

TO: Environment, Highways and Waste Cabinet Committee – 4 July 2012

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

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the first exception financial monitoring report for 2012/13 to be reported to Cabinet on 9 July 2012.

FOR INFORMATION

1. Introduction:

- 1.1 This is the first report to this Committee on the forecast outturn for the Enterprise and Environment Directorate (Environment, Highways and Waste Portfolio). Regular reports will continue throughout the financial year.

2. Background:

- 2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. In addition, a first exception report for the year is presented to Cabinet in July, which highlights the main issues arising from the previous year's outturn that are expected to have an impact on the coming year. For example, 2012/13 budgets will be based on forecast activity levels at December 2011 when the budget papers were consolidated prior to Cabinet and County Council approval, but these may well have changed in the final quarter of the year and these revised levels may be expected to continue and therefore impact on the 2012/13 position. There may also be other exceptions which have arisen in the first couple of months of the new financial year. The relevant extracts from this exception report are included in the revenue and capital sections below.

3. Enterprise and Environment Directorate (Environment, Highways and Waste Portfolio) - Revenue

3.1 Table 1

Portfolio	Forecast Variance
	£m
Environment, Highways and Waste Portfolio	-1.000
Directorate Total	-1.000

The main reasons for this variance are detailed below:

3.2 Environment, Highways and Waste Portfolio:

The budgeted waste tonnage for 2012-13 is 730,000 tonnes. Comparing this level of affordability with the final outturn figure for last year of 715,000 tonnes and combined with the experience of the last two financial years, this has allowed the Directorate to estimate that the final tonnage figure could be approximately 15,000 tonnes less than budgeted. This forecast reduction in activity has resulted in an underspend of £1m for Waste Management. We are also investigating whether the underspending that occurred in 2011-12 on other waste activities such as new income streams, will continue into 2012-13 and this will be reported in the quarter 1 report to Cabinet in September.

Whilst the Directorate 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.

4. Enterprise and Environment Directorate (Environment, Highways and Waste Portfolio) - Capital

4.1 Table 2

Portfolio	Forecast Variance
	£m
Environment Highways and Waste portfolio	0.524
Directorate Total	0.524

The variance quoted is after having taken any roll forwards from 2011-12 into account. Within the forecast variance, the main projects subject to re-phasing and overall variances are detailed below:

4.2 Environment, Highways and Waste Portfolio:

The variance is +£0.524m. This is a real variance in 2012-13. Projects subject to real variances affecting 2012-13 are:

- Energy & Water Efficiency Investment (+£0.112m) to be funded by previous year's school loans repayments.
- Ashford – Drovers Roundabout (+£0.300m). This reflects best estimates on negotiations and settlements of claims relating to the final account, with the contractor. The overspend will be funded by additional grant.

Overall there is a residual balance of +£0.112m on a number of other projects.

5. Recommendations

- 5.1 Members of the Environment, Highways and Waste Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Environment, Highways and Waste Portfolio based on the first exception monitoring to Cabinet.

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