

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**CABINET 22 FEBRUARY 2007**

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

**BUDGET MONITORING 2006/07 – QUARTER 3  
TRANSPORT, ENVIRONMENT AND LEISURE SERVICES**

**SUMMARY**

**REVENUE BUDGET**

It is forecast at this stage that the Business Group will **underspend by £1.976 million** (19.3%) by the year-end. It was forecast that the Business Group would underspend by £1.265 million last quarter.

**CAPITAL BUDGET**

It is forecast that the Business Group will **underspend by £3.781 million** (44.9%) by the year-end. It was forecast that the Business Group would underspend by £2.241 million last quarter.

**FOR INFORMATION**

**1 KEY ISSUES**

- 1.1 The main points relating to the Revenue Budgets are that On-Street Parking is likely to generate approximately £1.6 million additional surplus mainly from increased Pay and Display and suspensions income, Streetworks income is likely to overachieve by £180,000, Licensing income is forecast to exceed the budget by £125,000, and the net cost of Commercial Waste will be £87,000 below budget.
- 1.2 The key points relating to the capital underspending are that the Sloane Square and Golborne Road Projects will not be on site in this financial year, nearly £1.1 million in total, Transport Action Plans will slip by £400,000, the Street Scene by £300,000, Holland Park North Wall by £288,000, Kensington Memorial Park by £460,000 and Sports Centre Planned Maintenance by £750,000.

## 2 REVENUE BUDGET

### Revenue Budget Monitoring Report - Transport, Environment and Leisure Services December 2006

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	1,419	986	69.5%	1,471	52	3.7%	Green
Licensing Team	159	-94	-59.1%	-5	-164	-103.1%	Red
<i>Executive</i>	<b>1,578</b>	<b>892</b>	<b>56.5%</b>	<b>1,466</b>	<b>-112</b>	<b>-7.1%</b>	<b>Red</b>
<u>Waste Management and Leisure</u>							
Contact Centres and Business Support	1,041	798	76.7%	1,035	-6	-0.6%	Green
Contracts & Enforcement Support	1,225	904	73.8%	1,219	-6	-0.5%	Green
Operations - Cleansing	10,195	6,639	65.1%	10,127	-68	-0.7%	Green
Commercial Waste and Revenue Services	-2,172	-1,765	81.3%	-2,259	-87	4.0%	Green
Waste Disposal	6,610	4,780	72.3%	6,585	-25	-0.4%	Green
Recycling	1,712	1,055	61.6%	1,712	0	0.0%	Green
Regulation of Street Trading	-177	-61	34.5%	-177	0	0.0%	Green
Traders Stores	-99	-65	65.7%	-99	0	0.0%	Green
Notting Hill Carnival	388	297	76.5%	388	0	0.0%	Green
Sports Centres	444	267	60.1%	431	-13	-2.9%	Green
Parks and Open Spaces	3,144	2,082	66.2%	3,159	15	0.5%	Green
Cemeteries	-95	-73	76.8%	-90	5	-5.3%	Green
Arts Development and Support	231	109	47.2%	231	0	0.0%	Green
Holland Park Theatre	210	441	210.0%	325	115	54.8%	Red
Museums and Galleries	288	159	55.2%	273	-15	-5.2%	Green
<i>Waste Management and Leisure</i>	<b>22,945</b>	<b>15,567</b>	<b>67.8%</b>	<b>22,860</b>	<b>-85</b>	<b>-0.4%</b>	<b>Green</b>
<u>Transportation and Highways</u>							
Transportation and Highways Administration	525	408	77.7%	525	0	0.0%	Green
Highway Maintenance	7,960	4,792	60.2%	7,966	6	0.1%	Green
Public Lighting	1,907	717	37.6%	1,901	-6	-0.3%	Green
Rechargeable and Other Street Works	291	-131	-45.0%	111	-180	-61.9%	Red
Traffic Section	1,166	704	60.4%	1,166	0	0.0%	Green
Transportation and Road Safety	472	303	64.2%	472	0	0.0%	Green
Car Parking Off-Street	-1,291	-924	71.6%	-1,291	0	0.0%	Green
Car Parking On-Street	-25,290	-20,748	82.0%	-26,889	-1,599	6.3%	Red
<i>Transportation and Highways</i>	<b>-14,260</b>	<b>-14,879</b>	<b>104.3%</b>	<b>-16,039</b>	<b>-1,779</b>	<b>12.5%</b>	<b>Red</b>
<b>Total Budgets Controlled by Business Group</b>	<b>10,263</b>	<b>1,580</b>	<b>15.4%</b>	<b>8,287</b>	<b>-1,976</b>	<b>-19.3%</b>	<b>Red</b>
<b>Budgets Controlled by Other Business Groups</b>	<b>6,420</b>	<b>3,387</b>	<b>52.8%</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>18,796</b>	<b>4,967</b>	<b>26.4%</b>	<b>16,820</b>	<b>-1,976</b>	<b>-10.5%</b>	

#### RAG Status (on net budget):

Red = £100k+ variance and over +/-5%

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

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

## Commentary on Variances

### 2.1 Executive Group

An overspend of £23,000 is forecast on employee costs, but this is offset by a projected underspend of £10,000 on consultancy and centrally held contingencies.

