

**To:** Regeneration and Economic Development Policy Overview & Scrutiny Committee – 17 November 2010

**By:** Kevin Lynes, Cabinet Member for Regeneration and Economic Development David Cockburn, Executive Director Strategy, Economic Development & ICT

**Subject:** BUDGET 2011/12 AND MEDIUM TERM FINANCIAL PLAN 2011/12 TO 2012/13

Classification: Unrestricted

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**Summary:** This report identifies the proposed strategy for determining next year's budget and the financial plans for the following years. This includes an initial analysis of Spending Review 2010, the likely impact on the overall funding for KCC, the indicative cash limit for the Regeneration and Economic Development portfolio, and the latest indications of likely pressures facing the Regeneration and Economic Development portfolio.

**Recommendation:** Members are asked to review and comment on the pressures outlined for the Regeneration and Economic Development portfolio and to identify their priorities in order to meet the indicative cash limit.

## **FOR COMMENT**

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### **1. Introduction**

- 1.1 The Autumn Budget Statement is due to be presented to Cabinet on 29<sup>th</sup> November 2010 and will set out the proposed budget strategy following the Spending Review announcement on 20<sup>th</sup> October. Even after the Spending Review announcement we will not know the full impact on the County Council's grants until we get the provisional Local Government Finance settlement. Indications are that we will not receive this settlement information until early December.
- 1.2 The Spending Review and Local Government Finance announcements will give us the final detail but we have been planning based on a likely scenario of a 5% per annum reduction in cash terms in Government grants. This assumption was based on the Chancellor's statement in his emergency budget that unprotected spending departments should plan for a 25% reduction in real terms from the forthcoming spending review.
- 1.3 The overall for position for the County Council was that we estimated the combination of reduced grant allocations and demands for budget pressures would amount to a gap of £340m over the next four years. The gap for the next two years was estimated at £136m.

## 2. Background

- 2.1 Provisional cash limits for 2011/12 and 2012/13 were approved by the County Council on 18<sup>th</sup> February 2010 in the Medium Term Plan (MTP) for 2009/12. The approved Budget & MTP for the Regeneration and Economic Development portfolio is included as appendix 1. These provisional cash limits will be updated for known changes such as transfers of activities or staff between portfolios and identified as base budget adjustments in monitoring reports.
- 2.2 We are proposing that the provisional cash limits are updated for unavoidable pressures. These may be new pressures, changes to pressures identified in the existing published MTP, or resisting previously identified pressures. In all cases the amounts included as budget pressures have been thoroughly scrutinised to ensure only legitimate unavoidable pressures have been included in cash limits. Any pressures arising from individual portfolio proposals which are not unavoidable will have to be met within existing cash limits through corresponding savings elsewhere in the portfolio.
- 2.3 Portfolios have been set targets for budget savings via the indicative cash limits on a priority-led basis to target savings according to highest relative spend and KCC priorities for services as outlined in the consultative document "Bold Steps for Kent". In setting these targets we have been clear that we need to drive out as much as possible from efficiency savings. These indicative cash limits are intended to give members and officers an indication of the magnitude of the savings needed in order to close the £136m gap and will be revised before the draft budget is published to take account of the specific proposals contained therein.
- 2.4 The revised indicative cash limit for the Regeneration and Economic Development portfolio is summarised in table 1 below.

| Table 1                     | 2011/12<br>£000s | 2012/13<br>£000s | Total<br>£000s |
|-----------------------------|------------------|------------------|----------------|
| Existing Approved MTP       |                  |                  |                |
| Base                        | 6,361            | 5,528            | 6,361          |
| Base Adjustments            | 125              |                  | 125            |
| Pressures                   | 10               | 10               | 20             |
| Grants                      |                  |                  |                |
| Savings & Income            | -13              | -63              | -76            |
| Total Existing MTP          | 6,483            | 5,475            |                |
|                             |                  |                  |                |
| New Base Budget Adjustments |                  |                  |                |
| New & Changed Pressures     | 109              | 25               | 134            |
| Savings Target              | -1,064           | -816             | -1,905         |
| Proposed Cash Limit         | 5,528            | 4,684            | 4,684          |

## 3. Latest Developments: National Context

- 3.1 The outcome of the Spending Review 2010 was announced on 20<sup>th</sup> October and set out the Government's **national spending plans** for 2011/15. The Spending Review

gives us an overall indication of the Government's spending priorities by department but does not give us detailed grant settlements. We are anticipating provisional grant settlements in early December.

