group to assist with implementing policies and to consider how integration across all public transport could be improved, be supported.

60. A Common Sense Plan for Safe and Sensible Street Lighting

(Item C5)

(1) The report set out how the County Council could reduce energy costs in street lighting whilst working with the community to improve acceptance of this and reduce the perception that such a policy increased crashes and reduced personal safety. The proposals in the report for safe and sensible street lighting in Kent were informed by the Street Lighting Policy agreed by the POSC in May 2010.

(2) Street Lighting energy cost the County Council £5.1m p.a. It was on an upward trend and the cost of energy was set to rise year on year, the anticipated increase for the next financial year was over 10%. KCC had some 118,500 street lights and 29,000 lit signs/bollards. Provision of street lighting was not a legal requirement, except when linked to demonstrable road safety. However it had become established practice over time and almost all street lights in Kent were continually lit during the hours of darkness, ie automatically turn on at dusk (due to a fitted light sensor in each column) and turn off at first light.

(3) A number of initiatives had been introduced in the past two years to reduce energy consumption:

- Upgrades
- Trimming
- Dimming

The initiatives had reduced the energy charges by £128,000 annually.

(4) Light pollution and costs could be reduced in locations where the street lights were not contributing to safety at all. Many road lights were installed when vehicles had poor lighting systems and ambient light levels on major urban roads were low. Today, some street lighting was far less effective than the illumination provided by traffic or nearby buildings yet it remained switched on all night. Where streetlights had been dimmed or switched off, data showed that crashes and crime had **not** increased. There was a clear difference between perception and actual data. It was the design of lighting schemes, rather than the number or hours of illumination that was most important. Kent County Council's aim was to target the wasted lights and energy. To overcome the negative perception, it was vital to involve residents in discussions about what made some people feel they were less safe.

(5) A number of potential areas suitable for energy conservation had been identified, including Part Night Lighting; and Removal of Lights. Future areas for possible review included Dimming; and Central Monitoring System.

(6) In order to ensure that KCC utilised its limited resources in the best manner it was proposed to follow the agreed Street Lighting Strategy agreed by POSC in May 2010. This would reduce energy costs and protect the environment. The County Council should:-

- Ensure value was achieved by supplying lighting at the time of greatest demand or need.
- Manage energy sensibly thus reducing consumption for street lighting. This would help address the financial challenge to reduce costs of service delivery as outlined in Bold Steps for Kent.
- Reduce CO2 emission to help meet the challenge of climate change as set out in Bold Steps for Kent.
- Engage with Kent stakeholders to consult on ways to ensure an appropriate and effective level of street lighting.

(7) During debate Mr Sweetland

- Stressed the importance of positive support from the media, and discussions with communities and Joint Transportation Boards
- Stated that an exception list would be drawn up of locations, street by street, detailing lights to be switched off
- Recognised the benefit of learning from other County Councils

(8) RESOLVED that:-

- (a) the specific proposals outlined above, to introduce a common sense approach to safe and sensible management/operation of street lighting, be endorsed with some Members suggesting the proposals could go further; and
- (b) the report and relevant draft minute be circulated to the next round of JTBs for discussion and feedback.

61. Select Committee - update

(Item D1)

(1) The report updated Members on the following reviews which were underway – Dementia; Educational Attainment at Key Stage 2; and The Student Journey.

(2) A formal proposal for a Select Committee topic review on Domestic Abuse was approved by the Scrutiny Board on 2 November, and would commence in the New Year.

(3) RESOLVED that:

- (a) the review work currently underway be noted; and
- (b) Members advise the Democratic Services Officer of any topics which they would like to put forward for consideration for inclusion in the future Select Committee Topic Review Work Programme.

TO: Environment, Highways and Waste (EHW) Policy
Overview and Scrutiny Committee – 12 January 2012

BY: Bryan Sweetland, Cabinet Member – Environment,
Highways & Waste
Mike Austerberry, Corporate Director – Enterprise &
Environment

SUBJECT: Financial Monitoring 2011/12

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the November budget monitoring exception report for 2011/12, reported to Cabinet on 9 January 2012.

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/July. 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 reported to Cabinet 9 January 2012 is attached, along with the last detailed full monitoring report for ease of reference.

3. Revenue

- 3.1 The overall position for EHW reported to Cabinet on 9 January showed a reduction of £249k in the forecast underspend since the previous monitoring.

- 3.2 A shortfall in the Commercial Services contribution of £349k has been identified which is due to a combination of a reduction in lease car numbers and an inability to absorb unbudgeted Total Contribution Pay (TCP) costs. Cabinet have been asked to approve a virement of £199k from the Finance and Business Support portfolio to offset the shortfall on lease cars.
- 3.3 A review of activities within the Partnership and Behaviour Change element of the Waste budget has identified an additional £100k saving.
- 3.4 Full details of the November exception report are contained in Appendix 1 and Appendix 2 is an extract from the full monitoring report for October which was presented to Cabinet on 5 December 2011.

4. Capital

- 4.1 There have been a small number of adjustments to the predicted capital outturn, which are explained in the November exception report (Appendix 1) with further information contained with the October full monitoring report (Appendix 2).

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 November exception report to Cabinet.

Hugh Miller
Acting Finance Business Partner
12 January 2012

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

REVENUE

	Cash Limit £000s	Variance		Movement £000s
		This month £000s	Last report £000s	
Directorate total	149,518	-3,299	-3,548	249
Management action	0	0	0	0
Directorate total after management action	149,518	-3,299	-3,548	249

Directorate Position

The forecast outturn for the Directorate at November 2011 is an underspend of £3,299k. This is reduction of £249k in the forecast underspend, since the last report and is due to a further £100k underspend in Waste and a shortfall of £349k in the forecast Commercial Services contribution.

Cash Limit Adjustment

The cash limit has increased by £402k since the October report. This is an allocation of corporate funding for redundancy costs in the Highways division.

E&E Strategic Management & Directorate Support Budget

There has been no change to the forecast overspend of **£250k** since the last report, which is predominantly related to Directorate funded redundancy costs in Highways.

Highways and Transportation

The forecast underspend for this division remains at **£1121k** as reported last month. Of this, £918k has arisen within the Concessionary Fares line and is the result of successful negotiations with bus operators meaning that a saving has

been delivered on the budget set aside for this service. The remaining £203k, managed underspend, largely compensates for the overspend reported in the E&E Strategic Management and Support Budget.

Waste

The budgeted waste tonnage for 2011-12 is 760,000 tonnes. Tonnage for the first seven 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 30000 tonnes less than budgeted. This is the main contributing factor to the forecast underspend for the division of **£2786k** which, following a review of activities in the Partnership and Behaviour Change element of the budget, has increased by £100k since the last report. Whilst the division 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.

Planning and Environment

There has been no change to the minimal overspend of **£9k** reported last month.

Commercial Services

A shortfall of £349k in the forecast Commercial Services contribution is reported this month. Of this, £150k is due to the inability to absorb unbudgeted Total Contribution Pay (TCP) costs. The remaining £199k is due to a reduction in lease car numbers as a result of the decision by County Council in February to remove the essential user status which, as a consequence, means that staff are no longer able to renew their lease cars. This was factored into the net savings reported to the Council. It is proposed that this shortfall is offset by a virement from the underspending reported in the Finance and Business Support portfolio in the current year. Cabinet have been asked to approve this virement.

Summary

An underspend of approximately £3.3m is currently forecast for the Directorate. This is predicated on waste tonnage reflecting levels experienced over the last two and a half years and Highways delivering a balanced budget. If there was an unexpected spike in the level of waste entering the system, this would reduce the level of underspend currently predicted. The main risk in the Highway's forecast is the severity of the winter. Whilst robust plans have been put in place to deliver winter services, a very severe winter could adversely affect the final outturn.

CAPITAL

The predicted outturn has increased by £230k since the last report for the following reasons:

Major Schemes Preliminary Design (-£120k real variance) – There has been limited preliminary design work carried out in this financial year, which has indicated an underspend. It is proposed that the underspend is used to fund repairs required to Westwood Road and Victoria Road in Broadstairs following the unexpected collapse of the road surface.

Highways Major Maintenance (+£120k real variance) – This has resulted from the unexpected collapse of the road surface at Westwood Road and Victoria Road, Broadstairs. It is proposed that this should be funded by the movement reported under Major Schemes Preliminary Design.

Energy Water Efficiency Fund (+£147k re-phasing and +£50k real variance)
– Across the MTFP period additional expenditure of £275k is being forecast for school LED and other projects. This will be met from additional Salix funding, recycled KCC match funding and bringing forward 2012-13 funding.

Ashford Ring Road (+£100k real variance) – Developer contributions funding this scheme were understated in the previous forecast.

Overall this leaves a residual balance of **-£67k** on a number of minor projects.

Hugh Miller
Finance Business Partner, E&E
30 November 2011

ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY OCTOBER 2011-12 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” ie 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 last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
E&E Strategic Management & Directorate Support Budgets	7,373	-388	6,985	327	-77	250	Predominantly Directorate funded redundancy costs (Highways).
<u>Environment:</u>							
- Environment Management	4,180	-2,830	1,350	12	-3	9	
- Coastal Protection	686		686			0	
	4,866	-2,830	2,036	12	-3	9	
<u>Highways Services:</u>							
- Adverse Weather	3,159		3,159	9		9	
- Bridges & Other Structures	2,753	-294	2,459	25	29	54	
- General maintenance & emergency response	13,572	-345	13,227	-5	-2	-7	
- Highway drainage	3,431	-74	3,357	5	-9	-4	
- Highway improvements	1,690	-100	1,590	-36	35	-1	
- Road Safety	2,827	-1,213	1,614	49	-116	-67	Cycle training income and additional staff recharges.
- Signs, Lines & Bollards	1,819	0	1,819	13		13	
- Streetlight energy	5,104		5,104	69		69	
- Streetlight maintenance	3,767	-168	3,599	-23	3	-20	
- Traffic management	5,506	-2,924	2,582	-36	-247	-283	Additional income arising from successful recovery of S74 fees
- Tree maintenance, grass cutting & weed control	3,352	-192	3,160	40	-36	4	
	46,980	-5,310	41,670	110	-343	-233	
<u>Integrated Transport Strategy & Planning:</u>							
- Planning & Transport Policy	774	-15	759			0	
- Planning Applications	1,102	-500	602			0	
	1,876	-515	1,361	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G £'000s	I £'000s	N £'000s	G £'000s	I £'000s	N £'000s	
<u>Transport Services:</u>							
- Concessionary Fares	16,332	-27	16,305	-918		-918	Successful negotiations with major operators on appeals.
- Freedom Pass	13,625	-2,230	11,395			0	
- Subsidised Bus Routes	9,259	-1,637	7,622			0	
- Sustainable Transport	2,503	-1,448	1,055	293	-263	30	Spend & income related to multi modal transport models.
	41,719	-5,342	36,377	-625	-263	-888	
<u>Waste Management</u>							
<u>Recycling & Diversion from Landfill:</u>							
- Household Waste Recycling Centres	8,416	-1,109	7,307	24	-617	-593	Additional income generated due to market prices remaining constant and above budgeted prices for sale of various recyclable materials(eg scrap metal, textiles, paper & card and lead acid batteries).
- Partnership & Behaviour Change	805	-126	679		-41	-41	External funding received to support campaign delivery
- Payments to Waste Collection Authorities (DCs)	5,334	-102	5,232	116		116	Additional enabling payments made under Joint Waste Arrangements to deliver disposal savings and improved performance.
- Recycling Contracts & Composting	10,262	-609	9,653	-470	-56	-526	Reduced waste tonnage & improved contract prices when compared with working budget
	24,817	-1,946	22,871	-330	-714	-1,044	
<u>Waste Disposal:</u>							
- Closed Landfill Sites & Abandoned Vehicles	779	-266	513	1	-5	-4	
- Disposal Contracts	29,476	-430	29,046	-2,932		-2,932	Reduced residual waste tonnage compared to budget, less waste processed via Allington, due to extended planned routine maintenance and more waste to landfill
- Landfill Tax	6,880		6,880	1,191		1,191	Waste diverted to landfill from Allington WtE as a result of the extended planned routine maintenance at the plant.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Transfer Stations	8,583	-75	8,508	103		103	Reduced waste tonnage offset by additional costs of planned maintenance and contribution to capital overspend on improving the infrastructure.
	45,718	-771	44,947	-1,637	-5	-1,642	
Commercial Services		-7,131	-7,131			0	
Total E, H & W portfolio	173,349	-24,233	149,116	-2,143	-1,405	-3,548	
Regeneration & Enterprise portfolio							
Development Staff & Projects	1,311	-1,311	0			0	
Total E&E controllable	174,660	-25,544	149,116	-2,143	-1,405	-3,548	
Assumed Management Action							
- EHW portfolio							
- R&E portfolio							
Forecast after Mgmt Action				-2,143	-1,405	-3,548	

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:

Environment, Highways & Waste portfolio:

1.1.3.1 **Strategic Management and Directorate Support: Gross +£327k, Income - 77k, Net +250k**

A gross pressure of £327k is forecast. A significant proportion of this (£219k) relates to the requirement for the Directorate to fund part of the redundancy costs arising from restructuring, as some of the costs are not eligible for corporate funding from the Workforce Reduction Fund because this funding is only available where there is a reduction in the overall number of posts.

1.1.3.2 **Highways Services:**

a. **Road Safety: Gross +£49k, Income -£116k, Net -£67k**

The additional income mainly relates to an increase in cycle training (£52k) and additional staff recharges to the Speed Awareness and the National Driver Improvement Scheme budgets (£45k). The gross variance reflects the corresponding expenditure related to the additional cycle training income.

b. **Traffic Management: Gross -£36k, Income -£247k, Net -£283k**

The additional income of £247k has resulted from the successful recovery of S74 fees from works promoters (utility companies etc) who have taken unreasonably prolonged occupation of the highway.

1.1.3.3 **Transport Services:**

- a. Concessionary Fares: Gross -£918k, Income Nil, Net -£918k
Two major bus operators had registered appeals against the 2011-12 payments proposed by KCC. This is the first year that the authority has assumed full responsibility for this service and the budget included an element to cover issues such as the cost of appeals. A prudent approach was taken in previous months and the full value of these appeals was included in the forecast expenditure. The Directorate is pleased to report that negotiations with the bus operators has resulted in a mutually agreed position that has reduced the potential cost by £918k and this saving is reflected in the current forecast.
- b. Sustainable Transport: Gross +£293k, Income -£263k, Net +£30k
The pressure on the gross budget relates to the development of multi modal transport models that are developed to predict transport impact of new developments. The income element mainly relates to contributions for the development of the Thanet Model (£100k) and the use of the Ashford Model (£148k).

1.1.3.4 **Waste Management:**

The waste tonnage for the first six months of 2011-12 indicates that the experience of the last two financial years is likely to be repeated and the final tonnage figure is forecast to be less than the affordable level. Based on actuals to date, an estimated level of 730,000 tonnes is predicted which is 30,000 tonnes below the affordable level. This is a prudent forecast to allow for any potential growth in future months. Details of activity are shown in section 2.4.

1.1.3.4.1 **Recycling & Diversion from Landfill**

- a. Household Waste Recycling Centres: Gross +£24k, Income -£617k, Net -£593k
Additional income of £617k is predicted as a result of a new income stream of £130k from the sale of lead batteries which were previously collected at zero cost or for a small charge; and market prices received from the sale of recyclables (eg scrap metal, textiles and paper/card) remain buoyant and above budgeted prices providing a further £487k.
- b. Payments to Waste Collection Authorities (DCs): Gross +£116k, Income Nil, Net +£116k
£116k of additional enabling payments have been made to District Councils under Joint Waste Arrangements in order to deliver gross disposal savings and improved performance. This additional support payment enables the collection of weekly food waste.
- c. Recycling Contracts & Composting: Gross -£470k, Income -£56k, Net -£526k
A combination of reduced waste tonnage, approximately 14,000 tonnes, for recycling and composting and improved contract prices are anticipated to deliver an underspend of £470k in this financial year. Approximately £104k is due to improved prices and £366k is due to reduced activity. In addition to this, £56k is projected from the sale of recyclable material.