Licensing income is forecast to exceed the budget by £125,000. The overachievement comprises £54,000 from Special Treatments licences, £48,000 from Premises licences, £14,000 from a sex shop licence and £9,000 from licence variations at Earl's Court Exhibition Centre.

## **2.2 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.

The Quarter 2 report stated that projected tonnages for 2006/07 indicated a likely underspend on disposal charges paid to WRWA of some £100,000, and that payments to SITA under the waste management contract would underspend by £83,000 as a result of an overprovision for inflation in the budget. These underspendings are being used to fund the micro landscaping projects in the North of the Borough (£150,000) and some maintenance works at Leighton House and Linley Sambourne House (£33,000).

A net underspend is forecast on Commercial Waste budgets of £87,000 mainly as a result of a lower bad debt provision requirement and underspending on consultants fees. An underspending of £30,000 is expected from waste management contract enhancements and flytipping budgets.

There has been no expenditure to date against the budget of £100,000 for maintenance works for Little Wormwood Scrubs. The level of expenditure in 2006/07 is dependent on when negotiations for the responsibility of this site are completed, and at this stage a £50,000 underspend is forecast.

A net overspending of £115,000 is forecast for Holland Park Theatre mainly as a result of the loss of the end of season theatre hire fees.

Projected extra income for the year amounts to £48,000 and is generated from Too Big for the Bin/Sale of Sacks £30,000, Museums and Galleries £15,000, and Public Conveniences £3,000. The Quarter 2 report forecast £20,000 for Cemeteries but this is now unlikely to be achieved unless there is an upturn in the final quarter, and the additional £15,000 from Kensington Leisure Centre Car Park has been used towards the funding of a new exhibit for Leighton House. 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.

## **2.3 Transportation and Highways**

Actual Pay and Display income in 2005/06 was £19.1 million. It is anticipated that Pay and Display Income should achieve £18.8 million in 2006/07, an estimated overachievement of £1.03 million on the 2006/07 budget of £17.77 million. This allows for a modest loss of income from February 2007 for the impact of the Congestion Charge.

The new Enforcement Contract began in July 2006. It is based on a fixed price for provision of the main on-street parking enforcement service. A separate budget of £250,000 was set to allow for additional *ad hoc* enforcement should circumstances require. The new contract has enabled the Council to maintain a more flexible and higher quality of on-street service thus significantly reducing requests for these *ad hoc* works. This may result in a consequential underspend of this budget of £220,000 on additional enforcement, £35,000 on main contract and £70,000 on dropped kerb enforcement (totalling £325,000). There is, however, concern that income could fall short by as much as £190,000 as a result of the implementation of the Western extension of the Congestion Charge Zone.

Due to high volume of applications for suspension service, this budget is now projected to overachieve by £400,000 by March 2007.

Last quarter it was anticipated that the I.T. procurement and On Street Contract retendering could come in £100,000 underspent. This is now uncertain and has been removed from this report as there have been amendments made to the specification by the Council and this could lead to additional charges by the supplier.

It is anticipated that there will be an underspending of £29,000 on Parking Signs and Posts this year.

It is likely that Streetworks income will overachieve by £180,000 this year, £50,000 was reported last quarter. This is due to increased inspections and new working procedures introduced this financial year. Highways insurance liability costs have overspent by £6,000, however it is anticipated that there will be a saving of £6,000 on Lantern conversions.