- 3.2 The overall spending plans are in line with the reductions outlined in the emergency budget in June and the spending review just gives us a clearer indication which departments are to be protected and when reductions will start to bite for different Government departments. The announcements on Formula Grant for local authorities show that the reductions are front loaded with the biggest reductions in 2011/12.
- 3.3 Other than Formula Grant (which now includes the transfer of Area Based and specific grants into the Formula Grant) we do not have any information on the scale of reductions in other government grants or when the reductions might hit. At this stage we are assuming these reductions will be in line with ministerial statements on the average reduction.
- 3.4 The Spending Review announcement includes a confusing comparison of cash reductions in Government Department spending (referred to Department Expenditure Limits) and quoted real terms reductions in grants. Ministers have stated that councils will face an average loss of grant of 7.25% in real terms in each of the next 4 years, although we are concerned that the front loading of reductions in Formula Grant will mean that this average could disguise in year differences. The impact of distributional changes as Area Based and specific grants are transferred into the formula (as well as changes to the formula methodology) are also likely to result in further variations from this average for individual authorities.
- 3.5 As outlined in paragraph 3.2 we do know the cash reductions in Formula Grant. This shows a reduction of £4.1bn over the next two years (14.4%) and £5.6bn over the four years (19.6%). These reductions **include** the extra £1bn for personal social services and the £0.7bn Council Tax Freeze Grant.
- 3.6 The grant changes announced in the Spending Review do not have a direct impact on the Regeneration and Economic Development Portfolio budget as the only change was the previously announced loss of the Local Authority Business Growth Incentive scheme (LABGI) grant which we had already assumed would end in 2011/12 within the current published MTP. However, there have been significant consequences on partner organisations which will impact on the work of the regeneration team including:
  - the demise of SEEDA by March 2012 and the reductions in funding already being seen in 2010/11 by LiK, KEB, Ashford's Future, Margate Regeneration Partnership. These reductions will be more severe next year. There is also uncertainty over future funding for the Innovation and Growth Team for Kent and Medway.
  - the cuts to HCA funding which will impact on funding for many regeneration partnerships/delivery vehicles next year including Ashford's Future, Kent Thameside, regeneration in Swale, various rural programmes as well as the delivery of affordable housing.
  - changes to the business support provision with Business Link likely to contract to web site/telephone service only.
  - excitingly, the Government has announced approval of the LEP bid for Kent, Greater Essex and East Sussex. There will be no funding available for its

operation so consideration is being given as to how this will be best funded across the 3 county areas.

Officers in Regeneration and Economy are working with partners to assess the relative importance of these partnerships/activities compared to our other existing priorities.

3.7 In summary the Spending Review has confirmed the following changes to the national funding arrangements for local government:

- The overall reduction in grants to councils of an average of 7.25% in real terms in each of the next 4 years.
- Reduction in the baseline Formula Grant of £7.2bn reduction in cash terms over the next four years but with savings front loaded into 2011/12. This equates to a 29.2% reduction in cash terms (35.6% real terms) over four years with 22.4% cash reduction (25.6% real terms) in the first 2 years
- Transfer of £3.4bn of Area Based and Specific Grants into Formula grant. These transferred grants are subject to differential increases or reductions over the two/four year period which marginally change the overall reductions
- The allocation of a new £1bn grant for Social Services within the Formula Grant (with a further £1bn to be administered as a specific grant from Department of Health)
- The allocation of a new £0.7bn grant to honour the pledge to support councils in freezing Council tax increases for 2011/12. This grant provides funding for the four year period and thus earlier fears that a freeze would not be sustainable have been alleviated for this spending review period.
- The Local Growth White Paper confirmed the establishment of a Regional Growth Fund (RGF) which will be worth £1.4b over 3 years. The RGF will operate as a challenge fund aimed at creating private sector growth especially in areas 'over dependent' on public sector employment, and demonstrating significant private sector leverage. First round bids have to be submitted by 21<sup>st</sup> January. R&E will be working with partners on a bid. .

3.8 Over the last 2 years inflation initially declined in the wake of the recession in autumn 2008/winter spring 2009 but has been rising since autumn 2009 and has only recently started to marginally decline. Throughout the period other than for a brief period in summer 2009 inflation has exceeded the Government's 2% target for CPI. Inflation remains as one of the most significant pressures on our budgets and resisting inflationary pressures through negotiating with suppliers remains a key strategy to balance the budget.

