

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**CABINET 26 APRIL 2007**

**REPORT OF THE EXECUTIVE DIRECTOR FOR TRANSPORT,  
ENVIRONMENT AND LEISURE SERVICES**

**BUDGET MONITORING 2006/07 – QUARTER 4**

**TRANSPORT, ENVIRONMENT AND LEISURE SERVICES**

**SUMMARY**

**REVENUE BUDGET**

It is forecast at this stage that the Business Group will **be £1.126 million below budget** (12.9%) by the year-end. It is difficult to make comparisons with the previous quarter as the Cabinet agreed to change the On Street Parking budgets by £1.6 million for extra income and reduced expenditure identified in the quarter three report. The most significant items are £320,000 slippage on the replacement parking IT system, extra income of £185,000 from Streetworks, £135,000 from Licensing income and £138,000 underspending on employee costs. Holland Park Opera has a £160,000 overspend.

**CAPITAL BUDGET**

It is forecast that the Business Group will **underspend by £675,000** (13.1%) by the year-end. During the 2007/08 budget setting process the Business Group budget has been rephased and is £5.158 million. Prior to that it stood at £8.421 million and has been adjusted to take into account slippage in the programme where schemes will not be on site this financial year. The main schemes underspending against the revised budget are slippage on Transport Action Plans, the Parks Strategy and Development Plan, the Sports Centres Planned maintenance Programme and CCTV digitalisation.

**FOR INFORMATION**

# 1 REVENUE

## Revenue Budget Monitoring Report - Transport, Environment and Leisure Services February 2007

Service	Annual Budget £'000	Spend to Date £'000	Spend to Date %	Projected Outturn £'000	Variance £'000	Variance %	RAG Status
<b>Budgets Controlled by Business Group</b>							
<u>Executive Group</u>							
Executive	1,428	1,180	82.6%	1,475	47	3.3%	Green
Licensing Team	159	-40	-25.2%	-19	-178	-111.9%	Red
<i>Executive</i>	<b>1,587</b>	<b>1,140</b>	<b>71.8%</b>	<b>1,456</b>	<b>-131</b>	<b>-8.3%</b>	<b>Red</b>
<u>Waste Management and Leisure</u>							
Contact Centres and Business Support	1,118	968	86.6%	1,116	-2	-0.2%	Green
Contracts & Enforcement Support	1,264	1,103	87.3%	1,233	-31	-2.5%	Green
Operations - Cleansing	10,195	8,356	82.0%	10,107	-88	-0.9%	Green
Commercial Waste and Revenue Services	-2,138	-2,450	114.6%	-2,210	-72	3.4%	Green
Waste Disposal	6,610	6,023	91.1%	6,585	-25	-0.4%	Green
Recycling	1,717	1,347	78.5%	1,677	-40	-2.3%	Green
Regulation of Street Trading	-177	-84	47.5%	-177	0	0.0%	Green
Traders Stores	-100	-92	92.0%	-100	0	0.0%	Green
Notting Hill Carnival	388	362	93.3%	392	4	1.0%	Green
Sports Centres	437	268	61.3%	415	-22	-5.0%	Green
Parks and Open Spaces	3,071	2,613	85.1%	3,081	10	0.3%	Green
Cemeteries	-108	-84	77.8%	-103	5	-4.6%	Green
Arts Development and Support	231	152	65.8%	231	0	0.0%	Green
Holland Park Theatre	210	347	165.2%	370	160	76.2%	Red
Museums and Galleries	308	212	68.8%	288	-20	-6.5%	Green
<i>Waste Management and Leisure</i>	<b>23,026</b>	<b>19,041</b>	<b>82.7%</b>	<b>22,905</b>	<b>-121</b>	<b>-0.5%</b>	<b>Green</b>
<u>Transportation and Highways</u>							
Transportation and Highways Administration	525	479	91.2%	519	-6	-1.1%	Green
Highway Maintenance	7,960	5,576	70.1%	7,865	-95	-1.2%	Green
Public Lighting	1,907	1,028	53.9%	1,882	-25	-1.3%	Green
Rechargeable and Other Street Works	291	-234	-80.4%	138	-153	-52.6%	Red
Traffic Section	1,118	956	85.5%	1,028	-90	-8.1%	Green
Transportation and Road Safety	530	405	76.4%	470	-60	-11.3%	Green
Car Parking Off-Street	-1,291	-1,051	81.4%	-1,269	22	-1.7%	Green
Car Parking On-Street	-26,900	-25,536	94.9%	-27,367	-467	1.7%	Green
<i>Transportation and Highways</i>	<b>-15,860</b>	<b>-18,377</b>	<b>115.9%</b>	<b>-16,734</b>	<b>-874</b>	<b>5.5%</b>	<b>Red</b>
<b>Total Budgets Controlled by Business Group</b>	<b>8,753</b>	<b>1,804</b>	<b>20.6%</b>	<b>7,627</b>	<b>-1,126</b>	<b>-12.9%</b>	<b>Red</b>
<b>Budgets Controlled by Other Business Groups</b>	<b>6,420</b>	<b>5,039</b>	<b>78.5%</b>	<b>6,420</b>	<b>0</b>	<b>0.0%</b>	
<b>Capital Financing Charges</b>	<b>2,113</b>	<b>0</b>	<b>0.0%</b>	<b>2,113</b>	<b>0</b>	<b>0.0%</b>	
<b>Total</b>	<b>17,286</b>	<b>6,843</b>	<b>39.6%</b>	<b>16,160</b>	<b>-1,126</b>	<b>-6.5%</b>	