1.1.3.4.2 Waste Disposal

- a. Disposal Contracts: Gross -£2,932k, Income Nil, Net -£2,932k
A net underspend of £2,932k is forecast for this budget line due to reduced residual waste tonnage being processed at the Allington Waste to Energy Plant when compared to the budget profile. The final tonnage figure for processing waste via Allington is expected to be 38,000 tonnes less than budget, however it is forecast that an additional 22,000 tonnes of waste will be sent to landfill due to the planned routine maintenance at the plant being extended which was due to operational circumstances and the continued commissioning phase of the plant.
- b. Landfill Tax: Gross +£1,191k, Income Nil, Net +£1,191k
An overspend of £1,191k is forecast due to extended planned routine maintenance at the Allington Waste to Energy Plant during the early part of the financial year when it was necessary to divert a greater tonnage than anticipated to landfill, approximately a further 22,000 tonnes will be landfilled than planned.
- c. Transfer Stations: Gross +£103k, income Nil, Net +£103k
An overspend of £103k is anticipated as a result of:
- an overspend on the capital project at the North Farm Transfer Station due to the removal of contaminated land during the construction phase, this capital overspend of +£302k is being funded from revenue.
 - Additional maintenance at Church Marshes Transfer Station is anticipated to cost a further +£170k, and
 - a £369k saving is due to reduced waste tonnage.

Overall annual forecast tonnes is expected to reduce by 30,000, which is made up of 38,000 tonnes less via Allington and 14,000 tonnes less via recycling/composting, however due to extended planned operational changes at Allington a further 22,000 tonnes is forecast to be landfilled.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Landfill Tax - diversion of waste to landfill due to extended planned routine maintenance at Allington Waste to Energy Plant	+1,191	EHW	Disposal Contracts - lower than budgeted residual waste tonnage processed through Allington WtE due to extended planned routine maintenance at the plant.	-2,932
EHW	Transfer Stations - revenue contribution to capital for the overspend on the North Farm TS construction project.	+302	EHW	Concessionary Fares - Successful negotiations with major bus operators have resulted in an agreement to settle appeals at a lower level than the original claims.	-918
EHW	Sustainable Transport - Cost of multi modal transport models offset by underspend arising from income.	+293	EHW	Household Waste Recycling Centres - Additional income due to market prices remaining buoyant for the sale of various recyclable materials.	-487
EHW	Strategic Management & Directorate Support Budgets - Directorate funded redundancy payments arising from the Highways restructure.	+219	EHW	Transfer Stations - lower than budgeted waste tonnage.	-369
EHW	Transfer Stations - operational need for additional planned maintenance at Church Marshes TS.	+170	EHW	Recycling Contracts & Composting - lower than budgeted waste tonnage	-366
EHW	Payments to Waste Collection Authorities (DCs) - additional enabling payments made to Districts under Joint Waste Arrangements.	+116	EHW	Sustainable Transport - Income from multi modal transport models offsetting pressure.	-248
			EHW	Traffic Management - Successful recovery of S74 fees from works promoters for unreasonably prolonged occupation of the highway.	-247
			EHW	Household Waste Recycling Centres - New income stream from the sale of lead acid batteries.	-130
			EHW	Recycling Contracts & Composting - improved contract prices	-104
		+2,291			-5,801

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTFP:

Waste will be reviewing the trends of recent years in respect of waste tonnage and disposal costs when considering savings and pressure for the development of the 2012-15 MTFP. There is no guarantee that tonnage will continue to reduce so contingency arrangements will need to be incorporated to deal with any reversal in trends.

The successful negotiation with the major bus operators in respect of Concessionary Fares will have an impact on the Medium Term Financial Plan although it is unlikely that the full extent of the 2011-12 savings will be realised in future years.

1.1.6 Details of re-phasing of revenue projects:

None

1.1.7 Details of proposals for residual variance:

The most significant element of the Directorate's forecast underspend arises from Waste Management. This is directly related to tonnage and whilst the forecast reflects the previous year's experience and tonnage data to date, it must be treated with an element of caution. The Directorate has a direct influence over the disposal and recycling of waste, but limited control over the amount of waste that is put into the system. Any surge in waste tonnage above the current forecast outturn of 730,000 tonnes will impact the financial outturn of the Directorate and the forecast underspend reported in this report. It must be noted that previous years underspend on Waste Management was negated by additional costs arising in Highways as a result of hard winters and this could be repeated in 2011-12.

1.2 CAPITAL

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 17th October 2011, 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	2011-12 £000s	2012-13 £000s	2013-14 £000s	Future Yrs £000s	TOTAL £000s
Enterprise & Environment Portfolio						
Budget	238,642	94,606	74,132	65,224	253,157	725,761
Adjustments:						
- Re-phasing August Monitoring		-1,349	773	-3,435	4,011	
- Completed Projects	-50,322					-50,322
- Wetland Creation	-22					-22
- Non grant supported land claims		-50	-108	-46		-204
- Integrated Transport Schemes		786				786
- Major Scheme Preliminary Design		-300				-300
- A2 Cyclo Park		905				905
Revised Budget	188,298	94,598	74,797	61,743	257,168	676,604
Variance		6,692	-19,651	-9,772	3	-22,728
split:						
- real variance		+7,214	-20,020	-9,922		-22,728
- re-phasing		-522	+369	+150	+3	0

Real Variance		+7,214	-20,020	-9,922	0	-22,728
Re-phasing		-522	+369	+150	+3	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2011-12 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.

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Highway Major Maintenance	real	4,279			
EHW	Ashford Drovers & J9 Foot Bridge	real		1,697		
EHW	Victoria Way	real		1,000		
EHW	HWRC-North Farm Transfer Station	real		325		
EHW	Commercial Services	real	320			
			+4,599	+3,022	+0	+0
Underspends/Projects behind schedule						
EHW	East Kent Access Phase 2	phasing		-326		
			0	-326	0	0
			+4,599	+2,696	+0	-0

1.2.4 Projects re-phasing by over £1m:

None

1.2.5 Projects with real variances, including resourcing implications:

There is a real variance of -£22.728m (+£7.214m in 2011-12, -£20.020m in 2012-13 and -£9.922m in 2013-14)

Highway Maintenance: +£4.279m (in 2011-12): Major patching and full surface dressing works are being undertaken on parts of the road networks that have been worst affected by winter damage. This approach is more cost effective and better value for money than simply dealing with individual pot holes and enhances the capital value of the County Council's assets. The bulk of the cost (£4m) will be covered by a Government revenue grant designed to address winter damage on the County's roads. £0.279m relates to additional surfacing repairs due to subsidence and installing new directional signs and will be funded from revenue.

Integrated Transport Schemes: +£0.060m (in 2011-12): There are two elements to this forecast overspend:

- +£0.100m Department of Transport grant (DfT) has been approved towards Local Sustainable Transport work and this will be spent on new infrastructure at Kent hospitals.
- -£0.040m is a managed underspend to be delivered by the Integrated Transport programme to fund an overspend on the A2 slip road.

A2 Slip Road: -£0.076m (in 2011-12): The cash limit includes a commuted sum of £0.116m for maintenance which has to be paid to the Highways Agency as revenue. The A2 slip road is now complete and the project is estimated to show

an overspend of £0.040m which will be funded from the Integrated Transport programme underspend.

Commercial Services Vehicle & Plant: +£0.320m (in 2011-12): this will be matched by an increased contribution from their Renewals Fund so there is no funding implication.

Energy Usage Reduction Programme: -£0.150m (in 2011-15): This programme has a budget of £0.300m which is funded from revenue. The Carbon Trust grant of £0.150m has been repaid which has reduced the level of revenue available for this programme.

Energy and Water Efficiency Fund: +£0.078m (in 2013-14): The overspend is due to converting £0.078m from Exemplar energy saving projects to the Energy Loan Fund. The loan repayments for this extra fund are expected to be repaid in future years to cover the overspend.

North Farm Transfer Station: +£0.325m (in 2011-12): This overspend has arisen due to the unforeseen level of contaminated land that required removal during the construction phase. £0.302m is funded from revenue and £0.023m is met from an underspend on the Lydd/New Romney new site.

Re-shaping Kent Highways Accommodation: +£0.205m (in 2011-12): The reason for the increase is to the following:

- Purchase of existing modular portacabins within the depots +£0.085m – an opportunity arose to purchase portacabins that we were previously leasing. The ownership of these units will enable use to maximise the use of the depots, in particular, during winter services. The purchase cost will be funded by savings generated from the cessation of lease payments. The investment will generate further savings that will contribute towards identified revenue savings target.
- Additional works to the new Aylesford depot +£0.120m – with the engagement of the new Highways contractor Enterprise, some additional works (a de-watering facility, not in the original specification) have been carried out. The investment on these additional works will offer greater efficiency and cost reduction by providing an in house resource and avoiding external costs. These extra works are funded from revenue.

Sittingbourne Northern Relief Road: -£0.114m (in 2011-12): This scheme is due to complete in December, a financial review was undertaken to assess the future risk and has led to a reduction of £0.114m.

Ashford Ring Road: -£0.204m (-£0.184m in 2011-12 and -£0.020m in 2012-13): Management action has been taken to ensure that only the essential safety and remedial works are undertaken.

Ashford Station Forecourt: -£0.125m (in 2011-12): This GAF funded scheme was to improve the access to the international side of the station for people with disabilities. The scheme is not progressing any further for the time being and the underspend on this scheme will be transferred into the Ashford Futures contingency fund.

Victoria Way: +£1.000m (in 2011-12): The scheme provides a new urban street with public realm and in particular to locate existing and future utility needs into the road corridor to provide clear development sites. Difficulties with the utilities

aspects because of uncharted services, phasing and utility companies' lack of performance in particular has fully utilised the contingency allocation. Utility works have continued to have a significant impact on the contract and disturbance and prolongation costs together with residual risks have been on an upward trend over recent months that now lead to forecast overspend of £1.000m.

A robust approach to minimising and reducing the overspend is being taken with the contractor, the consultant and the utility companies. As this scheme is fully externally funded, there is no capacity within the capital programme to meet the forecast overspend funding which will be claimed from Growth Area Funding (GAF) which is held by Ashford Borough Council on behalf of the Ashford's Future Partnership Board. The AFPB has agreed in principle that the major highway schemes in Ashford (ie Victoria Way and Drivers Roundabout / J9 and Footbridge) should have first call on the GAF pot of some £2.7m (see also below). The £0.397m commuted sum for future maintenance has already been received and will be redirected to reduce the funding deficit.

Drivers Roundabout, J9 and Footbridge: +£1.697m (in 2011-12): An overspend of £0.300m was reported in 2010-11, to be funded from GAF. A further overspend of £1.697m is expected in this financial year which has resulted in a total forecast construction overspend of approximately £2.000m. The main cause of the overspend has been issues related to the unique cable stayed footbridge over the M20. The contractor has made very significant claims relating to design aspects, disturbance and prolongation and the consultant working for Kent County Council has indicated that there is some limited legitimacy to these claims.

In common with Victoria Way, this scheme is fully externally funded, with KCC acting as delivery agent for the Ashford's Future Partnership Board and funding to cover the overspend will be claimed from GAF. As stated above, the AFPB has agreed in principle that any overspend on this scheme and Victoria Way should have the first call on the remaining GAF budget of approximately £2.7m. This would cover the forecast overspend on Victoria Way and Drivers, but would mean that the proposed improvements to the Station Forecourt, Ashford which were discussed by PAG on 21 February 2011 would not be able to proceed from GAF funds.

Smartlink Ashford: -£30.000m (-£20.000m in 2012-13 and -£10.000m in 2013-14): Indications are that this scheme is not likely to get Local Transport Plan programme entry before 2015-16, it seems prudent to remove this scheme until there is more clarity on the funding

Taking these into account, there is an underlying nil variance.

1.2.6 **General Overview of capital programme:**

(a) Risks

As Victoria Way, Drivers Roundabout, M20 Junction 9 and Footbridge and East Kent Access Phase 2 near completion the key risk is around delivering the schemes within the current forecast expenditure levels.

(b) Details of action being taken to alleviate risks

Victoria Way - Outside of the normal contract management procedures, a risk workshop has been held with the contractor and consultant to seek to give added certainty to the out-turn cost prediction. The final account negotiations with utility companies will continue to be actively pursued to ensure we only pay valid costs and that we also maximise our income where works have been carried for them. Similarly, claims from our contractor will continue to be robustly assessed to ensure that payments are only agreed where there is proven entitlement. Instructions to the contractor will continue to be limited to those only required to complete the works.

Drovers Roundabout, M20 Junction 9 and Footbridge - We are in effect in dispute with the contractor on the content and quantum of his claims. Final contract costs may only be decided if agreement cannot be reached, after contractual provisions for mediation and arbitration are followed. A strategy has been put in place with our consultant to assess the claims and that is being progressed. Independent cost consultant's have been appointed to provide KCC with audit advice and to identify what components of the claims may relate to the bridge design.

East Kent Access Phase 2 - Management of the contract is supported by independent cost consultants. As construction progresses closer to the anticipated completion date of March 2012, the risks related to construction inflation reduce. The contract is being robustly managed to ensure that claims by the contractor are only agreed where there is proven entitlement. Similar efforts are being made in respect of third party costs for the utility diversion works and Network Rail fees for the two major railway structures.

1.2.7 Project Re-Phasing

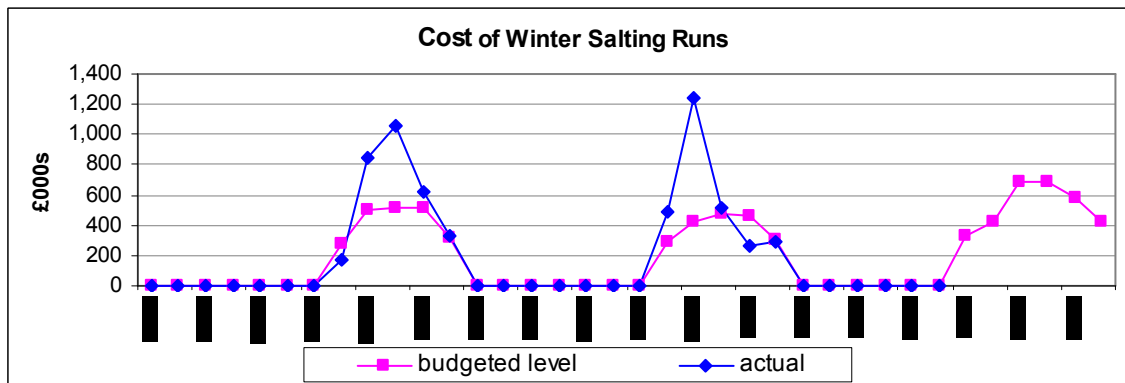
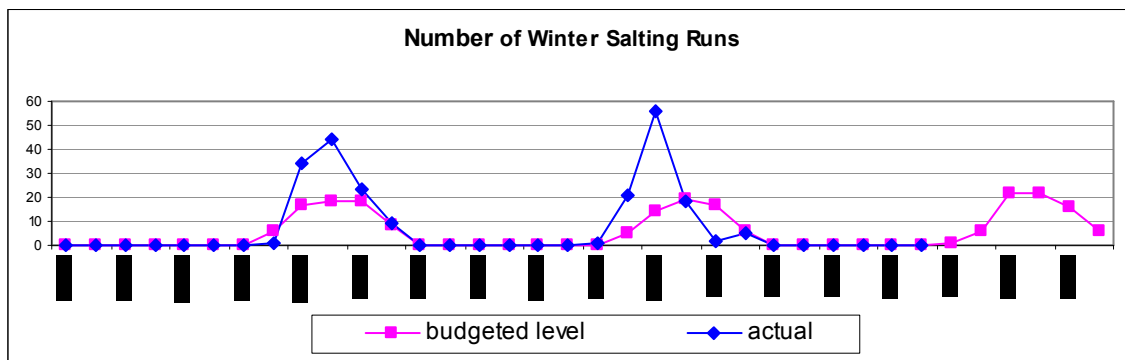
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	£k
Energy and Water Efficiency Investment					
Amended total cash limits	+884	+129	+125	+248	+1,386
re-phasing	-197	+100	+94	+3	0
Revised project phasing	+687	+229	+219	+251	+1,386
Energy Usage Reduction Programme					
Amended total cash limits	+150	+50	+94	0	+294
re-phasing	+113	-19	-94	0	0
Revised project phasing	+263	+31	0	0	+294
East Kent Access Phase 2					
Amended total cash limits	+27,672	+1,807	+544	+2,000	+32,023
re-phasing	-326	+326	0	0	0
Revised project phasing	+27,346	+2,133	+544	+2,000	+32,023
Re-shaping Kent Highways Accommodation					
Amended total cash limits	+1,857	0	0	0	+1,857
re-phasing	-140	+140	0	0	0
Revised project phasing	+1,717	+140	0	0	+1,857
Ashford Drovers Roundabout					
Amended total cash limits	+3,556	+150	0	0	+3,706
re-phasing	0	-150	+150	0	0
Revised project phasing	+3,556	0	+150	0	+3,706
HWRC - Ashford Transfer Station					
Amended total cash limits	0	+4,250	0	0	+4,250
re-phasing	+100	-100	0	0	0
Revised project phasing	+100	+4,150	0	0	+4,250
Total re-phasing >£100k	-450	+297	+150	+3	0
Other re-phased Projects below £100k	-72	+72			
TOTAL RE-PHASING	-522	+369	+150	+3	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Number and Cost of winter salting runs:

	2009-10				2010-11				2011-12			
	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	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget Level	Actual £000s	Budget Level £000s	Actual	Budget level	Actual £000s	Budget Level £000s
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	0.5	-	6	-	1	-	335	-
November	1	6	171	273	21	5	494	288	6	-	423	-
December	34	17	847	499	56	14	1,238	427	22	-	682	-
January	44	18	1,052	519	18	19	519	482	22	-	682	-
February	23	18	622	519	2	17	268	461	16	-	584	-
March	9	8	335	315	5	6	291	299	6	-	425	-
TOTAL	111	67	3,027	2,125	102.5	61	2,816	1,957	-	73	-	3,131

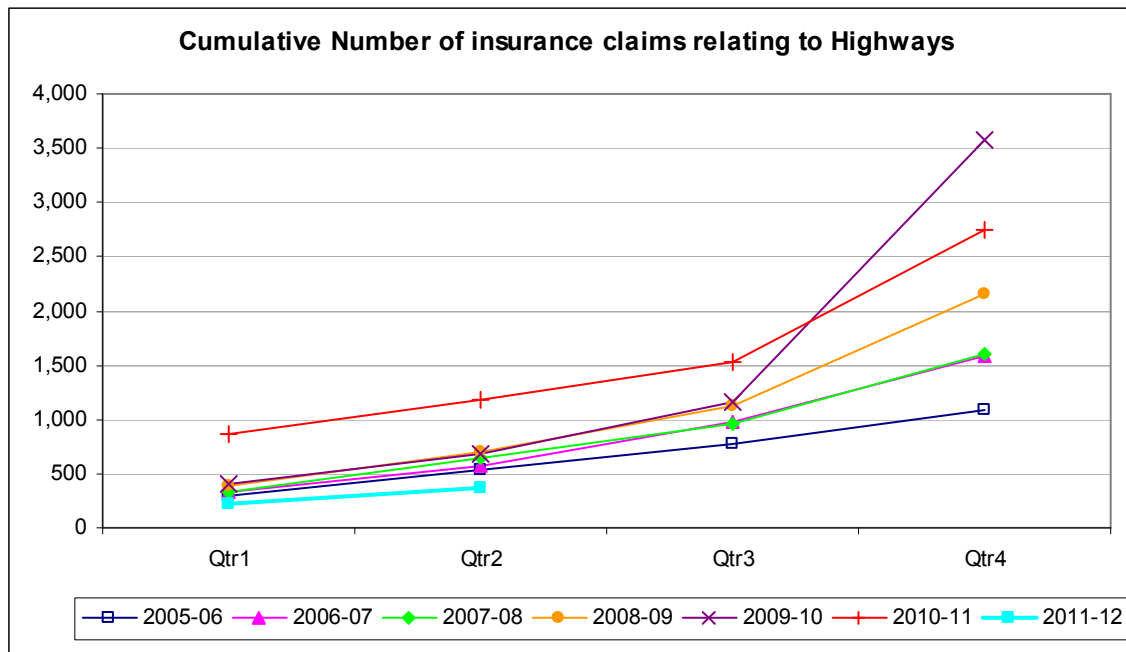


Comment:

- Under the Ringway contract, local and specific overheads and depot charges were dealt with separately and were consequently excluded whereas the new Enterprise contract is for an all inclusive price so these costs are now included, hence the increase in the budgeted cost in 2011-12 compared to previous years.

2.2 Number of insurance claims arising related to Highways:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Cumulative no. of claims	No of claims (C'lative)	No of claims (C'lative)	No of claims (C'lative)	No of claims (C'lative)	No of claims (C'lative)	Cumulative no. of claims
April-June	286	335	337	393	405	861	214
July-Sept	530	570	640	704	677	1,172	374
Oct-Dec	771	982	950	1,128	1,164	1,527	
Jan- Mar	1,087	1,581	1,595	2,155	3,581	2,750	



Comments:

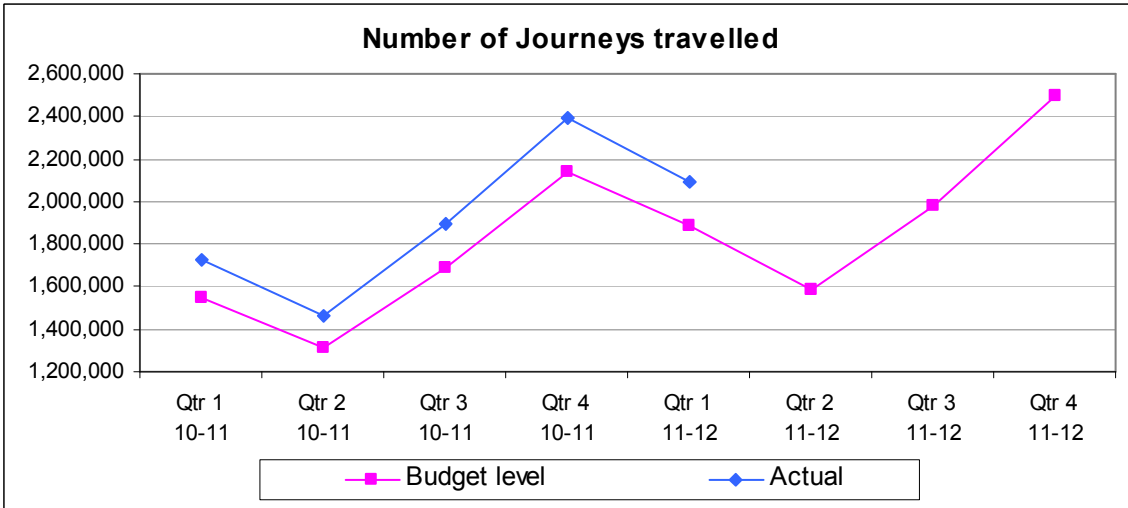
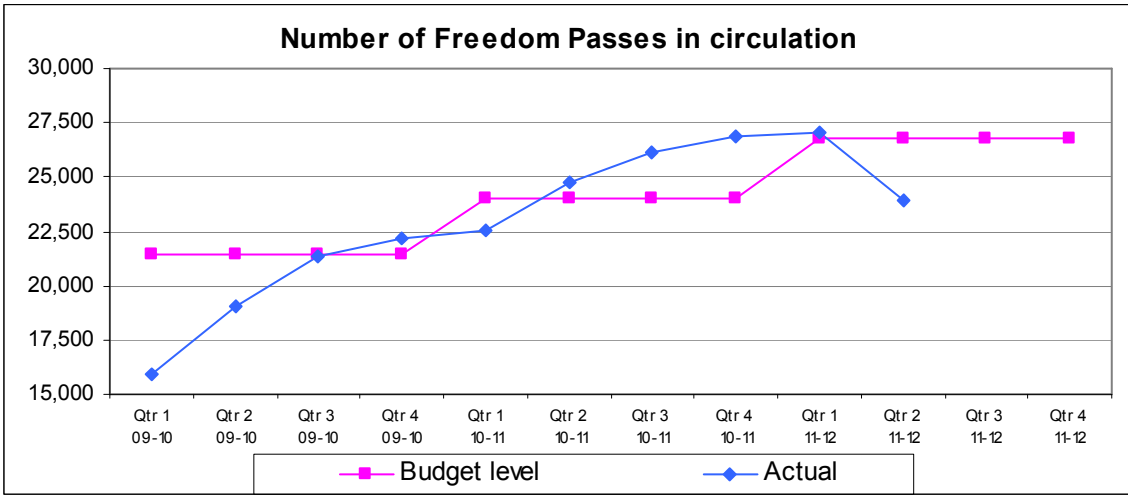
- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 3 November 2011.
- Claims were high in each of the last three years largely due to the particularly adverse weather conditions and the consequent damage to the highway along with some possible effect from the economic downturn. These claim numbers are likely to increase further as more claims are received for incidents which occurred during the period of the bad weather. However, claim numbers reported for the previous three years have reduced this quarter as a result of the liability claims team pressing insurers

to clarify the position on a large number of 'open' claims across several policy years, which has resulted in the opportunity to close a significant number of claims.

- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2011-12 claims where it is considered that we do not have any liability, of about 86%.

2.3 Freedom Pass - Number of Passes in circulation and Journeys travelled:

	2009-10				2010-11				2011-12			
	Passes		Journeys travelled		Passes		Journeys travelled		Passes		Journeys travelled	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
Qtr 1												
April - June	21,434	15,923			24,000	22,565	1,544,389	1,726,884	26,800	27,031	1,882,098	2,095,980
Qtr 2												
July - Sept	21,434	19,060			24,000	24,736	1,310,776	1,465,666	26,800	23,952	1,588,616	
Qtr 3												
Oct - Dec	21,434	21,369			24,000	26,136	1,691,828	1,891,746	26,800		1,976,884	
Qtr 4												
Jan - Mar	21,434	22,157			24,000	26,836	2,139,053	2,391,818	26,800		2,499,462	
							6,686,046	7,476,114			7,947,060	2,095,980



Comments:

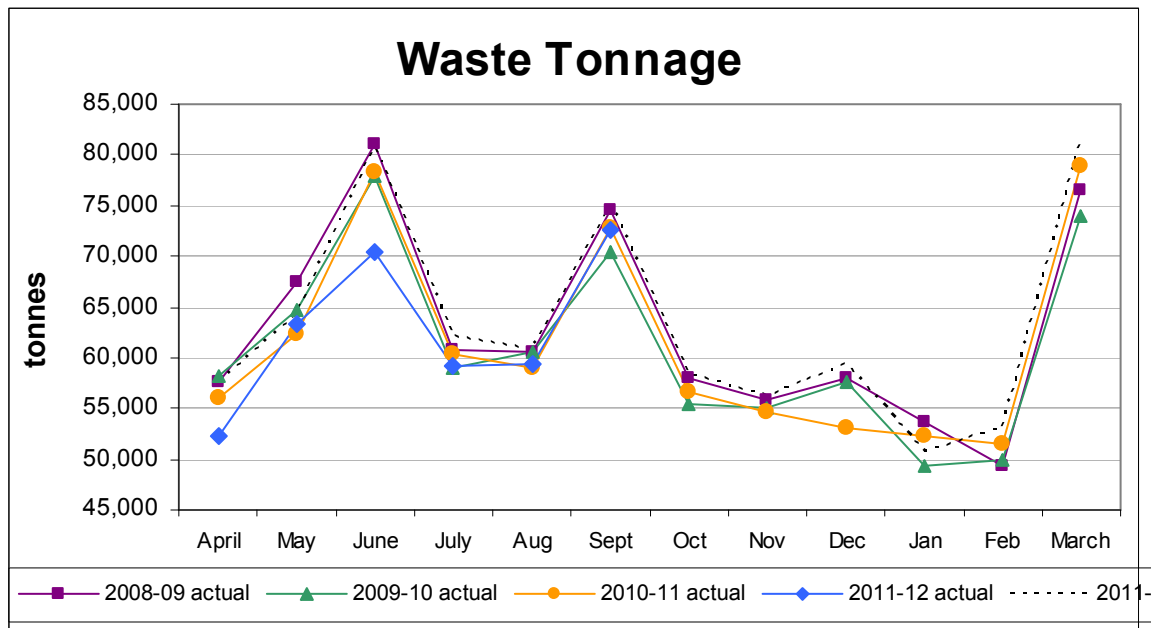
- The figures above for journeys travelled represent the number of passenger journeys which directly or indirectly give rise to reimbursement to the bus operator under the Kent Freedom Pass scheme. It was anticipated that the increase in the cost of the pass from £50 to £100 this year will limit the increases in demand that have been experienced since the introduction of the pass and this is reflected in the number of passes in circulation at the end of quarter 2. However, the number of journeys may not change in line with pass numbers as those students who are more likely not to take up a pass because of the increased cost, will be those travelling the least number of journeys, whilst those who do continue to take out the pass may increase journeys to gain maximum value from the pass, hence why no variance is reported against the budget for Freedom Pass at this stage.

- The above figures do not include journeys travelled relating to home to school transport as these costs are met from the Education, Learning & Skills portfolio budget and not from the Kent Freedom Pass budget.
- The actual journey numbers travelled in quarter 2 is not yet available as the bus operators are paid on projected numbers and this is reconciled to actual journeys based on claims later on. This data is expected to be available for the quarter 3 report.
- Comparable figures for 2009-10 journeys travelled are not available because the scheme was still being rolled out and was changing radically year on year and we do not have the data in order to split out the home to school transport journeys.

2.4 Waste Tonnage:

2008-09	2009-10		2010-11	2011-12	
Waste Tonnage	Waste Tonnage		Waste Tonnage	Waste Tonnage *	Affordable Level
57,688	58,164	April	55,975	52,360	57,687
67,452	64,618	May	62,354	63,392	64,261
80,970	77,842	June	78,375	70,347	80,772
60,802	59,012	July	60,310	59,232	62,154
60,575	60,522	August	59,042	59,395	60,847
74,642	70,367	September	72,831	72,551	75,058
58,060	55,401	October	56,690		58,423
55,789	55,138	November	54,576		56,246
58,012	57,615	December	53,151		59,378
53,628	49,368	January	52,211		50,766
49,376	49,930	February	51,517		53,093
76,551	73,959	March	78,902		81,315
753,545	731,936	TOTAL	735,934	377,277	760,000

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



Comments:

- These waste tonnage figures include residual waste processed either through Allington Waste to Energy plant or landfill, recycled waste and composting.
- To date, the cumulative total amount of waste managed for the first two quarters is approximately 23,500 tonnes less than the affordable level stated above.
- The current forecast as reflected in section 1.1.3.4 of this annex assumes waste volumes will be around 30,000 tonnes below budget by year end. This is a prudent forecast to allow for any potential growth in future months.
- Cumulative tonnage activity for the first two quarters of 2011-12 shows a 3% reduction when compared with the corresponding two quarters for the last financial year. If this trend continues, the savings forecast in section 1.1.3.4 of this annex will increase.

By: Bryan Sweetland, Cabinet Member - Environment Highways and Waste
Mike Austerberry, Corporate Director - Enterprise and Environment

To: Environment, Highways and Waste Policy Overview & Scrutiny Committee – 12 January 2012

Subject: Budget 2012/13 and Medium Term Financial Plan 2012/15

Classification: Unrestricted

Summary: The purpose of this report is to consult the Committee on the budget proposals for the Environment Highways and Waste Portfolio, with reference to the draft KCC budget launched on 20th December 2011.

Members are invited to comment on the key issues on the proposed budget changes for the services provided by the Enterprise and Environment Directorate.

