

To all Members of the Regeneration and Economic
Development Policy Overview Select Committee



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Ask for:
Date: 28 March 2011

Dear Member

**REGENERATION AND ECONOMIC DEVELOPMENT POLICY OVERVIEW AND
SCRUTINY COMMITTEE - FRIDAY, 1 APRIL 2011**

I am now able to enclose, for consideration at the meeting of the Regeneration and Economic Development Policy Overview and Scrutiny Committee next Friday, 1 April 2011, the following two reports, which were unavailable when the agenda was printed.

Agenda No	Item
B4	<u>Local Enterprise Partnership/Regional Growth Fund - update (1 - 10)</u>
B8	<u>Financial Monitoring Report (11 - 18)</u>

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter Sass".

Peter Sass
Head of Democratic Services & Local Leadership

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By: Kevin Lynes
Cabinet Member for Regeneration and Economic Development

David Cockburn
Executive Director, Strategy, Economic Development and ICT

To: Regeneration and Economic Development
Policy Overview and Scrutiny Committee

1 April 2011

Subject: LOCAL ENTERPRISE PARTNERSHIP AND REGIONAL
GROWTH FUND

Classification: Unrestricted

Summary:

The Government has made significant changes to the national framework to support local economic growth, including the establishment of Local Enterprise Partnerships, a Regional Growth Fund and a range of incentive measures

This paper:

- Updates the Committee on the establishment of the Kent Essex and East Sussex Local Enterprise Partnership;
- Sets out progress in accessing the Regional Growth Fund;
- Outlines the potential for other measures currently being promoted by Government to support growth in Kent.

The Committee is asked to note the report.

1. Introduction

1.1. Since the general election, the Government has made a number of major changes to economic development policy. In particular, regional government has been abolished, with the Regional Development Agencies to be wound up in 2011/12. In view of the wider public spending background, there is also a lower emphasis on grant funding and a stronger focus on tax and other incentive measures to stimulate private sector investment.

1.2. In accordance with this strategic approach, the Government has established a number of locally-led Local Enterprise Partnerships (including one for Kent, Essex and East Sussex) and a competitive Regional Growth Fund designed to promote private sector employment. In addition, the Budget announced on 23 March set out the details of a range of incentive measures.

2. The Local Enterprise Partnership

- 2.1. In place of the Regional Development Agencies, Government invited proposals for new Local Enterprise Partnerships (LEPs) in summer 2010. Kent County Council with partners in Essex and East Sussex responded to this with a proposal for a LEP covering the three counties in autumn last year. This proposal was welcomed by Government, and the Kent, Essex and East Sussex LEP was one of the first 24 such partnerships to receive Government backing.
- 2.2. Since then, the LEP has established an Interim Board, which has now met twice, and has approved governance arrangements for the full Board. This envisages a large Board of 44 members (of which 50% will be from business) and a smaller Executive Group of 24.
- 2.3. It is not anticipated that LEPs will be defined in legislation, and it is likely that there will be considerable diversity across the country in the roles and that LEPs take on. However, Government has indicated in the Budget that LEPs will have a role in determining the locations of future Enterprise Zones (see Section 4 below). The Kent, Essex and East Sussex LEP is also in the process of developing a high-level initial work programme, reflecting shared priorities highlighted in the original submission around coastal regeneration, the Thames Gateway, the rural economy and key transport and infrastructure improvements.

3. Regional Growth Fund

- 3.1. The Regional Growth Fund (RGF) is worth £1.4 billion over three years and has been established to promote private sector growth, especially in those parts of the country that are highly dependent on public sector employment. The RGF operates as a challenge fund, with no ringfencing and no specific geographic eligibility. However, private sector leverage and demonstrable private sector job creation will be key criteria for successful bids.
- 3.2. The first round of RGF proposals closed on 21 January. As anticipated, competition was very high and the fund has been substantially over-subscribed. Six proposals were submitted from Kent; at the time of writing we do not know which of these have been successful, although an announcement is anticipated shortly and a further update will be provided to the Committee.
- 3.3. There will be a further opportunity to bid to the Fund in a second round likely to open in April. Competition is again likely to be high and schemes that do not solidly meet the private sector leverage and job creation criteria are unlikely to be successful. However, it is anticipated that the second round will include a greater emphasis on proposals that are co-ordinated with other local measures to promote growth. In this context, there may be significant potential to assemble a package including RGF funding to support economic growth in East Kent following the announcement of the closure of Pfizer at Sandwich, and work is underway to support this.