### RAG Status:

Red = £100k+ variance and over +/-5%

Amber = £100k+ variance and between +/-3-5%

Green = under £100k variance or under +/-3%

## Commentary on Variances

### 1.1 Executive Group

An overspend of £25,000 is forecast on employee costs, but this is offset by a projected underspend of £17,000 on consultancy and centrally held contingencies.

Licensing income is forecast to exceed the budget by £135,000. The overachievement comprises of £58,000 from Premises licences, £54,000 from Special Treatments licences, £14,000 from a sex shop licence and £9,000 from licence variations at Earl's Court Exhibition Centre.

## 1.2 Waste Management and Leisure

The actual levy to the Western Riverside Waste Authority (WRWA) for domestic waste was set £22,000 below the level included in the budget.

It is anticipated that there will be an underspend of £70,000 on the Directorate salary budgets.

A net underspend is forecast on Commercial Waste non-staffing budgets of £82,000 mainly as a result of a lower bad debt provision requirement and underspending on consultants fees. An underspending of £35,000 is expected from waste management contract enhancements and flytipping budgets. Other expenditure budgets expected to be underspent are Litter Bins £10,000, Public Conveniences maintenance and utilities £10,000, and Depot running expenses £5,000.

There has been no expenditure to date against the budget of £100,000 for maintenance works for Little Wormwood Scrubs, but there is currently work in progress and a £50,000 underspend is forecast. Additional expenditure of £25,000 has been incurred on tree maintenance in the parks and cemeteries as a result of storm damage.

A net overspend of £160,000 is forecast for Holland Park Theatre mainly as a result of the loss of the end of season theatre hire fees, and additional production costs.

Projected extra income for the year amounts to £73,000 and is generated from Too Big for the Bin/Sale of Sacks £30,000, Museums and Galleries £20,000, Leisure Centre Car Park £15,000, Fixed Penalties £5,000, and Public Conveniences £3,000. Income shortfalls of £20,000 from Holland Park Café, £20,000 from holding events in Holland Park and £15,000 from Holland Park Car Park are expected.

## 1.3 Transportation and Highways

Actual Pay and Display income in 2005/06 was £19.1 million. This year's budget has been realigned to £18.797 million. It is anticipated that the budget will be very tight with a possible shortfall of £177,000. This income source is expected to be the most affected by the Congestion Charge. Income so far is 13% less than the equivalent period last year from 19<sup>th</sup> February. It is far too early to draw any conclusions on how things might stabilize against budget provision of 20%.

There is an expected shortfall of £72,000 on the Parking Enforcement income budget. .

Due to high volume of applications for suspension service, this budget is now projected to overachieve its realigned budget by £50,000.

The Parking Developments budget is likely to be underspent this year by £320,000 due to slippage in the implementation of the new I.T system and most of this budget will be subject to a slippage carry forward request for 2007/08.

It is anticipated that there will be a number of general underspendings totaling £160,000 in Parking this year. These include £22,000 on Parking Order Notices, £30,000 postage, £10,000 Notice Processing, £10,000 consultants, £12,000 Training, £15,000 Pay and Display Ticket Stocks, £41,000 Controlled Parking Zone Contingency and £30,000 for the Purchase of Resident Parking Permits. The last item will be a slippage Carry Forward request.

It is likely that Streetworks income will overachieve by £185,000 this year. This is due to increased inspections and new working procedures introduced this financial year. Licence income for Tables and Chairs is also likely to over achieve its budget by £15,000, bus shelter advertising by £8,000, Highways Charges by £17,000, Public Lighting Private Streets Charges by £17,000 but Kensington Town Hall Car Park is likely to underachieve by £50,000. It is anticipated that £32,000 will be received by the Royal Borough from the London Borough of Hammersmith and Fulham towards the costs of the shared Director.