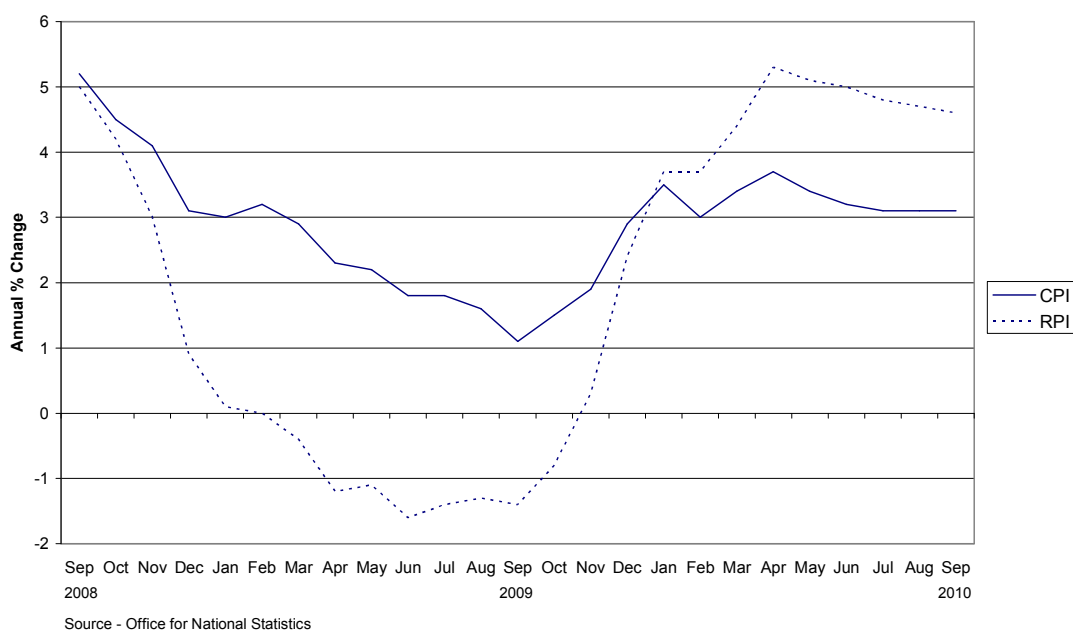
3.8 There are different indices used to measure inflation which enable an annual rate of underlying inflation to be calculated:

Retail Price Index (RPI) – This is the traditionally accepted measure for inflation and has been calculated continuously since June 1947. In the past it is used by the government to update pensions, benefits and index-linked gilts. However, in his Emergency Budget the Chancellor announced that in future all benefits, tax credits and public sector would be updated by CPI rather than RPI (with a guaranteed increase of at least 2.5% for state pensions). RPI is still commonly used to update contracts, and is often taken into account in wage bargaining

Consumer Price Index (CPI) – This is the measure now adopted by Government for targets on the economy. It is based on harmonised consumer index prices (HCIP) and enables comparison on internationally agreed standards throughout Europe. It does not include mortgage interest or indirect taxes but does include some financial services not included in RPI.

Beneath the headline figures for RPI and CPI there are detailed indices for individual areas of spending such as energy, housing, food, etc. We use projections of the detailed indices in determining inflationary pressures rather than the general all items index (for some contracts we use specific indices where these are written into the contract terms).

3.9 The chart below shows the changes in the all items indices of inflation over the last 2 years.



#### 4. Revenue Budget Strategy

4.1 Following the Spending Review announcement we have reviewed our assumptions about the overall gap. We remain confident at this stage that our overall strategy for a gap of £340m over four years is still realistic. However, in light of the front loading of the reductions in Formula Grant we are now estimating that the magnitude of savings needed to balance estimated grant reductions and pressures for 2011/12 and 2012/13 is £153m. At this stage this revision to the targets for the first two years has not been reflected in the indicative cash limits subject to confirmation of provisional grant settlements in early December.

4.2 Regeneration & Economy is undertaking a priority led budgeting exercise, assessing all current and future projects through criteria that includes creating jobs and conditions for growth. Clearly this will assessment will include feedback from the REDPOSC prioritisation exercise too. It is anticipated that this exercise will be completed late November/early December.

## 5. The current budget and medium term priorities

5.1 The current budget for the portfolio(s) under the oversight of this POC is as follows:

|                        | Gross spend<br>£'000 | Income<br>£'000 | Net spend<br>£'000 |
|------------------------|----------------------|-----------------|--------------------|
| Portfolio controllable | 9,533                | -2,305          | 7,228              |

Further detail is outlined in Appendix 2.