1. Introduction

- 1.1 The Chancellor of the Exchequer made his Autumn Budget Statement to the House of Commons on 29th November 2011. This coincided with the latest economic forecasts from the Office for Budget Responsibility (OBR) which predicted that recovery from the recession would take longer than previously forecast and economic growth projections for the remainder of 2011 and throughout 2012 would be substantially less than earlier forecasts. The Government's deficit recovery strategy relies on steady and sustainable economic growth in order that tax revenues recover from the effects of recession and remain buoyant in the future. In spite of the lower growth predictions the Chancellor has stuck with the spending plans outlined in the 2010 Spending Review (SR2010).
- 1.2 The provisional Local Government Finance Settlement for 2012/13 was announced on 8th December 2011. This set out provisional grants for 2012/13 from the Department for Communities and Local Government (DCLG). This includes the vast majority of un-ringfenced grants. The grants from DCLG were in line with the provisional figures included in the 2011/12 settlement but no provisional amounts have been announced for the following years.
- 1.3 Following these announcements KCC launched its draft 2012/13 Budget and 2012/15 medium Term Financial Plan (MTFP) for consultation on 20th December. The documents include much more information about the national economic context and grant settlement, as well the Council's proposals. Members are asked to review these documents and bring them to the committee meeting where the proposals affecting the Environment, Highways and Waste portfolio will be considered.

- 1.4 For 2012/13 the draft budget proposes freezing Council Tax at the same level as 2011/12 i.e. £1,047.48 for a band D property and taking up the one-off grant offered by government. Taking up this grant means that £14.4m of additional savings/income will have to be found in 2013/14 to offset the loss of grant. The Council Tax Freeze grant is factored into our calculations on the overall net loss of grant in 2012/13 and 2013/14.
- 1.5 The grant settlements for other Government departments had not been announced in time for the budget launch. Since these are largely ring fenced and its KCC policy to adapt spending in line with grant settlements these will not unduly affect the proposed budget.

2. Revenue Budget Proposals

- 2.1 The draft budget book includes a portfolio summary, an updated A to Z of services and for the first time a detailed variation statement for each line in the A to Z showing all the changes between 2011/12 and 2012/13. The introduction of an A to Z of services rather than a portfolio by portfolio presentation of the budget was largely welcomed last year. The detailed variation statement is further step towards greater transparency of the underlying assumptions behind the proposed budget. We recognise that removing the portfolio by portfolio presentation makes it more difficult for POSCs to scrutinise the proposals for individual portfolios and thus for ease of reference the A to Z entries and variation statements for the Environment Highways and Waste portfolio are included as Appendix 1 to this report.
- 2.2 The MTFP sets out the overall assumptions about the likely resources available over the next 3 years. It also sets out the forecast additional spending demands and the savings/income which would be necessary to achieve a balanced budget each year. The savings have been expressed as target amounts for efficiencies and service reforms under a number of themes. The MTFP has been redesigned to present a clearer overall picture over the three year period rather than portfolio by portfolio.
- 2.3 The MTFP includes a portfolio by portfolio analysis of the main changes within the proposed 2012/13 budget. This is presented in the same format as the previous multi year presentation. Experience has shown that although we produced a 3 year plan by portfolio nearly all of the issues relate to the first year and the detail for years 2 and 3 are largely aspirations and change significantly when the budget for these years comes to be approved at a later date. The one year presentation by portfolio should help POSC members to focus on portfolio priorities for the coming year.
- 2.4 As in 2011/12 the detailed budgets for individual service units and budget managers will be produced after County Council has agreed the draft budget in A to Z format. This detailed manager analysis will include staffing information for individual units.
- 2.5 Copies of the draft Budget Book and MTFP have been distributed to all Members (on the 16th December). You are asked to ensure you bring those to this meeting. For ease of reference, key information can be found on the following pages:

Budget Book, page 9 – Summary Capital Programme
Budget Book, page 16 – EHW Capital Programme
Budget Book, page 189 – A-Z Index
Budget Book, page 21 – Portfolio Revenue Budget Summary
Budget Book, page 25 – A-Z Service Analysis
Budget Book, page 45 – A-Z Variation Statements

MTFP, page 61 – High Level Three Year MTFP Summary
MTFP, page 63 – New Look MTP Summary – One Year
MTFP, page 75 – EHW Portfolio Revenue Budget 2012/13

- 2.6 Whilst there are a range of adjustments incorporated in the 2012/13 revenue budget build (MTFP, page 75), the following are just three that give a flavour of the movements within the divisions in the directorate.
- 2.7 A key element of Bold Steps for Kent is the delivery of the key priorities set out in the integrated transport policy, Growth Without Gridlock. In order to progress this strategy, £500k has been included in the revenue budget in 2012/13 to fund feasibility studies and other revenue based costs. In addition, funds have also been earmarked in the capital programme.
- 2.8 Highways and Transportation have developed a reputation for delivering cost effective services and this is further evidenced by procurement efficiencies of £956k in Transport services. This has resulted from successful negotiations with major bus operators concerning funding for the Concessionary Fares Scheme.
- 2.9 Waste tonnages are monitored closely, on a monthly basis, to assess not only performance issues but more importantly the financial impact on current and future years budgets. The trend for 2011/12 and the previous two years provide reasonable assurance that savings of £2,211k can be achieved in 2012/13 from these budgets.

3 Capital Budget

- 3.1 The starting point for the capital programme is the existing published capital programme for 2011/14. We have revised the presentation of the capital programme for individual schemes to shift the focus away from planned spending year by year and more towards the totality of spend and how this is financed. This will enable debate to focus on the merit of schemes, their affordability and overall timeliness rather than the detail of re-phasing individual amounts between years.
- 3.2 The proposed programme for the Environment Highways and Waste portfolio for 2012/15 is set out pages 16 to 17 of the Budget Book.

4. Recommendation

- 4.1 Members are asked to note and comment on the revenue and capital budget proposals for the Environment Highways and Waste portfolio.

Background documents:

- Autumn Budget Statement; Cabinet, 5th December 2011
- Draft Budget Book 2012/13 and Medium Term Financial Plan 2012/15 (launched 20th December 2011)
- Previous Budget Monitoring and Planning Reports to the Environment Highways and Waste Policy Overview and Scrutiny Committee

Officer contact:

Hugh Miller, Acting Finance Business Partner

Telephone: 01622 694035

Email: hugh.miller@kent.gov.uk

Section 5 - A to Z Service Analysis (EH&W portfolio)

WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							Affordable Activity
Net Cost £000s			Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s	
		Environment								
1,966	EH&W	Environmental Management (incl. Coastal Protection)	1,815	3,415	5,230	-1,786	3,444	-1,044	2,400	Flood risk management, carbon reduction, biodiversity planning, heritage conservation & planning, coastal conservation, and sustainability & climate change
		Highways								
		Highways Maintenance								
2,655	EH&W	Adverse Weather	0	3,238	3,238	0	3,238	0	3,238	Includes provision for 73 salting runs, salting approximately 4,000km of the highway per run
2,644	EH&W	Bridges and other structures	189	2,471	2,660	-259	2,401	0	2,401	Maintenance of 2,700 bridges and structures and two road tunnels
12,209	EH&W	General maintenance and emergency response	3,057	11,260	14,317	-486	13,831	0	13,831	Inspection and maintenance of 8,500km of highway and 6,000km of pavements.
3,639	EH&W	Highways drainage	144	3,036	3,180	-82	3,098	0	3,098	Maintenance of 340,000 road drainage gullies
1,972	EH&W	Signs, lines and bollards	0	0	0	0	0	0	0	Separate budget line no longer exists in 2012/13 therefore now included within general maintenance and highway improvements budgets
3,814	EH&W	Streetlight maintenance	330	3,424	3,754	-167	3,587	0	3,587	Maintenance for 120,000 streetlights
		Highways Safety and Management								
0	EH&W	Development Planning	1,745	371	2,116	-1,283	833	0	833	Includes developer agreements & developer plans, local development framework and development control. Budget previously included under Highway Improvements and Sustainable Transport (now Transport Planning)
1,916	EH&W	Highway improvements	292	1,277	1,569	-120	1,449	0	1,449	Support for highway resurfacing and other improvement programmes to reduce congestion, improve air quality and help prevent crashes. Reduction from 2011/12 due to transfer to new budget line Development Planning

Section 5 - A to Z Service Analysis (EH&W portfolio)

WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							Affordable Activity	
			Staffing	Non staffing	Gross Expenditure	Service Income	Net Expenditure	Govt. Grants	Net Cost		
Net Cost £000s			£000s	£000s	£000s	£000s	£000s	£000s	£000s		
1,641	EH&W	Road safety	683	3,008	3,691	-2,720	971	0	971	Reduce road casualties through educational campaigns and engineering measures and provide funding to support the Kent and Medway Safety Camera Partnership	
4,955	EH&W	Streetlight energy	0	5,845	5,845	0	5,845	0	5,845	Payment for electricity to light 120,000 streetlights	
2,709	EH&W	Traffic management	2,021	3,519	5,540	-2,653	2,887	0	2,887	Running cost and maintenance for 15,000 traffic lights and providing congestion reduction measures	
3,720	EH&W	Tree maintenance, grass cutting and weed control	21	3,339	3,360	-170	3,190	0	3,190	Maintenance of 11million sq metres of grass areas and 500,000 trees	
		Planning and Transport Strategy									
Page 40	846	EH&W	Planning & Transport Policy	616	619	1,235	-15	1,220	0	1,220	Developing key strategic transport improvements such as new Lower Thames Crossing, solutions to Operation Stack and enhancements to the rail network. Strategic influencing and producing the Minerals & Waste Development Framework and the Local Transport Plan
	618	EH&W	Planning Applications	886	216	1,102	-550	552	0	552	Receiving and processing over 530 planning applications and submissions each year
		Transport Services									
	16,304	EH&W	Concessionary Fares	0	16,307	16,307	-27	16,280	0	16,280	17 million free bus journeys for elderly people
	10,844	EH&W	Freedom Pass	0	13,648	13,648	-2,459	11,189	0	11,189	Over 26,400 passes issued to young people aged 11 to 16 for free bus travel
	8,174	EH&W	Subsidised Bus Routes	251	9,773	10,024	-2,370	7,654	0	7,654	Support for over 200 otherwise uneconomic bus routes
	1,159	EH&W	Transport Planning	292	164	456	-15	441	-203	238	Improve public transport and access to key services. Reduction from 2011/12 due to new budget line Development Planning under Highway Services above

Section 5 - A to Z Service Analysis (EH&W portfolio)

WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							Affordable Activity
Net Cost £000s			Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s	
		Waste Management								
		<i>Recycling and diversion from landfill</i>								
7,672	EH&W	Household Waste recycling centres	0	8,235	8,235	-1,109	7,126	0	7,126	Operation of 19 sites providing recycling facilities for 4 million visitors per year
766	EH&W	Partnership & waste co-ordination	0	715	715	-126	589	0	589	Collaborative working and public campaigns to reduce overall waste and increase recycling
5,500	EH&W	Payments to Waste Collection Authorities (District Councils)	0	5,333	5,333	-102	5,231	0	5,231	Payments to support recycling initiatives that reduce the amount of waste that would otherwise have to be disposed of (through more costly routes, e.g. landfill)
9,674	EH&W	Recycling Contracts and Composting	0	10,976	10,976	-614	10,362	0	10,362	Processing around 332,000 tonnes (45%) of domestic waste produced in Kent
		<i>Waste Disposal</i>								
467	EH&W	Closed Landfill Sites & Abandoned Vehicles	0	749	749	-266	483	0	483	
28,695	EH&W	Disposal Contracts	0	28,853	28,853	-430	28,423	0	28,423	Treatment and/or disposal of 398,000 tonnes (55%) of domestic waste produced in Kent through waste to energy recovery (300,000 tonnes) or landfill (98,000 tonnes)
8,119	EH&W	Haulage & Transfer Stations	0	8,686	8,686	-75	8,611	0	8,611	Operation of 6 facilities to provide local disposal points for the efficient delivery of District Council collection services and outlets for some commercial waste.
7,040	EH&W	Landfill Tax	0	7,543	7,543	0	7,543	0	7,543	Unavoidable tax on waste disposed of via landfill
149,718		Total Direct Services to the Public	12,342	156,020	168,362	-17,884	150,478	-1,247	149,231	

Section 5 - A to Z Service Analysis (EH&W portfolio)

WHAT IS THE MONEY SPENT ON?

2011/12 Approved	Portfolio	Service	2012/13 Proposed							
Net Cost £000s			Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s	Affordable Activity
		<u>Financing Items</u>								
-7,261	EH&W	Commercial Services (net contribution)	0	0	0	-7,761	-7,761	0	-7,761	Contribution from Commercial Services towards KCC overheads
-7,261		Total Financing Items	0	0	0	-7,761	-7,761	0	-7,761	
		<u>Management, Support Services and Overheads</u>								
6,514	EH&W	Directorate Management & Support Enterprise and Environment (E&E)	3,718	4,298	8,016	-407	7,609	0	7,609	
6,514		Total Management, Support Services and Overheads	3,718	4,298	8,016	-407	7,609	0	7,609	Overheads no longer sit with the Directorates so 2012/13 costs are not directly comparable with 2011/12. They have been stripped out, slimmed down and transferred to the centre.
148,971		TOTAL	16,060	160,318	176,378	-26,052	150,326	-1,247	149,079	

By: Bryan Sweetland, Cabinet Member - Environment, Highways and Waste
Mike Austerberry, Corporate Director - Enterprise & Environment

To: Environment, Highways and Waste Policy Overview and Scrutiny Committee – 12 January 2012

Subject: KCC Quarterly Performance Report, Quarter 2 2011/12, including mid year Business Plan monitoring

Classification: Unrestricted

Summary

The purpose of the Quarterly Performance Report is to inform members about key areas of performance for the authority.

The mid year Business Plan monitoring provides highlights of achievements to date for the divisions within the Enterprise and Environment Directorate.

Members are also asked to NOTE this report.

Introduction

1. The Quarter 2, 2011/12, KCC Performance Report was presented to Cabinet on 5 December.
2. The Enterprise and Environment sections of the Quarter 2 report are attached at Appendix 1.
3. A light touch mid year Business Plan monitoring exercise was conducted in November with the aim of identifying achievements and also areas where tasks were not completed.
4. A report of the highlights of the mid year Business Plan monitoring for Enterprise and Environment is attached at Appendix 2.

Quarter 2 Performance Report

5. The Quarterly Performance Report replaces the previous Core Monitoring and at this stage is still in development.
6. A summary of performance for quarter 2 for the directorate is provided on page 3 of Appendix 1, detailing the main results against the key performance indicators.

7. This process contributes to the management of the overall performance of the authority and the reports are to be published on the external web site as part of KCC's transparency agenda.

Mid year business plan monitoring

8. A summary of the highlights of the mid year Business Plan monitoring for Enterprise and Environment is attached an Appendix 2.
9. A number of achievements have been reported by Divisions up to the half year point. The majority of projects, developments and activities are reported as progressing as expected, with completion by the year.

Recommendations

10. Members are asked to NOTE this report.

Contact officer:
Richard Fitzgerald,
Performance Manager
Business Strategy
Tel 01622 221985
Email: richard.fitzgerald@kent.gov.uk

KCC Quarterly Performance Report Quarter 2, 2011/12

Extracts for Environment, Highways and Waste



Key to RAG (Red/Amber/Green) ratings applied to KPIs

GREEN	Target has been achieved or exceeded
AMBER	Performance is behind target but within acceptable limits
RED	Performance is significantly behind target and is below an acceptable pre-defined minimum *
↑	Performance has improved relative to targets set
↓	Performance has worsened relative to targets set

* In future, when annual business plan targets are set, we will also publish the minimum acceptable level of performance for each indicator which will cause the KPI to be assessed as Red when performance falls below this threshold.

Performance Assurance Team (PAT)

PAT's role is to consider and challenge the action plans for improving performance, including addressing constraints and barriers and to provide additional reassurances to elected members that the action plans and the information included within this report are robust.

PAT meets monthly and is chaired by the Deputy Managing Director. Membership includes a nominated director from each directorate. It also includes two non-executive directors (NEDs) who are staff from the grass roots of the organisation. This ensures PAT has cross-organisation membership from all levels to provide a 'whole organisation' approach to improvement.