4. Potential for other measures to support economic growth

- 4.1. A number of measures to promote growth were set out in the Budget on 23 March. A more detailed note on the Budget and its implications for economic development in Kent is set out in Annex 1. It should be noted that this is very much an initial overview produced immediately after the publication of the Budget, and there may be additional analysis to present to the Committee.
- 4.2. In particular, the Government has brought forward proposals to create a number of Enterprise Zones. Originally developed in the 1980s, Enterprise Zones are clearly-defined areas (usually a number of specific development sites) benefiting from specific business rate incentives and planning flexibilities.
- 4.3. Nationally, 11 areas have already been identified for Enterprise Zones, none of which are in Kent. However, there will be an opportunity to bid for Enterprise Zone status for a further ten locations over the course of the next six months. Local Enterprise Partnerships will have a role in determining Enterprise Zone locations, and the chances of success are likely to be greater where proposals clearly align with those for Regional Growth Funding and other forms of support.
- 4.4. The Government has also embarked on a Local Government Resource Review. This includes investigation of an enhanced business increase bonus scheme, allowing local authorities to retain growth in business rates above a threshold (with the prospect of measures to allow the full retention of locally raised business rates).
- 4.5. Within Kent, work is progressing on the development of the Kent and Medway Investment Fund. Also known as the 'evergreen' fund, this proposal seeks to create a recyclable investment fund that can bring key regeneration sites under local control and attract private sector investment to bring them forward. Similar funds have been established elsewhere in the country (notably in Greater Manchester) and there may be the potential for an element of Regional Growth Fund investment. CBRE are currently working with KCC, Medway Council and the Kent Districts to develop a viable model.

5. Next steps

- 5.1. Over the short term, developing a co-ordinated approach to securing Regional Growth Fund investment and Enterprise Zone status for key locations in Kent is likely to be a high priority, as will securing RGF support for the proposed Kent Investment Fund. Clearly, national competition will be high, and it will be important that proposals supported by KCC demonstrate high deliverability and strong prospects for private sector job creation.
- 5.2. In addition, work is progressing in determining the priorities and operation of the LEP. This will need to take account of the role that Government envisages that LEPs will have in enabling us to take advantage of economic incentive

measures, although there is likely to be considerable flexibility in determining how the LEP will work locally.

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23 March 2011

Background Documents:

Annex 1: Budget 2011: Summary and relevant issues for Kent

Budget 2011:

Summary and relevant issues for Kent

The Budget was announced on 23 March and was accompanied by a further 'Plan for Growth' outlining actions across Government to support economic growth. The Budget contains a number of measures to promote local economic development, including the establishment of Enterprise Zones.

This note summarises the main issues within the Budget statement and its associated documents and their implications for economic development in Kent.

1. Enterprise Zones

Enterprise Zone locations

The Budget announces the establishment of 21 new Enterprise Zones. Ten Local Enterprise Partnerships and the Greater London Authority have been 'guaranteed' an Enterprise Zone each, with London already stating that its EZ will be at the Royal Docks in the Thames Gateway.

For the remaining ten Enterprise Zones, there will be a competitive bidding process. **So potential locations in Kent will need to compete for an EZ.** The process for securing an EZ will be through the Local Enterprise Partnership - it appears unlikely that there will be more than one EZ per LEP - and an invitation to bid will be sent to LEP chairs shortly. Decisions on the final ten EZs will be made in the summer.

It is unclear what Government regards as the optimum size for an Enterprise Zone. Within the 1980s/ 90s programme, EZs were site-specific (the last four to be established averaged 117 hectares over 4-10 sites). Given the similarity of the new EZs to the 1980s model, it seems likely that they will again be site-based.

Enterprise Zone incentives

The EZ concept envisaged in the Budget is a package of planning and tax incentives, consisting of:

- 100% business rate discount worth up to £275k over five years for businesses moving into an EZ;
- Business rate growth within the zone over at least 25 years will be 'retained and shared by local authorities in the LEP area'. Clearly however, the benefits of an EZ will only accrue to part of a LEP area (especially in a

large LEP such as Kent, Essex and East Sussex), so it is not clear what this will mean in practice;

- 'Radically simplified planning approaches' using Local Development Order powers;
- Government support to superfast broadband within the EZ.

In addition, Government may offer capital allowances for plant and machinery if there is a focus within the EZ on manufacturing and offer the potential for tax increment financing and additional inward investment support.

The risks of displacement associated with the proposed package appear at first glance to be quite high. Presumably there will be further guidance in the invitation to bid.

Proposals for an Enterprise Zone are already well advanced in East Kent associated with the Pfizer closure, as well as in the Thames Gateway. As there will probably only be one EZ in the LEP area, competition with Essex and East Sussex is likely to be high and we will need to make a strong case for Kent.