#### **2.4 Progress on growth and savings**

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

### **3 CAPITAL**

**Capital Budget Monitoring - Transport, Environment and Leisure Services  
Quarter 3 - 2006/07**

Description	Original Budget £'000	Current Annual Budget 2006/07 £'000	Budget Profile to Q3 £'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	2,777	1,186	529	19.0%	1,300	-1,477	1,518
Waste Management	407	448	167	0	0.0%	200	-248	240
Transportation & Highways	4,573	4,951	2,925	1,334	26.9%	2,990	-1,961	1,660
Parking	0	245	150	86	35.1%	150	-95	3
<b>Total Business Group</b>	<b>7,536</b>	<b>8,421</b>	<b>4,428</b>	<b>1,949</b>	<b>23.1%</b>	<b>4,640</b>	<b>-3,781</b>	<b>3,421</b>

Financed By							
Transport for London Grant	1,528	1,570			945	-625	712
Contributions from other Bodies	63	78			78	0	
Renewals Fund	188	195			195	0	
Other Reserves	583	648			583	-65	
Bridge Reserve	77	132			38	-94	83
Capital Reserve - TELS	50	81			16	-65	
Car Parking Reserve	3,215	3,789			1,635	-2,154	1,616
Housing Revenue Account	122	122			122	0	
Direct Revenue Funding	0	16			68	52	
Lottery Grant	100	53			126	73	
General Resources	1,610	1,737			834	-903	1,010
<b>Total</b>	<b>7,536</b>	<b>8,421</b>			<b>4,640</b>	<b>-3,781</b>	<b>3,421</b>

### 3.1 Commentary on Variances

The forecast outturn for Sloane Square is £250,000. The approved budget is £1.046 million, though this includes the withdrawn TfL 2006/07 contribution. It has been reinstated for 2007/08 subject to the design.

Golborne Road is also unlikely to be on site this year with slippage of £299,000 as reported last quarter.

£83,000 for the repainting of Stanley Bridge is likely to slip into next year as there are problems with track possession. The cost is equally shared with The London Borough of Hammersmith and Fulham who cannot commit to making their contribution this year.

Transport Action Plans are likely to underspend by £400,000. The main works for this year are secure motorcycle parking which will not now start in 2006/07 and relighting projects.

The Street Scene project will underspend its £500,000 budget by £300,000.

The budget contains £250,000 for structural repairs to Albert Bridge but there is likely to be some slippage of £57,000 as TfL approval is still outstanding. It is assumed that TfL will totally fund this element. Nothing has so far been approved. Early indications are that remedial works could be in the region of £9 to £10 million. If TfL do not provide

funding the Royal Borough could face some difficult decisions on the options for the future use of the bridge.

Worlds End Place is progressing well. It may be necessary to use part of next year's budget allocation this year.

Tenders for replacing the Town Hall Car Park Toll and Access Management system have come in approximately £90,000 below budget.

It is likely that there will be slippage of £90,000 at Pembroke Road Northside Garages where no specific scheme has yet been agreed and £150,000 at Denyer Street Depot where progress is being made.

A key decision for a CCTV Digital Recording System increases the budget from £87,000 to £128,000.

£37,000 set aside for Avondale Park is no longer required as is the £25,000 set aside for Holland Park Collonade. The residual £37,000 allocated for Leisure Developments is unlikely to be used for this purpose as St Lukes and Chelsea Sports Centre now have their own specific budgets.

The Holland Park North Wall repairs will not start this year with slippage of £288,000 and the parks strategy and development plan will slip by £460,000 for Kensington Memorial Park, though the tender has now been accepted.

The Sports Centre Planned Maintenance Programme will slip by £750,000.

The new contract for the management of Holland Park Café has now been awarded. It was agreed that the Council would pay the outgoing contractor £68,000 for the equipment, and although there is no specific provision in the capital budget for this £40,000 can be met from a carry forward and the remaining £28,000 from underspending on other projects.

The new canopy for Holland Park Theatre is progressing well. A recent decision to purchase new seating and a mezzanine floor will require about £200,000 of the £430,000 budget to be spent this year.

## 4 KEY TRENDS, COST DRIVERS AND LEAD INDICATORS

<b>Staff Costs Budget Monitoring - Transport, Environment and Leisure Services December 2006</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	1,611	1,219	1,241	22	1.8%	1	0.1%
Waste Management and Leisure	4,690	3,555	3,494	-61	-1.7%	19	0.5%
Transportation & Highways (excluding Parking Operations Division)	2,348	1,761	1,732	-29	-1.6%	27	1.6%
Parking Operations Division	3,865	2,903	2,896	-7	-0.2%	34	1.2%
<b>Total</b>	<b>12,514</b>	<b>9,438</b>	<b>9,363</b>	<b>-75</b>	<b>-0.8%</b>	<b>81</b>	<b>0.9%</b>

## 5 PERFORMANCE INDICATORS

### 5.1 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%	<b>85.0%</b>		<b>82.3%</b>

### 5.2 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	

## 6. RECOMMENDATIONS

6.1 To rephase the 2007/08 budget of £430,000 for the purchase of the Holland Park Theatre seating and mezzanine floor to allow stage payments of approximately £200,000 to be made in 2006/07.

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