Data quality note

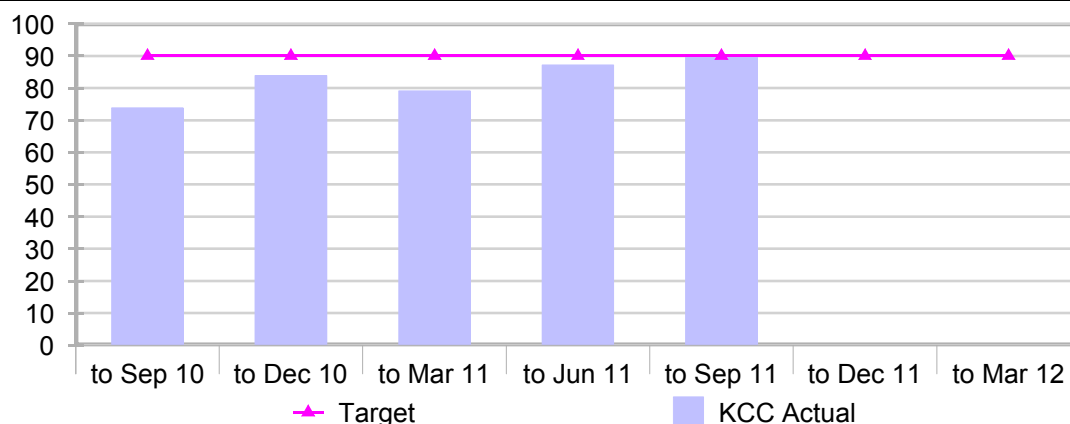
All data included in this report for current financial year are provisional unaudited data and are categorised as management information. All results may be subject to later change.

Summary of Performance for our KPIs

Indicator Description	Service Area	Page	Current Status	Previous Status	Direction of Travel
Percentage of routine highway repairs completed within 28 days	Highways	4	Green	Amber	↑
Average number of days to repair potholes	Highways	6	Green	Green	↑
Percentage of satisfied callers for Kent Highways 100 call back survey	Highways	8	Green	Green	↓
Percentage of municipal waste recycled or converted to energy and not taken to landfill	Waste Management	10	Amber	Amber	↑
Kg of residual household waste collected per household	Waste Management	12	Green	Green	↑
Percentage of waste recycled and composted at Household Waste Recycling Centres	Waste Management	14	Green	Green	↑

Percentage of routine highway repairs completed within 28 days Green ↑

Bold Steps Priority/Core Service Area	Highways	Bold Steps Ambition	N/a
Cabinet Member	Bryan Sweetland	Director	John Burr
Portfolio	Environment, Highways and Waste	Division	Highways and Transportation



Data Notes.

Tolerance: **Higher values are better**

Unit of measure: Percentage

Data Source: KCC IT system (WAMS)

Data is reported as percentage achieved for each individual quarter. No comparative data is currently available for this indicator.

The indicator includes requests for repairs made by the public but not those identified by highway inspectors.

Trend Data – results by quarter	Previous Year			Current Year			
	Sept 10	Dec 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12
KCC Result	74%	84%	79%	87%	90%		
Target	90%	90%	90%	90%	90%	90%	90%
Rag Rating	Red	Amber	Red	Amber	Green		
Service requests	12,600	15,000	20,600	12,600	16,400		

Commentary

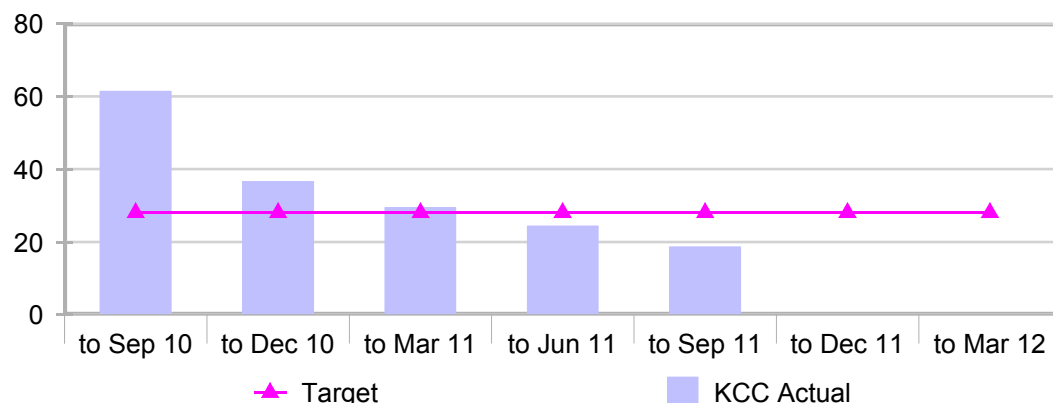
Performance has improved over the summer and our target has been met for the quarter. Improved performance was partly because of the lower demand during the quieter months but it is also notable that this has been delivered while also coping with some disruption due to the transfer of operations to a new contractor at the start of September. We are continuing to clear the backlog of outstanding enquiries that are beyond the 28 day target.

Data for October showed that 89% of routine highway repairs were completed within 28 days, indicating that for the quarter to December, performance may continue to be close to target.

Percentage of routine highway repairs completed within 28 days	Green ↑
What actions are we taking to improve performance (and drivers of performance)	
<p>We are continuing to focus resource on clearing the backlog to reduce it to zero before demand increases. We are sharing resources across team boundaries to provide extra help where it is needed. The new contract with Enterprise is now well under way. The contract offers a more robust performance mechanism with financial penalties if the contractor does not meet agreed service standards. Instead of KCC ordering a specific number of crews each month and them working hard to complete the jobs given to them, the new contract requires the contractor to repair the job in the timeframe we specify, using their resources as they see best. This places the accountability and risk for delivery clearly with the contractor.</p> <p>Operational Performance Measures (OPMs) are in place within the new contract. Weekly depot meetings are being held to constantly monitor performance and ensure improvement. However, there are some areas for development, particularly in the ordering of work. As mentioned above, we have completely changed the way we order routine repair works, moving from a process of ordering labour to ordering specific items of work using a detailed schedule of rates. All staff have now been trained to order work in the new way and to manage the very different and more robust form of contract.</p>	
Risks and mitigating actions	
<p>The change of contract and related works ordering procedures continues to be a risk to the speed of completing routine repairs.</p> <p>We have trained all relevant staff and continue to provide mentoring and coaching for new and less experienced personnel to bring them up-to-speed.</p> <p>Increase in demand due to bad weather could lead to a lowering of performance but the new contractual arrangements should allow a more flexible response than we were able to achieve in previous years.</p>	

Average number of days to repair potholes	Green ↑
--------------------------------------------------	----------------

Bold Steps Priority/Core Service Area	Highways	Bold Steps Ambition	N/a
Cabinet Member	Bryan Sweetland	Director	John Burr
Portfolio	Environment, Highways and Waste	Division	Highways and Transportation

**Data Notes.**Tolerance: **Lower values are better**

Unit of measure: Days.

Data Source: KCC IT systems (WAMS)

Data is reported as percentage achieved for each individual quarter. No comparative data is currently available for this indicator.

The indicator looks at both requests for pothole repairs made by the public and those identified by highway stewards and inspectors.

Trend Data – quarterly results	Previous Year			Current Year			
	Sept 10	Dec 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12
KCC Result	61.4	36.6	29.5	24.4	18.6		
Target	28	28	28	28	28	28	28
Rag Rating	Red	Red	Amber	Green	Green		
Service requests	7,180	4,350	8,640	5,130	2,820		

Commentary

Performance has continued to improve over the summer months, due to a low demand for pothole repairs. The number of potholes repaired in September 2011 at 544 was the lowest level completed in the last 2 years. There is usually lower demand for pothole repairs in summer months but demand has been exceptionally low this year, due to the previous Find & Fix programmes to repair potholes throughout 2010 and in early spring 2011, which were followed by a significant surface dressing programme. However, this increased surface dressing was only possible due to additional government funding for this financial year and we could only afford to treat 5% of the local road network.

During the winter months, the number of requests for pothole repairs is expected to increase but we expect performance in responding to these to remain on target - for October a 13 day average was achieved.

Average number of days to repair potholes

Green ↑

What actions are we taking to improve performance (and drivers of performance)

The new contract with Enterprise is now well under way. The contract offers a more robust performance mechanism with financial penalties if the contractor does not meet agreed service standards. The accountability and risk for delivery sit clearly with the contractor.

We are looking closely at performance across all districts to ensure a consistent level of service across the county. Operational Performance Measures (OPMs) are in place within the new contract. Weekly depot meetings between KCC and Enterprise staff are held and weekly performance is monitored to ensure continual improvement. Works are audited by local teams to ensure compliance. However, there are some areas for development, particularly in the ordering of work. As mentioned above, we have completely changed the way we order routine repair works, moving from a process of ordering labour to ordering specific items of work using a detailed schedule of rates. All staff are now trained to order work in the new way and to manage the very different and more robust form of contract.

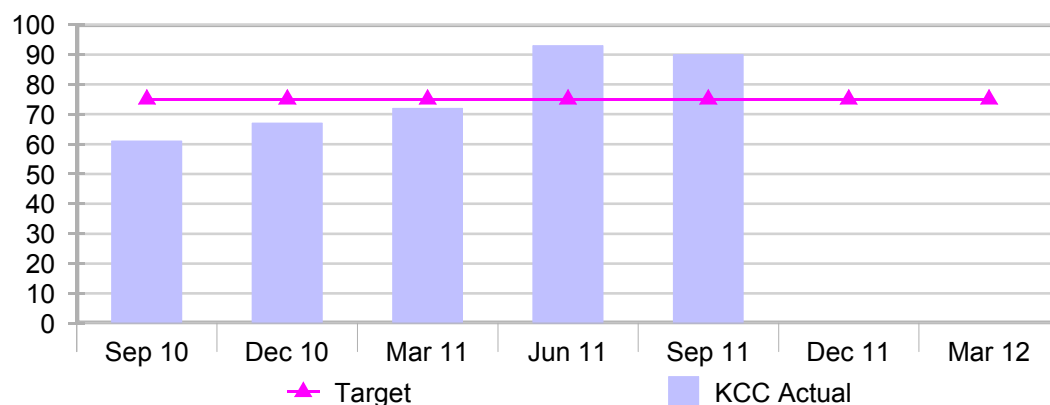
Risks and mitigating actions

The key risk is being able to cope with the inevitable increasing demand this winter and the period following it, particularly if we have prolonged cold spells as we did last year. To mitigate this risk we have been reviewing and streamlining processes from when the defect is identified right through to repair. We are training additional resources that can be brought in from other teams to cope with peaks in demand

The change of contract and related works ordering procedures also continues to be a risk to the speed of completing pothole repairs. We have trained all relevant staff and continue to provide mentoring and coaching for new and less experienced personnel to bring them up-to-speed. We are also holding Enterprise to account through their performance measures and have emphasised that pothole repairs are a top service priority.

Percentage of satisfied callers for Kent Highways 100 call back survey Green ↓

Bold Steps Priority/Core Service Area	Highways	Bold Steps Ambition	N/a
Cabinet Member	Bryan Sweetland	Director	John Burr
Portfolio	Environment, Highways and Waste	Division	Highways and Transportation



Data Notes.

Tolerance: **High values are better**
 Unit of measure: Percentage
 Data Source: Contact Centre telephone survey

Data is reported as the percentage achieved for each individual quarter.
 No comparative data is available for this indicator.
 100 customers are asked each month:
 'Overall were you satisfied with the response you received from Highways?'

Trend Data – quarterly results	Previous Year			Current Year			
	Sept 10	Dec 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12
KCC Result	61%	67%	72%	93%	90%		
Target	75%	75%	75%	75%	75%	75%	75%
Rag Rating	Red	Red	Amber	Green	Green		

Commentary

Our 100 call back survey has recorded high satisfaction levels above target for the last 2 quarters and performance has improved considerably compared to the same time last year. The data is further supported by the additional comments we have been receiving as a part of the survey which are generally of a more positive nature, such as 'the work was done in 2 to 3 days' and 'the standard of work was good'. It is encouraging that satisfaction levels have stayed high despite the recent period of significant change as our maintenance contract ended with Ringway and started with Enterprise,

The next three months will cover the start of our winter service delivery period and it will be important to maintain our customer satisfaction levels in what is historically a challenging period of high customer demand and expectation. For the quarter to December, data for October showed that of the 100 customers surveyed 85% were satisfied with our service indicating that performance is remaining ahead of target.

Percentage of satisfied callers for Kent Highways 100 call back survey	Green ↓
What actions are we taking to improve performance (and drivers of performance)	
<p>Our new contract with Enterprise puts more focus on delivery to a specific response time or date rather than what can be achieved by the level of contractor resource we have ordered. This places the risk firmly with the contractor and a proportion of the contractors profit is at risk each month if these standards are not met.</p> <p>The customer satisfaction survey is made up of the key elements of our highway service e.g. potholes, streetlights and drainage. Team managers are asked to review both their relevant rating and the commentaries to identify any potential improvements in internal process or service delivery. We will be undertaking a review of current service delivery standards and establishing the levels of service we can and cannot deliver as part of the 2012/13 budget review. Effective communication of our service delivery plans is vital in order that our customers have the right expectations of us and can judge our performance appropriately.</p>	
Risks and mitigating actions	
<p>The immediate risk is that we have another winter season of severe snow and ice which puts increasing demand on staff and the contractor to assess and deliver a service which meets public expectations. A key risk is ensuring that customer demand does not lead to a pressure on budgets as we drive Enterprise to repair all faults within the agreed repair times.</p> <p>Looking ahead, there will need to be a greater balance between undertaking larger scale (programmed) works to maintain the structural integrity of the asset, thereby reducing customer demand for the short-term (reactive) works. We are currently developing better information for Members and the public on the levels of service we are able to deliver based on our current budgets. Once developed, it will be important to communicate this clearly and positively to the public so that they understand our approach. The risk is that we continue to be judged according to what the public “think” we should be doing, rather than against our new service delivery plans.</p>	

Percentage of municipal waste recycled or converted to energy and not taken to landfill						Amber ↑		
Bold Steps Priority/Core Service Area	Waste Management			Bold Steps Ambition	N/a			
Cabinet Member	Bryan Sweetland			Director/Head of Service	Caroline Arnold			
Portfolio	Environment, Highways and Waste			Division	Waste Management			
				<p>Data Notes.</p> <p>Tolerance: Higher values are better Unit of measure: Percentage Data Source: KCC Waste Management</p> <p>Data is reported as rolling 12 month totals.</p> <p>Municipal waste is the total waste collected by the local authority and includes household waste, street cleansing and beach waste.</p>				
Trend Data – rolling 12 month totals		Previous Years			Current Year			
		Mar 10	Mar 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12
KCC Result		54.5%	69.8%	70.4%	70.8%	71.7%		
Target				71.5%	71.4%	71.8%	72.0%	72.2%
South East		54.5%	62.1%	65.7%				
Rag Rating		Amber	Green	Amber	Amber	Amber		
Tonnage Managed		760,000	735,000	739,000	727,000	726,000		
Commentary								
<p>The percentage of Kent's waste being diverted away from landfill continues to increase annually and is on track to deliver the current year target by March 2012, through improvements to how household waste is being managed via Kent's infrastructure.</p> <p>In the year to December 2010 the national figure was 55.8% and for the south east it was 65.7%. Kent had achieved national upper quartile for this indicator in the year to March 2010 and currently continues to maintain this position.</p>								

Percentage of municipal waste recycled or converted to energy and not taken to landfill	Amber ↑
What actions are we taking to improve performance (and drivers of performance)	
<p>Plans are in place to improve the capture of recyclables and organic waste from the residual waste stream through joint working with the district councils. This will be achieved by increasing the number of materials collected through new kerbside collection contracts e.g. weekly collection of food waste already introduced in Maidstone, Dover and Shepway areas.</p> <p>A review of the composition of the residual waste streams being managed through the network of household waste recycling centres, will be implemented during the current year, with operational changes being implemented from April 2012 where feasible and practical. This review seeks to identify opportunities for the diversion of additional materials into either the recycling stream or to be used for energy recovery.</p> <p>A step change in performance will be delivered when residual waste from Canterbury City Council is diverted away from landfill and used to create energy at the Allington Waste to Energy Plant. This change will happen from January 2013 and will result in less than 15% of Kent's municipal waste being sent to landfill.</p>	
Risks and mitigating actions	
<p>New kerbside collection services may not deliver the improvement in recycling that is expected. This risk can be managed by engaging with the residents when introducing new services, and through contract management of the Waste Collection Contractor.</p> <p>Unforeseen operational circumstances at KCC's waste transfer stations and household waste recycling centres, along with the reprocessing plants operating at a lower than contracted capacity could reduce performance. Performance levels and operational activity are kept under regular review so that appropriate and swift action can be taken should such events occur.</p> <p>The service provided by the network of household waste recycling centres are currently under review by an Informal Member Group of the County Council, and any changes resulting from this review could impact on the overall performance of the network.</p>	