2. Regional Growth Fund

The Budget confirms that successful bids to the first round of RGF (of which there were six from Kent) will be announced shortly. We know that the first round was heavily over-subscribed, and that a high proportion of projects nationally are likely to fail state aid compliance.

The next round will be launched in April. It has already been stated that the next round will permit 'programme-based' applications (as opposed to the requirement for standalone projects in Round 1), and there may be a value in linking these with EZ proposals. However, the Budget contains no further detail on this.

The Growth Plan also states that Government has encouraged Capital for Enterprise Ltd (CfEL, the Government-run SME investment body) and private sector business angels to submit a bid to RGF for a **Business Angel Co-investment Fund** to support angel investments in SMEs in areas most affected by public spending cuts. It is unclear whether this would operate nationally or through a regional structure.

3. Infrastructure

As anticipated, there is little provision for infrastructure investment. The only specific announcement for new infrastructure is an additional £200 million for **rail projects** (with a specific scheme in Manchester highlighted for support). There is also a commitment to publish a 'forward view' of infrastructure and

construction projects in autumn 2011 as part of the National Infrastructure Plan.

The Budget also confirmed that the initial capitalisation of the **Green Investment Bank** will be £3 billion (of which £1bn was announced in the Spending Review and a further £2bn will be gained through sale of assets). The GIB will begin operation in 2012/13, with borrowing powers from 2015/16.

4. Planning reform

Reform to the planning system forms a major plank of the associated Plan for Growth. Key elements include:

- Introduction of a **presumption in favour of sustainable development** (i.e. the assumption that where plans do not explicitly say otherwise, applications for development and job creation should be accepted. Further details will be published in May; in the meantime a written statement by DCLG has been published alongside the Budget.
- As already underway, production of a **National Planning Policy Framework** intended to be 'focused and inherently pro-growth' and finalised by the end of 2011.
- Requirements on community-based **neighbourhood plans** to consult with business and to 'shape development, not block it'. Associated with this, businesses will be able to bring forward their own neighbourhood plans, for example for a single industrial site.
- Piloting of **land auctions**, through which local authorities would auction planning permission on parcels of land owned by the public sector or participating private landowners. The first pilot schemes are anticipated over the next 12 months
- Removal of central targets on the proportion of development to take place on **previously developed land**.
- Consultation on proposals to permit **change of use** from business use (B1, B2, B8) to residential without planning permission, associated with a wider review of use classes.
- Various measures to speed up **planning applications**, including a 12 month guarantee for the processing of all applications, including appeals. This commitment is extended to major infrastructure applications.
- Introduction of a duty on local authorities and public bodies to **co-operate** on planning issues. The Government also reiterates a number of *potential* roles that LEPs could have in the planning system, although this remains to be determined.

5. Innovation and business support

Research and development

The Budget announces a number of measures to support research and development, including an increase in the R&D tax credit for SMEs to 200%

(from 175%) and a simplification of the R&D tax credit regime. Locally, a significant emphasis had been placed on the need for these reforms as part of the Pfizer exit strategy.

A further £100 million in capital funding is announced for facilities for the commercialisation of science research. The first **Technology Innovation Centre (TIC)** is also announced for advanced manufacturing, linking a number of existing centres (none of which are in Kent or the South East). Plans to select further TICs will be made in May.

Trade

The Growth Plan includes a commitment to a new package of support for SMEs new to exporting, operated by UKTI and providing advice on firms' export capacity and potential export markets.

Business regulation

The Growth Plan sets out a number of measures to reduce the regulatory burden on business. These include a moratorium exempting micro businesses (i.e. those with less than 10 employees) from compliance with new domestic regulation for three years from 1 April 2011.

In addition, specific regulatory proposals include a decision not to extend the right to request time to train to businesses with fewer than 250 employees.

Access to finance

Measures include **tax incentives** to support investment in SMEs, including an increase in the lifetime limit on capital gains qualifying for Entrepreneurs' Relief and an increase the rate of Enterprise Investment Scheme income tax relief to 30%.

In addition, as previously announced in the Spending Review:

- Extension of the **Enterprise Finance Guarantee** (which guarantees bank lending);
- Extension of the **Enterprise Capital Funds** programme, which provides equity finance
- Rollout of the **Business Coaching for Growth** service, trailed in the recent Business Support Review from January 2012.

Sector specific actions

In addition, Government announces a number of specific actions in relation to the low carbon, advanced manufacturing, healthcare and life science, digital and creative, business services, retail, construction, space and tourism sectors. These amalgamate several measures already announced as well as new spending commitments. A further note outlining these will follow.