5.2 In very brief summary this budget provides for the following outcomes, outputs and/or service improvements during 2010/11:

- Support in the creation of 3,100 jobs of which 45% will be in professional or management positions or jobs in knowledge based industries and 75% will be in Ashford, Thames Gateway in North Kent or coastal east Kent
- Support Innovation and growth Team in targeting up to 85 high growth potential businesses
- Hold series of sector conversations focusing on low carbon, creative, food and construction sectors
- At least 1300 long term empty properties bought back into use
- For sites under 500 units, 80% of developer contributions sought against agreed targets
- Work with development partner in bringing forward developments at Kings Hill.
- Work with Ashford Borough Council in developing a tariff
- Work on next version of 'What Price Growth?'
- Delivery of 4 Local Investment Plans across Kent County Council
- Delivery of housing strategy for Kent and Medway
- Promote and develop wind farm industry and environmental technologies sector focusing on supply chain directory, skills development.
- Progress and review Backing Kent Business
- As part of Visit Kent, deliver Kent Contemporary and My Kent campaigns
- Deliver customer service training for 200 tourism and hospitality students over 3 years
- Pursue funding for, and plan delivery of Homes and Roads programme for Kent Thameside
- Work with delivery partnerships on identifying future arrangements for delivery in Thames Gateway Kent, Ashford, Dover and Thanet.
- Deliver Working Neighbourhoods bid for Thanet.
- Work with Dover on planning for regeneration of key sites at Whitfield, Western Heights, Wellington Dock, Mid Town area.
- Deliver Dover Sea change programme
- Work on public realm strategy for Folkestone.
- Refresh Kent Rural Delivery framework and develop a strategy for Kent's food sector, addressing food security
- Manage the future of Gravesend Old Town Hall
- Progress and review Kent Design Initiative

5.3 As reported in the quarterly monitoring reports there are spending pressures/savings in the following areas:

An under spend of £0.065m is now forecast for this portfolio. Following the Chancellor's emergency budget statement on 22<sup>nd</sup> June in which he outlined his plans to address the national budget deficit and taking into account the savings identified in the 2010-13 MTP, staff vacancies (2 FTE) within the Regeneration and Economic Development division have been frozen to enable the division to align its future priorities and meet the challenges of the emerging economic and financial landscape.

Further detail is outlined in Appendix 2.

5.4 As outlined in the proposed cash limits we are proposing to provide additional funding of £119k for 2011/12 and £35k for 2012/13 to cover unavoidable pressures including the following:

£109k to address shortfall in funding for the R&I Group  
£25k to analyse and disseminate the 2011 Census

## **6. Recommendation**

6.1 Members are asked to

- (i) note the latest information arising from the Spending Review 2010
- (ii) comment on the proposed additional funding for pressures included in the indicative cash limits and outlined in paragraph 5.4
- (iii) identify priorities for delivering the indicative cash limits

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## Appendix 1 – Existing 2010/13 Medium Term Plan and 2010/11 Revenue Budget

### Medium Term Plan

| <b>Regeneration &amp; Economic Development Portfolio Revenue Budget</b> |   |              |               |              |
|---|---|--------------|---------------|--------------|
|   | Staffing  | 2010-11      | 2011-12       | 2012-13      |
|   | FTE   | £'000        | £'000         | £'000        |
| <b>Base budget</b>  |   | <b>7,420</b> | <b>6,361</b>  | <b>6,483</b> |
| <b>Base Budget Adjustments - Internal</b>                               |   | -162         | 125           | 0            |
| <b>Base Budget Adjustments- External</b>                                |   | 0            | 0             | 0            |
| <b>Total Base Adjustments</b>   |   | <b>-162</b>  | <b>125</b>    | <b>0</b>     |
| <b>Revised Base Budget</b>  |   | <b>7,258</b> | <b>6,486</b>  | <b>6,483</b> |
| <b><u>PRESSURES:</u></b>  |   |              |               |              |
| <b>Pay:</b>   |   |              |               |              |
| All   | Non-Kent Scheme (non DSG)                           | 0            | 0             | 0            |
|   |   | 0            | 0             | 0            |
| <b>Prices:</b>  |   |              |               |              |
| All   | Other   | 8            | 10            | 10           |
|   |   | 8            | 10            | 10           |
| <b>Service Strategies &amp; Improvements:</b>                           |   |              |               |              |
| R&E   | Credit Union from PRG                               | -250         | 0             | 0            |
| Film Office   | Replace current funding stream for Kent Film Office | 150          | 0             | 0            |
| R&E   | Economic Prosperity Board                           | 300          | 0             | 0            |
| R&E   | Local Economic Assessment                           | 100          | 0             | 0            |
| <b>Total Service Strategies &amp; Improvements</b>                      |   | <b>300</b>   | <b>0</b>      | <b>0</b>     |
| <b>Total Pressures</b>  |   | <b>0.0</b>   | <b>308</b>    | <b>10</b>    |
| <b><u>SAVINGS AND INCOME:</u></b>                                       |   |              |               |              |
| <b>Income Generation:</b>   |   |              |               |              |
| R&E   | LABGI   | -500         | 750           | 0            |
| <b>Total Income Generation</b>  |   | <b>-500</b>  | <b>750</b>    | <b>0</b>     |
| <b>Savings and Mitigations:</b>   |   |              |               |              |
| All   | Restructuring                                       | -15.0        | -220          | -728         |
| R&E   | Procurement savings                                 |              | -35           | 0            |
| All   | Reduce funding for community events                 |              | -200          | 0            |
| SPAIT   | Review of SPAIT activity                            | -7.0         | -250          | 0            |
| Target reduction in net spend   |   |              | 0             | -35          |
| <b>Total Savings and Mitigations</b>                                    |   |              | <b>-705</b>   | <b>-763</b>  |
| <b>Total Savings and Income</b>   |   | <b>-22.0</b> | <b>-1,205</b> | <b>-13</b>   |
| <b>Budget controlled by this portfolio</b>                              |   | <b>-22.0</b> | <b>6,361</b>  | <b>6,483</b> |
|   |   |              |               | <b>6,430</b> |