Kg of residual household waste per household				Green ↑			
Bold Steps Priority/Core Service Area	Deliver the Environment Strategy		Bold Steps Ambition	N/a			
Cabinet Member	Bryan Sweetland		Director/Head of Service	Caroline Arnold			
Portfolio	Environment, Highways and Waste		Division	Waste Management			
				<p>Data Notes. Tolerance: Lower values are better Unit of measure: Kg per household Data Source: KCC Waste Management</p> <p>Data is reported as rolling 12 month total.</p> <p>Residual waste is waste which is neither reused or recycled. e.g. waste which is taken to landfill or which is incinerated.</p>			
Trend Data – rolling 12 month totals	Previous Years			Current Year			
	Mar 10	Mar 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12
KCC Result	699	673	666	648	641		
Target			669	658	658	658	658
South East	684	644					
Rag Rating	Amber	Amber	Green	Green	Green		
Commentary							
<p>The amount of residual household waste per household being managed throughout Kent continues to fall due to improved recycling rates being delivered and because overall volumes of waste being produced by residents continues to reduce. Recycling improvements include the introduction of weekly food waste collections by district councils along with improvements in the amount of waste being captured through other kerbside recycling services.</p> <p>The national result was 625 kg for 2009/10 and for the South East region 644kg was achieved, compared to a Kent result of 673. Comparative data for the year to March 11 will be available in the autumn.</p>							

Kg of residual household waste per household	Green ↑
What actions are we taking to improve performance (and drivers of performance)	
<p>This indicator will continue to improve this year and over the next few years as new services enhancing the kerbside collection of recyclable materials (e.g. paper/card, and cans/glass/plastics) and organics for composting (including separately collected weekly food waste) are rolled out by district councils. Shepway have completed the roll out of their new services and Dover will complete their roll out by the end of 2011. Canterbury and Thanet plan to roll out new services from 2013/14 as part of the East Kent Joint Waste Collection and Processing Contract which commenced in January 2011.</p> <p>Future plans for improving the capture of recyclables and organic waste from kerbside collections are being reviewed for the three Mid Kent districts (Ashford, Maidstone and Swale).</p> <p>Other opportunities will be explored with the remaining district councils to improve the performance of collection services, along with improving recycling performance at KCC's network of household waste recycling centres.</p>	
Risks and mitigating actions	
<p>The planned level of diversion and capture from the residual waste stream into the recycling and organic waste streams does not materialise as planned, therefore reducing overall performance.</p> <p>District councils fail to procure new collection services and fail to roll out new services as planned, however this risk will be managed by Inter-Authority Agreements between KCC and the districts, where all parties seek to work jointly to deliver improved performance and implement the most cost effective collection and disposal solutions.</p>	

Percentage of waste recycled and composted at Household Waste Recycling Centres						Green ↑																									
Bold Steps Priority/Core Service Area	Waste Management			Bold Steps Ambition	N/a																										
Cabinet Member	Bryan Sweetland			Director/Head of Service	Caroline Arnold																										
Portfolio	Environment, Highways and Waste			Division	Waste Management																										
<table border="1"> <caption>Chart Data</caption> <thead> <tr> <th>Date</th> <th>KCC Actual (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>Mar 09</td> <td>65.7</td> <td>69.7</td> </tr> <tr> <td>Mar 10</td> <td>68.9</td> <td>69.7</td> </tr> <tr> <td>Mar 11</td> <td>69.9</td> <td>69.7</td> </tr> <tr> <td>Jun 11</td> <td>70.3</td> <td>69.7</td> </tr> <tr> <td>Sep 11</td> <td>70.7</td> <td>69.7</td> </tr> <tr> <td>Dec 11</td> <td>70.5</td> <td>69.7</td> </tr> <tr> <td>Mar 12</td> <td>70.6</td> <td>69.7</td> </tr> </tbody> </table>				Date	KCC Actual (%)	Target (%)	Mar 09	65.7	69.7	Mar 10	68.9	69.7	Mar 11	69.9	69.7	Jun 11	70.3	69.7	Sep 11	70.7	69.7	Dec 11	70.5	69.7	Mar 12	70.6	69.7	<p>Data Notes. Tolerance: Higher values are better Unit of measure: Percentage Data Source: KCC Waste Management</p> <p>Data is reported as rolling 12 month total.</p> <p>No comparator data for other local authorities is currently available for this indicator.</p>			
Date	KCC Actual (%)	Target (%)																													
Mar 09	65.7	69.7																													
Mar 10	68.9	69.7																													
Mar 11	69.9	69.7																													
Jun 11	70.3	69.7																													
Sep 11	70.7	69.7																													
Dec 11	70.5	69.7																													
Mar 12	70.6	69.7																													
Trend Data – rolling 12 month totals		Previous Years			Current Year																										
		Mar 10	Mar 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12																							
KCC Result		65.7%	68.9%	69.9%	70.3%	70.7%																									
Target				69.7%	70.2%	70.4%	70.5%	70.6%																							
Rag Rating				Green	Green	Green																									
Tonnage handled		127,000	131,000	135,000	134,000	133,000																									
Commentary																															
<p>For the first six months of 2011/12 approximately 74% of the waste received by our household waste recycling centres was recycled or composted. However performance is highly seasonal so the 12 month totals are shown above and this shows a result of 70.7% for the 12 months ending September. The year end forecast is for performance to achieve target.</p> <p>In May this year a new household waste recycling centre was opened at New Romney replacing a weekend only mobile service and performance is over 75% for the new site. This is the first addition to the network since 1992, and offers a range of recycling facilities for the residents of that area, resulting in increased recycling performance and a reduction in service costs.</p>																															

Percentage of waste recycled and composted at Household Waste Recycling Centres	Green ↑
What actions are we taking to improve performance (and drivers of performance)	
<p>Further improvements are planned at household waste recycling centres (HWRCs) to make them easier for the public to use, with for example the North Farm HWRC re-opened in October following re-construction of the site layout to ease congestion, and to ensure the quantity and quality of recycled material is maximised.</p> <p>To identify opportunities for the diversion of additional materials away from landfill or being processed via the waste to energy plant at reduced cost, a review of the composition of the residual waste streams being managed through the network of household waste recycling centres will be undertaken towards the end of 2011 to identify opportunities for the diversion of additional materials.</p>	
Risks and mitigating actions	
<p>The services provided by the network of household waste recycling centres are currently under review by an Informal Member Group of the county council. Any changes resulting from this review could impact on the overall performance of the network. The impact of any service changes will be monitored.</p>	
Discussion and actions agreed by PAT	
<p>This indicator has not been subject to discussion by PAT at this time.</p>	

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Enterprise and Environment: Mid Year 2011/12 Business Plan Monitoring

Achievements to date: Highlights of achievement to date by Division are shown below.

Waste Management

East Kent Joint Waste Contract: The new waste collection and processing services are in place to serve both Dover and Shepway councils. Overall recycling performance is approaching 50%.

Mid Kent Joint Waste Project: A business case to waste and recycling collection, processing and disposal services in mid Kent has identified significant savings to mid Kent Authorities, across the Waste Disposal Authority (KCC) and the Waste Collection Authorities (Ashford, Maidstone and Swale councils). The four authorities have signed a 4-Way Inter-Authority Agreement committing each authority to the joint project.

New Romney Household Waste Recycling Centre: A new household waste site opened in May 2011 to serve the residents of Lydd/New Romney which offers a comprehensive range of recycling facilities for the public. Recycling performance for the first six months was 75%.

Household Waste Recycling Centre Review: A service review was carried out to ensure the network is fit for the future, whilst ensuring efficiency savings are identified for future years and additional capital funding acquired for future investment.

Planning and Environment

Funding for transport infrastructure: A business case for hypothecation of funding from new revenue streams is being developed with DfT officials. Meetings have been held with investment bankers to gauge market appetite for investment in schemes.

Third Thames Crossing: DfT have been reviewing the three current options and KCC has secured direct representation on the next stage feasibility study. KCC responded to the government consultation on the proposed new charges for the Dartford Crossing, and influenced the Local Economic Partnership Strategic Transport Group to prioritise the delivery of a new crossing.

Operation Stack Lorry Park: Three new lower cost, more realistic proposals have been developed, with Highways Agency and Police engagement. Exploratory talks have been held with developers over funding options, and potential alternative sites.

A21 Dualling: KCC submitted a report showing that it could deliver the scheme for £70m, compared to the Highways Agency cost of £120m. The report was well received and three meetings held with Ministers Greg Clarke and Mike Penning.

Transport improvements for East Kent, including a Parkway station at Manston: The new peak time high speed service has now commenced to Deal and Sandwich. A business case for line speed enhancements to East Kent/ Manston was included as part

of the Regional Growth Fund 2 bid submission and this was successful. A business case for Thanet Parkway is being developed.

Rail Action Plan: The plan was presented to Minister Theresa Villiers, and at a senior officer level in DfT and Network Rail. A well-attended third Kent Rail summit was held in April.

Minerals and Waste Development Framework: The consultation on the Core Strategy was completed. Supplementary sites were identified during the process and these are being consulted on during the autumn which puts the timetable back by six months.

Kent Environment Strategy (KES): This is one of the 16 delivery priorities for Bold Steps for Kent, the Strategy was launched in July and an action plan has been developed. An Executive Group and a Champions Group have been appointed to oversee and champion the actions across all sectors of Kent business and society.

Local Transport Plan: We have secured £2.273m from government through successful submission of bids for Local Transport Plan projects.

Flood Risk Management: The Preliminary Flood Risk Assessment for Kent has been approved by Cabinet and submitted to the Environment Agency. Work with the Environment Agency and Pfizers has secured a £24.7m scheme of flood defence works for Sandwich to which KCC will contribute £4.64m.

Highways and Transportation

New Highway Maintenance Contract: The award for the new maintenance contract with Enterprise was made on time and a fast paced mobilisation led to the contract commencing as planned in September 2011. Early indications are that this is bedding in well and service performance has been maintained

Revised H&T Structure: A new internal management structure is now in place following the major restructure.

Highway Management Centre: An innovative centre at Doubleday House, Aylesford to improve customer service for routine faults, increase real time information and active management of the network has been delivered within the new Enterprise contract.

Aylesford Highways Depot: The refurbished office opened on time in April and the Depot was ready for the launch of the new highway contract in September.

Winter Service: A winter review has been completed and a new winter service plan has been published.

Freedom Pass: Implementation of the new Freedom Pass scheme and credit card payment facility was launched in June.

Member Highway Fund: An improved process has been put in place with higher take up of annual allocation and connection to localism agenda. Work is going on to improve information and communications with Members.

Telent: The refresh and improvement of the Traffic Signals contract with telent has been delivered on time with significant improvements.

New national driver diversionary scheme: The new training scheme has been launched with high take up and The Safety Camera Partnership model is supported by the increase in income from course attendance.

Public access to highway services: Improvements to the fault reporting website are now up and running with further enhancements being developed.

Drainage Policy & Strategy: The KCC website has been improved to outline the new approach to schedule cleansing and weekly updates are posted outlining programmes of work planned and completed. The asset management guides for staff and customers are currently being prepared.

Delayed Projects : Projects that are known to be running later than originally expected are shown below.

Highways and Transportation

Materials to use in Kent: The project to deliver an approved list of materials for use on Kent's roads and pavements to minimise future revenue costs is currently in consultation and has not yet been published.

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By: Bryan Sweetland, Cabinet Member - Environment,
Highways & Waste
John Burr – Director of Highways & Transportation

To: Environment, Highways & Waste Policy, Overview and
Scrutiny Committee - 12 January 2012

Subject: Highway Management Centre and Highway Network
Management

Classification: Unrestricted

Summary:

This report provides an update on how KCC's new Highway Management Centre at the Aylesford Highways Depot is helping to improve highway services and network management across the County using technology and by integrating services.

FOR INFORMATION

1.0 Introduction

1.1 The Highway Management Centre was opened in September 2011 and is located on the first floor of the new Aylesford Highways Depot. The Centre seeks to 'Keep Kent Moving', ensuring the highway network is operating efficiently by:

- managing the day-to-day highway maintenance activity;
- co-ordinating responses to incidents across the County;
- increasing traffic management efficiency; and
- keeping people informed.

2.0 What the Highway Management Centre (HMC) does

2.1 Coordinates and manages various teams to ensure that highways are maintained, incidents are dealt with and accurate timely information is provided.

2.2 Brings together the previous Traffic Management Centre staff, all Highway District Managers, Priority Response Officers, road works coordinators and the term maintenance contractor Enterprise.

2.3 Receives all customer enquiries and using the technology present helps resolve them quickly. The benefits are realised by the reduction in visits required by stewards and inspectors and the enriched traveller

information that is now available. The information is sent out by email alerts, links with Traffic link and Twitter.

- 2.4 Works closely with the Highways Agency sharing information and to ensure that incidents on the strategic road are managed as effectively as possible.

3.0 Investment in technology

- 3.1 The UTMC (Urban Traffic Management and Control) project included investment, initially in Maidstone, in:

- CCTV cameras
- Automatic Number Plate Recognition (ANPR) cameras
- Classified Counters
- Variable Message Signs (VMS)

The project produced a number of measurable benefits including:

- Increase in under-used car park occupancies
- Travel time savings by opening the traffic management centre on Saturdays
- Travel time savings during incidents of £100,000 per annum in Maidstone based upon the number of incidents recorded
- Car park VMS produce travel time savings of £140,000 supported by the car park data in Maidstone

- 3.2 These benefits can be transferred to other towns and the project has been extended to cover Canterbury, Gravesend, Tunbridge Wells and Dartford. The Dartford scheme is underway and will be completed over the current and next financial year. It is expected that development will provide similar benefits to the Maidstone implementation.

4.0 Initial success of the Highway Management Centre (HMC)

- 4.1 The HMC has only been operating for a short time but there have been a number of examples that demonstrate the benefit of integrating services and maximising the use of technology. Two examples are described below:

Example 1

A road works coordinator was able to utilise the technology of the HMC to identify unauthorised roadworks on Crescent Road, Tunbridge Wells at the beginning of December. Having the HMC saved an inspector's visit, removed the works quicker and reduced the delays the works would have caused to travellers.

Example 2

In mid November a District Manager used the HMC to investigate customer complaints regarding a carriageway defect on the Bridge Gyrotory in Maidstone. The HMC enabled visibility of the defect without going on site and the resulting repair provided an opportunity to share the traffic management with a repair to traffic light detectors and therefore saved resources.

- 4.2 The HMC will also be a key element of the work being carried out to mitigate the impact of the Olympic Games by enabling management of the road network and by working with other agencies.

5.0 Conclusion

- 5.1 As the HMC develops, the measurement of the benefits will be key to delivering service efficiency and identifying further areas to explore for improvement.
- 5.2 Extending the hours of opening and improving communication links with the Police are key development areas currently being considered.
- 5.3 The identification of benefits in the HMC will ensure that funding in the technology that supports the centre is focussed on the areas of maximum benefit. Further expansion is being considered for Ashford if funding is available.

6.0 Recommendation

- 6.1 Members are asked to note the content of this report.

Background documents:

None

Contact details:

Donna Terry, Highway Management Centre Manager, 01622 798324,
donna.terry@kent.gov.uk

Spencer Palmer, Head of Highway Operations, 01622 221123,
spencer.palmer@kent.gov.uk

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By: Bryan Sweetland, Cabinet Member - Environment,
Highways & Waste
John Burr, Director of Highways and Transportation

To: Environment, Highways & Waste Policy Overview &
Scrutiny Committee - 12 January 2012

Subject: Expectation Management (Service clarity)

Classification: Unrestricted

Summary: This brief report outlines an approach to increasing the transparency of the agreed service levels of the Highway & Transportation service. Its purpose is to make clear what we can deliver in these challenging times and to ensure that resources are best targeted and utilised. Accountability, honesty and deliverability are key to the future success of this high profile service area.