6. Housing

The Budget announces £250 million for the **FirstBuy** programme to support first time buyers in new-build accommodation with equity investments jointly funded by housebuilders. Although with little detail in the Budget report itself, the Government also commits to making Real Estate Investment Trusts easier to establish, to encourage investment in the **private rented** sector.

Ross Gill
24 March 2011

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BY: Kevin Lynes, Cabinet Member for Regeneration and Enterprise
David Cockburn, Corporate Director Business Strategy & Support

TO: Regeneration and Economic Development Policy Overview &
Scrutiny Committee – 1st April 2011

SUBJECT: Financial Monitoring 2010/11

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the impact of the third quarter's budget monitoring report for 2011/12 due to be reported to Cabinet on 4th April 2011.

FOR INFORMATION

1. Introduction

1.1 This is a regular report to this Committee on the forecast outturn for Regeneration and Economic Development as reported within Chief Executives Department budget.

2. Forecast Outturn

2.1 A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. These reports outline the full financial position for each portfolio and are reported to POSCs after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report.

2.2 The third quarter's monitoring report for 2010/11 will be presented to Cabinet on 4th April 2011. An extract from the annex for the Chief Executives Department pertaining to the Regeneration and Economic Portfolio is attached as appendix 1.

2.3 Revenue Budget

2.3.1 The monitoring report identifies the re-phasing of a number of revenue projects due to uncertainties around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships as it is now clear these issues will not be resolved to spend the identified budget in 2010/11. We are proposing the under spend is transferred into the Regeneration Fund to fund projects in future years subject to the approval of the Regeneration Board.

2.3.2 We have also identified an increased under spend on staffing since the last report to this POSC and additional funding from Kent Thameside of £0.64k which supports equivalent spending.

2.4 *Capital Budget*

2.4.1 The latest monitoring identifies that none of the bids against the capital Regeneration Fund will now result in any spend in 2010/11 and all spending (£3.645m) will be re-phased into 2011/12. There is also a small under spend (£53k) on the Dover Priory Station approach road which will be returned to the Fund.

2.4.2 There have also been re-phasing of spend on Empty Property Initiative (£600k) and Swale Parklands (£342k). The slippage on Empty Property Initiative is due to the current financial climate. Banks have been tightening their own lending and reducing 'Loan To Value' ratios and are taking longer to provide letters of consent. Many of the projects identified also require consent from the 1st lender to register a 2nd charge in favour of KCC. The slippage on Swale Parkland was due to the heavy rains during January which brought work to a halt whilst the ground dried up. Work recommenced during the last week in February 2011.

2.4.3 The funding for the Thames Gateway Programme was withdrawn as part of the Comprehensive Spending Review and the contribution towards the Kent Thameside Regeneration Partnership (£480k per annum from 2011/12 to 2013/14) has been removed from the capital programme and the partnership will be wound-up by 31st March 2011.

3 **Recommendations**

3.1 Members of the POSC are asked to note the projected outturn for the Regeneration and Economic Development Portfolio for 2010/11 based on the third quarter's monitoring report to Cabinet.

Background Documents:

- 1) Cabinet 4th April 2011 – Revenue and Capital Budgets, Key Activity and Risk Monitoring

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REGENERATION & ECONOMIC DEVELOPMENT SUMMARY MARCH 2010-11 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 2 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Economic Development portfolio							
Supporting Business	2,468	-590	1,878	-74	8	-66	Staff vacancy savings
Growth Areas	1,694	-466	1,228	27	-64	-37	Kent Thameside Board agreed to addt funding of £64k to support equivalent addt costs
Kent wide & Strategic Projects	4,222	-1,011	3,211	0	0	0	Underspend on projects offset by transfer to Regeneration Fund
Research & Intelligence Group	435	-101	334	99	-90	9	Addt staff costs off-set by income
Kent Film Office	110		110	0	0	0	
Resources	604	-137	467	-5	0	-5	
TOTAL Regen & ED	9,533	-2,305	7,228	47	-146	-99	
Total Directorate Controllable	9,533	-2,305	7,228	47	-146	-99	
Assumed Management Action:							
- L&P portfolio						0	
- CS&PM portfolio						0	
- Finance portfolio						0	
- PH&I portfolio						0	
- Regen & ED portfolio						0	

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:

Regeneration and Economic Development portfolio:

1.1.3.1 We have encountered delays in a number of regeneration projects due to uncertainty around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships. We are proposing that the

consequential underspend of £953k is transferred into the Regeneration Fund and will be used to fund the projects in future years subject to the approval of the Regeneration Board. This is consistent with the future strategy for regeneration projects and staffing where increasingly funds are proposed to be provided through the Regeneration Fund rather than base revenue budget.