The employees budget is likely to underspend by £93,000, the Maintenance and equipment budgets at Kensington Town Hall Car Park will underspend by £28,000, Bridge Maintenance by £25,000, Street Name Plates by £17,000, Parking and Traffic Surveys by £10,000 but Highways insurance liability costs have overspent by £6,000. There is likely to be an underspend of £27,000 on new corporate signage which will be a carry forward request.

#### **1.4 Progress on growth and savings**

Little Wormwood Scrubs Maintenance is likely to underspend by £50,000.

## 2 CAPITAL

### Capital Budget Monitoring - Transport, Environment and Leisure Services Quarter 4 - 2006/07

Description	Original Budget £'000	Current Annual Budget 2006/07 £'000	Budget Profile to Q4 £'000	Actual Exp To Date £'000	% of annual budget spent	Forecast Outturn £'000	Forecast Variance £'000	Proposed Slippage into 2007/08 £'000
Leisure Services	2,556	1,379	1,021	523	37.9%	938	-441	455
Waste Management	407	208	168	119	57.2%	165	-43	35
Transportation & Highways	4,573	3,421	4,995	1,874	54.8%	3,230	-191	191
Parking	0	150	245	121	80.7%	150	0	0
<b>Total Business Group</b>	<b>7,536</b>	<b>5,158</b>	<b>6,429</b>	<b>2,637</b>	<b>51.1%</b>	<b>4,483</b>	<b>-675</b>	<b>681</b>

Financed By								
Transport for London Grant	1,528	1,088				958	-130	55
Contributions from other Bodies	63	30				78	48	
Renewals Fund	188	195				195	0	
Other Reserves	583	648				583	-65	
Bridge Reserve	77	86				38	-48	0
Capital Reserve - TELS	50	48				8	-40	
Car Parking Reserve	3,215	1,888				1,690	-198	291
Housing Revenue Account	122	199				199	0	
Direct Revenue Funding	0	16				68	52	
Lottery Grant	100	53				130	77	
General Resources	1,610	907				536	-371	335
<b>Total</b>	<b>7,536</b>	<b>5,158</b>				<b>4,483</b>	<b>-675</b>	<b>681</b>

### 2.1 Commentary on Variances

The rephasing of the capital programme from the £8.421 million reported last time to £5.158 million has eliminated the major slippage in the 2006/07 budget notably for Sloane Square and Parks and Leisure Centres improvement and maintenance projects.

However, further slippage totalling £675,000 is anticipated on some projects, the main ones are

- A Key Decision has been signed to upgrade the CCTV system to Digital but £95,000 will slip to next year.
- The Sports Centre Planned Maintenance Programme will slip by £200,000.
- A Key Decision for improvement works at Kensington Memorial Park has been signed but very little work will be done this year resulting in slippage of £60,000.
- The Holland Park Theatre seating and mezzanine floor payments schedule is structured on milestone payments. It is possible that £100,000 could fall due after 31 March, though the project is on schedule for overall completion.
- It is anticipated that £191,000 from the revised Transport Action Plan programme will slip into 2007/08 for motor cycle parking.

World End Place is scheduled for completion early next year. There have been a number of design changes due to unforeseen circumstances on site and this is may result in an overspending.

### 3 KEY TRENDS, COST DRIVERS AND LEAD INDICATORS

<b>Staff Costs Budget Monitoring - Transport, Environment and Leisure Services</b> <b>February 2007</b>
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Service	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance budget to date £'000	Variance budget to date %	Overtime Spend £'000	Overtime as % of total %
Executive Group	1,609	1,477	1,500	23	1.6%	1	0.1%
Waste Management and Leisure	4,692	4,313	4,230	-83	-1.9%	22	0.5%
Transportation & Highways (excluding Parking Operations Division)	2,348	2,153	2,101	-52	-2.4%	33	1.6%
Parking Operations Division	3,865	3,544	3,508	-36	-1.0%	36	1.0%
<b>Total</b>	<b>12,514</b>	<b>11,487</b>	<b>11,339</b>	<b>-148</b>	<b>-1.3%</b>	<b>92</b>	<b>0.8%</b>

### 4 PERFORMANCE INDICATORS

#### 4.1 Percentage of supplier invoices paid within 30 days (BVPI 8)

Q1 06/07	Q2 06/07	Q3 06/07	Q4 06/07	Cum. Yr to Date
84.6%	77.4%	85.0%	<b>81.3</b>	<b>83.2</b>

#### 4.2 Pay and Display Income (£million)

Q1 05/06	Q2 05/06	Q3 05/06	Q4 05/06	Q1 06/07	Q2 06/07	Q3 06/07	Q4 06/07
4.57	4.69	4.97	4.87	4.63	4.72	5.04	<b>4.54</b>

**Tot Brill**

**EXECUTIVE DIRECTOR FOR TRANSPORT, ENVIRONMENT AND LEISURE SERVICES**