1. Introduction

In these challenging times it is essential that Kent County Council (KCC) is clear on the service levels that it can reasonably provide. The Highways and Transportation service (H&T) provides an enormous range of diverse services, many of which are used daily by every resident of Kent. Explaining these services is often difficult and it is important that this is addressed so that our customers are aware and take advantage of our full service offering.

H&T has recently seen a significant reduction in its budget and extensive work has been undertaken to deliver real savings and efficiencies. Two of the largest and most successful initiatives have been the works contract re-procurement (from Ringway to Enterprise) and the KCC staff restructuring and down sizing (down circa 70 posts, i.e. 25%). The success of the savings/efficiency initiatives has meant that the impact on the front line services has been minimal, with service levels being mostly maintained and in some areas improved.

It has become clear from various discussions over the last 12 months, that our customers understand many of the challenges that we currently face, but they do not understand the range and level of services that we provide. There is a clear desire to remove this uncertainty and it would be to the benefit of KCC and its customers for this to be achieved. This paper seeks to explain how H&T propose to address this issue.

2. Managing Expectation

We have embarked on an open and transparent 'expectation management' programme to set out clearly what service level 'our customers' can expect from Highways & Transportation. Priorities must now be clarified more than ever

before, with safety critical matters and programmed asset management remaining of critical importance. The support of Members in this context is essential.

The attached appendices (in draft) are intended to highlight what we do, what we 'have' to do and why. It clearly details the levels of service and resource that are to be provided and form the basis for future communication with our customers. As they currently stand they are not intended to be used in isolation but are provided within this paper to allow detailed discussion and feedback.

Following engagement with Members, we will ensure that information published on the KCC website will be clear on the levels of service that residents can expect and how localism/self-help may be able to assist them. This will also help the Contact Centre in answering more calls directly.

A key benefit of this exercise has been in revisiting why we do things and the benefits/outcomes that our actions have on the highway asset and the users of our service. This will enable us to explain clearly to our customers how and why our decisions are made. Initial feedback on this initiative has already been extremely positive. Informal discussions with KALC, Parish council workshops and County Members have all supported the lead that H&T is taking and agree that transparency and openness are the only way to improve the levels of trust and understanding of our customers.

It is important to ensure that the staff in Highways and Transportation embrace localism and that processes are sufficiently flexible to permit local communities to engage where they wish to do so. This openness and transparency will support the concept of local communities adding value to the services that we are able to deliver and will help to mitigate any negativity surrounding budget limitations.

3. Recommendations

Members are asked to comment on the issues and principles identified in this report.

Contact Officer: David Hall
Future Highways Manager
✉ david.hall@kent.gov.uk
☎ 01622 221081

Service Area	Arboriculture & Soft Landscapes		
Service Overview			
Purpose of Service	Working with residents in Kent we manage the highway landscape, ensure the safety of highway users and conserve green spaces.		
Statutory Obligations (what we must do...)	<ul style="list-style-type: none"> ▪ Highways Act 1980 – duty of care to ensure safety of highway. Maintain highway clearance. ▪ Wildlife and Countryside Act 1981 – protection of wildlife including nesting birds; protection of designated sites e.g. SSSI. Control of noxious weeds Japanese Knotweed ▪ Town and Country Planning Act – works to protected trees and replanting requirements ▪ Health and Safety at Work Act 1974 - general duties which employers have towards employees and members of the public. ▪ Environmental Protection Act – Control of noxious weeds, use of chemicals and disposal of waste following highway operations. ▪ Weeds Act 1959 – control of injurious weeds e.g. Ragwort ▪ Occupiers Liability Act – duty of care, nuisance ▪ Pesticides Act – use of pesticides 		
Size of Asset	11 million square metres of grass, shrubs, weeds and 500,000 trees.		
Financial Position			
Year	2010/11	2011/12	2012/13
Budget (tree maint. grass cutting. weed control)	£4.6M	£3.2M	
Staff	19	14	
Levels of Service			
	2010/11	2011/12	2012/13
Grass, Weeds, Shrubs			
Additional (aesthetic) non safety weed/grass cuts	x	x	
Noxious / injurious weeds treatment spray	2	2	
Rural grass cutting	2	1	
Shrub maintenance	2 – 12	1	
Urban grass cutting	10 – 18	8	
Visibility cutting (sight lines at junctions etc)	3+	3	
Weed spraying	2-3	1	
Trees and Hedges			
Bus route clearance	✓	x	
Clear sight of signs and traffic signals	✓	✓	
Clear trees from around streetlights	✓	✓	
Diseased/dangerous trees; plus out of hours	✓	Safety only	
Hedge cutting (KCC hedges, not private)	2	1	
Improving natural light / views	x	x	
Maintain carriageway clearances (for safety)	✓	✓	
Pollen/residue removal	x	x	
Private hedges/trees overhanging the highway	x	x	
Private tree/hedge cuts when highway obstructed	✓	✓ (recharge costs)	
Programmed tree maintenance	✓	✓	
Prune/fell for dropped kerbs/new vehicle crossings	x	x	
Prune/fell trees considered "too big" / "too small"	x	x	
Pruning for aesthetic reasons	✓	x	
Removal of major dead wood (Selected species)	✓	x	
Removal of minor dead wood	✓	x	
Remove nuisance where tree touches building	✓	✓	
Remove tree stumps	✓	Safety only	
Remove/reduce leaf fall	x	x	
Satellite signal interference	x	x	
Telephone wire interference	x	x	
Tree planting / maintenance	✓	Legal replacements	
Tree safety audits (routine inspections)	2 & 5 year cycles	5 year cycle	
Trees overhanging buildings	x	x	
Trip hazards (make safe)	✓	✓	
Other			
Bird droppings	x	x	
Insurance claims	✓	✓	
Pest management (Brown tail moth)	✓	✓	
Pest management outside of statutory req's	x	x	

Rodent clearance	✓	✓	
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Efficiencies and Opportunities			
Year	2010 / 11	2011 / 12	2012 / 13
Efficiencies	<u>Improved Arrangements with Districts</u> <ul style="list-style-type: none"> ▪ Stop private hedge cutting by District contracts. ▪ Reduce grass cutting frequencies. ▪ Reduce rates paid. 	<u>Use of KCC Landscape Services</u> <ul style="list-style-type: none"> ▪ Use in house and external market price comparison to seek reduced costs. 	<u>Spend to save</u> <ul style="list-style-type: none"> ▪ Identify high cost or intensive maintenance issues and replace with low cost/low maintenance.
Opportunities	<u>Member Highway Fund</u> Tree felling and tree planting schemes. <u>Thanet Weed Pilot Study – Assessment of future weed control options and impact on water quality</u> <u>Localism</u> Community tree planting	<u>Member Highway Fund</u> Tree felling and tree planting schemes. <u>Localism</u> <ul style="list-style-type: none"> ▪ Tree planting – The Big Tree Plant ▪ Tree Wardens – tree planting initiatives and joint working/training opportunities ▪ Joint working potential with Parish/District Councils and local groups through KALC/NFU ▪ Information pack on web site for customers wanting to assist with verge maintenance. ▪ Approval process agreed for customers to work on highway verges. ▪ Potential for Community Payback/Prison Service schemes to assist in landscape maintenance ▪ Recharge process for works to private trees/hedges ▪ Alternative techniques for vegetation management – growth retardants for basal growth on trees and weed control. 	<u>Localism</u> <ul style="list-style-type: none"> ▪ Working with volunteers and community groups ▪ Develop a further range of information ‘can do’ packs on web site. ▪ Pump priming local schemes – provision of technical back up/training to enable future local ownership of schemes.

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Service Area	Drainage		
Service Overview			
Purpose of Service	Inspect, maintain, improve and set standards for road drains and drainage systems to ensure the efficient removal of water from our road network and the safe passage of highway users.		
Statutory Obligations (What we <u>must</u> do...)	<p>Highways Act 1980 (Section 41) Duty of care upon to maintain those roads which are maintainable at public expense. This includes highway drainage systems</p> <p>Highways Act 1980 (Section 100) Power to construct, maintain or cleanse drainage systems in the highway or on adjoining/nearby land, for the purpose of drainage or prevention of surface water on the highway.</p> <p>Flood and Water Management Act 2010 Duty to manage surface water flood risk collaboratively with other key Agencies.</p>		
Size of Asset	Estimated 340,000 gullies and 15,000 soakaways and chambers		
Financial Position			
Year	2010 / 11	2011 / 12	2012 / 13
Budget (revenue)	£3.5M	£3.36M	
Budget (capital) for repairs and improvements	£2.5M	£2.1M	
Staff	8 (+4 temps)	8	8
Levels of Service			
Year	2010 / 11	2011 / 12	2012 / 13
<u>Emergency Response (Gullies & Soakaways)</u>			
Clearance of major flooding on the highway where a safety hazard to the travelling public is being caused	✓	✓	
Clearance of highway water causing flooding to private property	✓	✓	
Provision of flood boards to warn the travelling public of minor flooding	✓	✓	
Response to oil spillages on inland water courses	✓	x Emergency Planning	
<u>Maintenance</u>			
Reactive cleansing of highway drains (e.g. gullies, soakaways and catch pits) and the adjoining pipes	✓ (Enquiry Driven)	x	
Scheduled cleansing of highway drains (e.g. gullies, soakaways and catchpits) including programmes of work on high speed roads and flood routes	✓	✓ (Enquiry Driven)	
Maintenance of ponds, lagoons and ditches with the sole purpose of taking water from the highway	✓	✓	
Maintenance of highway pumping stations	✓	✓	
Maintenance of drainage on private land e.g. ditches that non highway water	✓	x	
<u>Repairs and Enhancements</u>			
Assessment of highway flooding incidents and identification of appropriate and feasible solutions	✓	✓	
Replacement and repair of missing or damaged highway drain covers	✓	✓	
Replacement, repair and enhancement of existing drainage systems	✓	✓	
Installation of new drainage systems	✓	✓	
Removal of objects, e.g. keys, from highway drainage	x	x	

Efficiencies and Opportunities			
Year	<u>2010 / 11</u>	<u>2011 / 12</u>	<u>2012 / 13</u>
Efficiencies		<u>New Contract</u> Increasing the number of gullies cleansed for the available budget by doing more programmed work (less reactive)	<u>Scheduled Cleansing</u> Review cleansing frequencies to ensure efficient scheduling i.e. not cleansing gullies twice a year if they only need cleansing once
Opportunities		<u>Joint Working</u> <ul style="list-style-type: none"> ▪ Pilot with Swale and Maidstone Borough Councils to deliver joined up street cleansing services ▪ Share traffic management opportunities across KHS. <u>Localism</u> Encourage members of the public to keep drain covers free from leaves during the autumn and winter period	<u>Joint Working</u> <ul style="list-style-type: none"> ▪ Extend the joint cleansing work to include other borough and district councils ▪ Look at opportunities for joint with SWS, SE Water and Thames Water to share TM costs <u>Localism</u> Work with local landowners to ensure they are aware with their of their responsibilities in relation to the maintenance of ditches and ponds

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Service Area	Street Lighting		
Service Overview			
Purpose of Service	The Street Lighting Team provides and maintains street lights, lit signs and bollards to enable the safe use of the highway by road users and pedestrians and also to promote safe communities.		
Statutory Obligations	<p>Highways Act 1980 (Section 41) Duty of care upon to maintain those roads which are maintainable at public expense.</p> <p>Highways Act 1980 (Section 97) Every local highway authority may provide lighting for the purposes of any highway or proposed highway for which they are or will be the highway authority. (this is not a duty, only a power to provide lighting)</p> <p>Electrical Testing – legal requirement every six years to ensure streetlights are electrically safe.</p>		
Size of Asset	Approximately 118,000 street lights and 28,500 lit signs and bollards		
Financial Position			
Year	<u>2010 / 11</u>	<u>2011 / 12</u>	<u>2012 / 13</u>
Budget (revenue - maintenance)	£1.9m	£1.84m	
Budget (revenue - testing)	£616,000	£602,000	
Budget (revenue repairs)	£461,000	£479,000	
Budget (capital) for repairs and improvements	£2.2m	£2m	
Staff	12	12	
Levels of Service			
Year	<u>2010 / 11</u>	<u>2011 / 12</u>	<u>2012 / 13</u>
<u>Emergency Response</u>			
Attendance within 2 hours to a damaged asset which is deemed to be a safety hazard to the travelling public.	✓	✓	
<u>Maintenance</u>			
Night patrolling:- Twice a month October to March Once a month April to September	✓	✓	
Routine fault maintenance in response to customer fault reports and night patrol reports	✓	✓	
Attendance at high speed road closure to attend faults and carry out repairs	✓	✓	
Structural Testing	✓	✓	
Electrical Testing	✓	✓	
<u>Repairs and Enhancements</u>			
Capital replacement schemes identified through structural testing. (complete column and lantern)	✓	✓	
Revenue funded replacement of assets (e.g. lantern replacement only)	✓	✓	
Replacement of assets damaged by third parties.	✓	✓	
Installation of schemes via other funding sources e.g. salix or invest to save funding	✓	✓	

Efficiencies and Opportunities			
Year	<u>2010 / 11</u>	<u>2011 / 12</u>	<u>2012 / 13</u>
Efficiencies		<p>Testing: Introduce combined structural and electrical testing (one visit, less cost)</p> <p>Rent-a-jointer: Continue rent-a-jointer agreement with UK Power Networks (less cost and greater control over works)</p>	<p>Use revenue budget where possible to replace lit bollards with high reflective ones and upgrade lit bollards to LED where legislation requires</p> <p>Spend to save investment in high fault sites to reduce revenue maintenance</p>
Opportunities		<p>Use other Highways staff to assist with street lighting enquiries (e.g. stewards in their area)</p> <p>Share traffic management opportunities across Highways and HA.</p> <p>Extend rent-a-jointer activities to other parts of the service</p> <p>Explore energy saving through clipping, dimming, part night and switch off etc.</p> <p>More robust challenge to any new streetlighting proposed through KCC funded schemes or developers to limit revenue liability</p> <p><u>Localism</u> t.b.c – encourage public to help us identify and report faults e.g. stickers on columns etc.</p>	

Requests for Revisions to Speed Limits

Kent County Council (KCC) receives many requests to reduce speed limits or introduce traffic calming measures. With limited funding available¹, KCC must prioritise and focus actions to roads where there is clear evidence that a lower speed limit would have an impact on reducing casualties. **Without a crash history record at a particular site, KCC will not take any action to change an existing speed limit.**

The issue of drivers' excessive speed (above the legal limit) affects both the quality of life for residents and the severity of injury should a crash occur. Whilst the enforcement of existing speed limits is the responsibility of Kent Police, KCC has a role to play in ensuring limits are set appropriately for the location².

Programmes are developed each year to contribute to reducing road casualty figures on Kent's roads. Subject to crash records and available funding, there are a range of different speed management approaches that can be applied, such as using safety cameras to enforce speed limits, using signs that react to speeding drivers and other traffic calming measures. **Because these are relatively expensive, we only install these at locations where speed-related crashes in the last three years have resulted in injury.**

Ultimately drivers have control over the speed they choose to travel at and it is the driver's responsibility to obey the law, whether they consider the limit appropriate or not. Education and awareness raising measures are focused on appreciating the impact of speeding, how to judge an appropriate (and legal) speed and how to recognise and deal with hazards.

The KCC Road Safety team seeks to influence driver behaviour through a range of activities including local and county-wide awareness raising campaigns, educational programmes for young people, speed offender education schemes and promoting driver training.

On a district level, the KCC Road Safety team can provide advice to Community Safety Partnerships (CSP's) that may be set up to address local speed and other road safety issues and seek to provide expertise and direction for local action. The enthusiasm and interest for local issues are a key strength of CSP's and can provide a valuable resource to help the KCC road safety team identify local issues and the needs of local people. They can also provide valuable opportunities for local input to shape both local and county-wide activities. Please see the following link for further details:

http://www.kent.gov.uk/community_and_living/community_safety/working_with_partners/local_csps.aspx)

In support of the "localism" agenda, communities can also get involved in helping themselves through initiatives such as speedwatch. Please see the following link for further details:

http://www.kent.gov.uk/roads_and_transport/road_safety/speed_management/community_speed_watch_scheme.aspx)

¹ 2011/12: Cuts of up to 50% in road safety / traffic scheme staff and a total budget of £200k for all safety critical schemes.