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
R&ED	Transfer to the Regeneration Fund of underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	+953	R&ED	Underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	-953

1.1.4 Actions required to achieve this position:

Management action to date has been to freeze vacancies in a number of units and to restrict non-essential spend in order to generate maximum underspend in 2010-11 and to contribute towards the authority wide £1m moratorium saving required to roll forward to 2011-12 to balance the budget.

1.1.5 Implications for MTP:

All current year pressures have been fully addressed in the 2011-13 MTFP.

1.2 CAPITAL

1.2.1 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 to reflect the position in the 2011-14 MTFP as agreed by county council on 17 February 2011, any further adjustments are 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	2010-11	2011-12	2012-13	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Regeneration & Economic Development Portfolio						
Budget	15,312	11,571	9,889	8,242	5,480	50,494
Adjustments:						0
Revised Budget	15,312	11,571	9,889	8,242	5,480	50,494
Variance		-4,675	4,160	-480	-480	-1,475
split:						
- real variance		-88	-427	-480	-480	-1,475
- re-phasing		-4,587	+4,587			0
Directorate Total						
Revised Budget	15,312	11,571	9,889	8,242	5,480	50,494
Variance	0	-4,675	4,160	-480	-480	-1,475
Real Variance	0	-88	-427	-480	-480	-1,475
Re-phasing	0	-4,587	4,587	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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 £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
R&ED	Capital Regeneration Fund	phasing			-3,645	
R&ED	East Kent Empty Property Initiatives	phasing		-600		
R&ED	Swale Parkland	phasing		-342		
			0	-942	-3,645	-0
				-942	-3,645	-0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Capital Regeneration Fund - +£0.053m (-£3.645m of re-phasing in 2010-11 and +£3.645m of re-phasing and +£0.053m real in 2011-12)

There are various bids under consideration but no expenditure will occur in 2010-11. Alongside this re-phasing is a real overspend of £0.053m due to a real underspend on the Dover Priory Station Approach Road project, the underspend will be returned to the Capital Regeneration Fund for re-allocation to new projects. (see real underspend in S.1.2.5 below).

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	Future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		3,645	1,420	1,980	5,000	12,045
Forecast			5,118	1,980	5,000	12,098
Variance	0	-3,645	+3,698	0	0	+53
FUNDING						
Budget:						
Prudential		3374	1420	1980	2500	9274
Capital receipt		271			2,500	2,771
TOTAL	0	3,645	1,420	1,980	5,000	12,045
Forecast:						
Prudential			4847	1980	2500	9327
Capital receipt			271		2,500	2,771
TOTAL	0	0	5,118	1,980	5,000	12,098
Variance	0	-3,645	+3,698	0	0	+53

1.2.5 Projects with real variances, including resourcing implications:

There is a real variance of -£1.343m (+£0.044m in 2010-11, -£0.427m in 2011-12, -£0.480m in 2012-13 and -£0.480m in later years) which is detailed as follows:

Kent Thameside Regeneration Partnership -£1.440m (-£0.480m per annum 2011-12 to 2013-14): The Government's Comprehensive Spending Review confirmed the abolition of the Thames Gateway Programme which previously part-funded the KTRP Executive Team. As a result the Partnership is to be wound up with effect from 31 March 2011.

Dover Priory Station Approach Road -£0.088m (in 2010-11): Original contribution from Network Rail (NR) included £0.035m of their own fees. These fees were not charged to the project in cash terms but were deducted from the £0.7700m NR contribution. £0.053m represents a reduction in the contingency required by the project. These funds are returned to the Regeneration Capital Fund in financial year 2011-12 for re-allocation to new projects (please see S.1.2.4.1 above).

1.2.6 General Overview of capital programme:

- (a) Risks

(b) Details of action being taken to alleviate risks

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.

	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital Regen Fund					
Amended total cash limits	+3,645	+1,420	+1,980	+5,000	+12,045
re-phasing	-3,645	+3,645	0	0	0
Revised project phasing	0	+5,065	+1,980	+5,000	+12,045
East Kent Empty Property Initiative					
Amended total cash limits	+2,824	+1,500	+262		+4,586
re-phasing	-600	+600			0
Revised project phasing	+2,224	+2,100	+262	0	+4,586
Swale Parklands					
Amended total cash limits	+672	+249			+921
re-phasing	-342	+342			0
Revised project phasing	+330	+591	0	0	+921
Total re-phasing >£100k	-4,587	+4,587	0	0	0
Other re-phased Projects below £100k	+10	-10			

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