² Based on [Department for Transport Circular 01/06; Setting Local Speed Limits](#).

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To: Environment Highways & Waste Policy Overview & Scrutiny Committee - 12 January 2012

By: Bryan Sweetland, Cabinet Member for Environment Highways and Waste

John Burr, Director, Highways and Transportation

Subject: Highways and Transportation Enterprise Term Maintenance Contract

Classification: Unrestricted

Summary: This report details an assessment and impact of the Highways and Transportation term maintenance contract delivered by Enterprise since 1st September 2011.

1. Introduction

On the 1st September 2011, Highways and Transportation commenced a new Term Maintenance Contract with Enterprise AOL. This is to provide core maintenance services, these include;

- Routine maintenance, carriageway, footway structure repairs
- Winter Service
- Emergency out of hour's response
- Drainage gulley emptying and repairs
- Signs and lines maintenance
- Integrated transport schemes
- Street lighting
- Scheme delivery
- Tunnels and Structure

The initial contract term is five years; this could be extended by a further five years but is subject to satisfactory performance and assessment by the County Council.

2. Progress

Enterprise have invested heavily in this contract, they have mobilised a fleet of 198 vehicles this includes the 63 gritting vehicles.

The headcount establishment of those working on the contract is 321 staff, of these 309 were TUPE transferred from Ringway. They have appointed an

entirely new management team. They have also appointed 79 approved sub contractors who are available to work on the contract.

In the first three months of operation 19,836 orders (£5.2m) have been completed, 2,100 salt bins filled and 4,000t out of the 23,000t salt stock has been used and replenished.

Kent has invested heavily in training (2,648 hours), this is vital to ensure that officers understand the contract, comply with its requirements and ensure that best value is achieved. This will continue for the next few months – training has so far centred around ordering work in accordance with the contract and using the price list in accordance with the engineering specifications.

3. Delivery of service

Enterprise and Kent have worked well during the start of the contract; it is notable that both organisations have commented that there has been a common approach to operate a successful contract that delivers work to high quality, efficiently and to the appropriate price.

Kent's approach has been to be firm but fair in all commercial/contractual matters, the principles of the price list are robustly adhered to where new rates or pricing queries have been resolved. Further to this, depot and property lease contracts and charges have been fully applied and penalties have been applied where there has been non compliance of the Kent Permit Scheme.

Routine enquiries reported by the public completed in 28 days are just above standard at 91%.

At each payment application managers have scrutinised cost and payment disputes have been made – this is a healthy process and quite normal in such contracts.

4. Issues and further developments

The contract handover has been almost seamless with only a slight drop in output experienced. Two service areas that were affected are street lighting maintenance and MHF schemes. Both these areas have been subject to increased focus to resolve the delays and actions have been taken to ensure that full programmed delivery can be assured and output increased.

Whilst IT systems have been live from the 1st September 2011, developments have been undertaken to improve the interfaces across both Enterprise and KCC systems. Specifically it was found that a minority of job statuses have not been consistent across systems' this has now been resolved. Whilst this has not impacted upon delivery of work, it is critical to the production of accurate management and customer information.

Enterprise treat the supply chain and sub-contractors more rigorously than the previous Contractor, this is due to greater commercial rigour linked to the increased risk placed upon Enterprise, however it should be noted that stricter quality standards are applied – sub contractors are paid with 30 days of invoice.

As the ordering process is fundamentally different, there have been further training requirements for personnel, particularly linked to ICT systems for ordering works (i.e. using the correct schedule of rates).

5. Conclusion

The operation of this new contract has to be viewed as a success to date. As expected there are areas that still require attention (i.e. drainage), but these are limited and are constantly improving. The transfer of productivity and quality risk to Enterprise has proved to be the right decision and KCC are achieving greater value from this contract.

6. Recommendations

Members of the Committee are asked to note that:

- (1) The implementation of the Term Maintenance Contract has resulted in some promising early results
- (2) Further operational improvements and staff development are required to extract full efficient working
- (3) IT System enhancements across both organisations are identified and are planned to be delivered

Contact Officer: John Burr
Director of Highways and Transportation
✉ john.burr@kent.gov.uk
☎ 01622 694776

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By: Bryan Sweetland, Cabinet Member – Environment,
Highways & Waste
John Burr – Director of Highways & Transportation

To: Environment, Highways & Waste Policy Overview &
Scrutiny Committee

Subject: Bus Services to Pembury Hospital

Classification: Unrestricted

Summary: KCC is currently administering significant enhancements to bus services to the new Tunbridge Wells hospital in Pembury on behalf of the Maidstone and Tunbridge Wells NHS Trust. This is a short term provision awaiting the resolution of planning issues (Tunbridge Wells Borough Council) related to the site. Members are asked to consider KCCs long term involvement in the provision of bus services for the hospital. This report presents a number of options for Members to consider.

1. Introduction

- 1.1 The new Tunbridge Wells hospital opened on 21st September 2011 in Pembury. The hospital, which was delivered by the Maidstone and Tunbridge Wells NHS Trust (the NHS Trust), has replaced the Kent and Sussex hospital in Tunbridge Wells town centre and services have been transferred from Maidstone Hospital to the new site. The new Tunbridge Wells hospital is in an out of town location and has limited access by modes other than the private car. When planning consent for the hospital was given Tunbridge Wells Borough Council (TWBC) and KCC ensured that the NHS Trust were obligated to provide significant enhancements to the local public transport network. However, after consent was granted, and the cost of the bus services became clear, the NHS Trust did not consider the specified improvements to be affordable. They therefore approached TWBC and KCC to investigate the feasibility of altering their obligations with regards to bus services.

2. Background

- 2.1 The planning consent for the hospital contains a condition which commits the NHS Trust to provide four specified bus services for five years. The gross cost of these services is estimated to be around

£11m, which the NHS Trust considers to be unaffordable and not in line with the scale of the development. The NHS Trust originally intended to sign a Section 106 agreement contributing £1.6m towards bus services. Whilst this was not progressed in favour of making bus service provision a condition of the planning consent, the NHS Trust point to this as a demonstration of a reasonable contribution in line with the scale of the development.

- 2.2 KCC officers consider that some of the services specified in the Planning Condition are very unlikely to become commercially sustainable at the end of the funding period and therefore do not represent good value for money. It is considered that the money could be better used to provide improvements to the bus network in the Tunbridge Wells area that provide for mass staff, patient and visitor movements and can deliver modal shift away from the private car. KCC therefore explored a new suggested network of high frequency services linking the hospital to Tunbridge Wells and Tonbridge with additional services to Maidstone.
- 2.3 The NHS Trust formally applied to TWBC to change the existing planning condition in June 2011. The application proposed that a Section 106 agreement be signed between the NHS Trust, TWBC and KCC which would commit the NHS Trust to provide £2.1m over five years to KCC to provide bus services. The gross cost of the services would exceed £2.1m, but it was anticipated that revenue (passenger fees) would increase year on year and therefore cover costs. The application proposed that the services would be managed throughout the funding period by a management board made up of the three interested parties, who would make changes to the services if there were likely to be any revenue shortfall.
- 2.3 Tonbridge and Malling Borough Council (TMBC) formally objected to the planning application (S106) because of the proposed loss of a direct service to West Malling. Following discussions between TWBC, TMBC and Sevenoaks DC and the NHS Trust, it was agreed to review the current proposals and try to address the lack of direct services from the rural hinterlands through use of the voluntary transport sector. TWBC has confirmed to the NHS Trust that they will not enforce Condition 29 until the current planning application has been determined, and that they will not determine the application until all of the issues have been resolved.

3. Current Situation

- 3.1 When it became apparent that the situation would not be resolved until early in 2012, the NHS approached KCC to seek help in providing an interim solution, to provide a local network of bus services to provide sustainable access to the hospital. Despite the concerns raised by the local authorities, KCC's view is that the high frequency services to the local centres are the most appropriate solution. Ideally, direct services

would be provided between all rural villages and the hospital, but this is not feasible and any such services are very unlikely to become commercially sustainable after the funding has expired, meaning that they would cease to operate. Following the completion of a contractual agreement between KCC and the NHS Trust, KCC secured the provision of the high frequency services, acting as agents on behalf of the Trust. All costs are being met by the NHS Trust and the services commenced operation on 13th November 2011 for a fixed six month period.

- 3.2 The new services, combined with existing, provide, on average, a ten minute frequency between Tunbridge Wells and the hospital and fifteen minute frequency between Tonbridge and the hospital, with a £2.50 return fare available from both town centres. A half hourly frequency is also provided between the hospital and Maidstone in the off peak. The six buses per hour between Tunbridge Wells and the hospital are operated by three different bus operators (Arriva, Countryliner and occasionally Nu Venture) and KCC have ensured that return tickets are accepted on all services. Furthermore, the £2.50 fare is significantly cheaper than the commercial fare that would be charged. The services will operate until 13th May 2012. Before this date arrangements need to be made to provide sufficient sustainable access to the new Tunbridge Wells hospital in the long term. This is legally an issue for the NHS Trust and TWBC to resolve, although KCC as the Local Transport Authority are a key stakeholder.

4. Long Term Solution

- 4.1 There are various models which could be employed to resolve the long term service provision, with varying levels of involvement for KCC, these are :-
- KCC become party to a Section 106 agreement, whereby NHS Trust provide fixed amount of funding and KCC provide services. NB. Service level partly reliant on revenue generation.
 - KCC become party to a Section 106 agreement, whereby KCC provide services but the NHS Trust underwrites risk of services not meeting required levels of revenue generation. NB. Service level guaranteed
 - KCC act as agents/contractors in providing services on behalf of the NHS.
 - KCC have no direct involvement

It should be noted that the ultimate resolution will require agreement from both the NHS Trust and TWBC and that any position that KCC decide to adopt may not be acceptable to other parties, and vice versa.

- 4.2 We clearly wish to avoid exposure to open ended financial commitments. Especially when the responsibility is not essentially KCC's.

4.3 Transparency of responsibility and ownership is important in this matter, to ensure that good quality and appropriate services are provided and maintained.

5. Recommendations

5.1 It is recommended that:

- Members note the background to the provision of bus services to the new Tunbridge Wells hospital and consider the approach KCC should take to assist in provision of services in the long term.

John Burr
Director – Highways & Transportation
john.burr@kent.gov.uk

By: Bryan Sweetland, Cabinet Member - Environment,
Highways & Waste
Paul Crick, Director of Planning and Environment

To: Environment, Highways & Waste Policy Overview &
Scrutiny Committee - 12 January 2012

Subject: Growth without Gridlock - Update

Classification: Unrestricted

Summary: This brief report outlines progress to date on the County Council's 20 year transport delivery plan, Growth without Gridlock, and will be supplemented by a presentation.

1. Introduction

Following the recent Autumn Statement by the Government, which outlined a range of major transport proposals, it is an opportune moment to update Members on progress with the key proposals contained in the County Council's 20 year transport delivery plan, Growth without Gridlock.

2. Additional Thames Crossing

Officers have been working with partners in the South East Local Enterprise Partnership (SELEP) to press the DfT for increased capacity and improvements to the crossing of the Thames, one notable success being the recent announcement to postpone the increase of charges on the Dartford Crossing. Following the Government's commitment in the Comprehensive Spending Review to undertake an unbiased assessment of the three crossing options, they have now invited tenders to carry out the work which is expected to commence in February 2012 with consultation to follow in mid 2013. The County Council has secured direct representation on DfT's Stakeholder Advisory Panel. At the same time, Kent and Essex County Council have jointly commissioned consultants to identify additional economic development opportunities in the Thames Gateway that could come forward through the provision of an additional Thames crossing. The results of the work are expected in February 2012.

3. Operation Stack

In response to the Operation Stack Summit in July, three low cost lorry park proposals have been developed with input from the Highways Agency and Kent Police. The next step is to complete the environmental impact assessment and prepare a planning application.

4. A21 Dualling Tonbridge to Pembury

In October 2011, the County Council submitted a revised proposal that could be delivered locally by KCC for less than £70m, compared to the Highways Agency

scheme cost of £120m. The County Council is extremely disappointed that the scheme was not given the go-ahead in the recent Autumn Statement. To help build the case for the scheme, an Economic Impact Assessment is currently being carried out which will be submitted to Ministers in spring 2012.

5. Rail improvements for East Kent

A new peak time high speed service to/from Deal and Sandwich, supported by the County Council, commenced in September with passenger uptake better than expected. The recent successful bid for Regional Growth Funding of £40m included allowance for Business Critical Infrastructure Grants which will support the delivery of infrastructure projects such as high speed rail enhancement on the Ashford to Ramsgate line. This will reduce rail journey times between Ramsgate and London via High Speed 1 by approximately 10 minutes. The construction of a Thanet Parkway Station was the subject of a first-round Regional Growth Fund bid in January 2011. Unfortunately the bid was unsuccessful, as it was considered by Government that the bid would not create a sufficiently large number of direct jobs within the three-year period of the Fund but the business case for the Station nevertheless remains very strong, with a Benefit-Cost Ratio of 5:1, and KCC will continue to work with Thanet District Council, Manston Airport and local businesses to identify suitable delivery opportunities.

6. Funding for transport infrastructure

Throughout the past 12 months, officers have met with Ministers and officials at DfT and DCLG, to call for greater flexibilities and freedoms around funding streams and local delivery. A business case for hypothecation of funding from new revenue streams is being developed with DfT officials, alongside discussions with investment bankers to gauge market appetite for investment in strategic transport infrastructure. The Government has proposed a new system of funding major schemes beyond 2015 through Local Transport Consortia which will provide greater freedoms and decentralisation of decision making to Local Transport Authorities. Indications are that SELEP, as a Local Transport Consortium, would receive approximately £36.8m per annum for four years from April 2015, giving a total of £147.2m. The Government will consult local authorities on Local Transport Consortia in spring 2012.

7. Recommendations

Members are asked to note the progress outlined in this report.

Contact Officer:

Paul Crick, Director of Planning and Environment

✉ paul.crick@kent.gov.uk
☎ 01622 221527

Rob Smith, Senior Transport Planner

✉ robert.smith3@kent.gov.uk
☎ 01622 221050

By: Peter Sass, Head of Democratic Services

To: Environment, Highways & Waste Policy Overview and Scrutiny Committee
12 January 2012

Subject: **SELECT COMMITTEE - UPDATE**

Classification: Unrestricted

Summary: To update the Committee on the current topic review programme and to invite suggestions for future Select Committee topic reviews.

Select Committee Topic Review Work Programme

1. (1) There are currently no Select Committee topic reviews in the work programme which fall under the remit of this Policy Overview and Scrutiny Committee.

(2) The Select Committee work programme consists of the following:-

- Dementia – Chairman Mrs T Dean – This report was received by Cabinet on 5 December 2011 and debated at County Council on 15 December 2011.
- Educational Attainment at Key Stage 2– Chairman Mr C Wells – The Committee has completed its evidence gathering sessions which included visiting a number of schools in October/November 2011. The report is currently being drafted and will be considered by the Committee in February/March 2012 prior to submission to Cabinet in May 2012 and County Council in July 2012.
- The Student Journey – Chairman Mr Kit Smith – The Committee has completed its evidence gathering sessions with key stakeholders including representatives from business and education, and from young people. The report is currently being drafted and will be considered by the Committee in February/March 2012 prior to submission to Cabinet and to County Council in May 2012.

Suggestions for Select Committee topic reviews

2. (1) At the meeting of the Scrutiny Board on 2 November 2011 it was agreed to establish a Select Committee topic review on Domestic Abuse. Background research has begun and the Committee will start its work in early 2012. There will be resources available to start two new Select Committee reviews in May 2012. If Members have any topics that they would like to put forward for consideration for inclusion in the future topic review programme, they should contact the Democratic Services Officer for this POSC.

<p>3. Recommendation Members are asked to note the Select Committee topic review update and to advise the Democratic Services Officer of any items that they would like to suggest for inclusion in the Select Committee topic review programme</p>

Karen Mannering
Tel No: 01622 694367
e-mail: karen.mannering@kent.gov.uk

Background Information: *Nil*

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 1

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