# Portfolio Service Revenue Budget

## REGENERATION & ECONOMIC DEVELOPMENT

|   |  | REVENUE SPENDING |               |              |  |    |
|---|--|------------------|---------------|--------------|--|----|
| 2009-10                                 |  | 2010-11          |               |              |  |    |
| Spending Plans                          | Spending Plans                                       | Gross            | Income        | Net Cost     | Exec Dir   |    |
| £'000                                   |  | £'000            | £'000         | £'000        |  |    |
| 6,276                                   | Economic Development including regeneration projects |                  |               |              | Stimulation of new investment & supporting the business sector and working to deliver high quality urban and rural regeneration. This budget is now spread over the following three lines. | DC |
|   | Supporting Business                                  | 2,929            | -1,051        | 1,878        | Stimulation of new investment & supporting Kent business sectors - Business Support, Visitor Economy & Rural Economy.  | DC |
|   | Growth Areas   | 1,525            | -466          | 1,059        | Working to deliver high quality regeneration in the Growth Areas and Coastal East Kent.  | DC |
|   | Kent wide & Strategic Projects                       | 3,930            | -1,300        | 2,630        | Working to deliver high quality regeneration Kent wide including £1m project fund financed by transfer from Kings Hill reserve.  | DC |
| 521                                     | Research & Intelligence Group                        | 318              | -101          | 217          | Provide and facilitate excellence in intelligence, research, analysis and data management on behalf of KCC and its partners.   | DC |
| 141                                     | Kent Film Office                                     | 110              |               | 110          | Raising Kent's profile as a location for the film industry and working to increase the number of trainees and apprenticeships available in the creative industries.                        | TO |
| 482                                     | Resources & Support Services purchased from CED      | 467              |               | 467          | Finance support, training pensions, office running costs and Property support services purchased from CED.   | DC |
| <b>7,420</b>                            | <b>Budget Controlled by this Portfolio</b>           | <b>9,279</b>     | <b>-2,918</b> | <b>6,361</b> |  |    |
| <b>PLUS:</b>                            |  |                  |               |              |  |    |
| Budgets controlled by other portfolios: |  |                  |               |              |  |    |
| 478                                     | ♦ Central costs                                      | 582              |               | 582          |  |    |
| 551                                     | ♦ Service costs                                      | 551              |               | 551          |  |    |
| Charges for using capital assets        |  |                  |               |              |  |    |
| <b>8,449</b>                            | <b>TOTAL SERVICE COSTS</b>                           | <b>10,412</b>    | <b>-2,918</b> | <b>7,494</b> |  |    |
| Staff Numbers (FTEs)                    |  |                  |               |              | 79   |    |
| <b>Why the budget has changed</b>       |  |                  |               |              | £'000  |    |
| ♦ Changes in responsibilities           |  |                  |               |              | -162   |    |
| ♦ Inflation and rising costs            |  |                  |               |              | 8  |    |
| ♦ We have changed spending on:          |  |                  |               |              |  |    |
| □ ♦ Service strategies & improvements   |  |                  |               |              | 300  |    |
| ♦ We have income generation of          |  |                  |               |              | -500   |    |
| ♦ We have made savings of               |  |                  |               |              | -705   |    |
| <b>TOTAL</b>                            |  |                  |               |              | <b>-1,059</b>  |    |

# Portfolio Subjective Revenue Budget

## REGENERATION & ECONOMIC DEVELOPMENT

### REVENUE SPENDING ❖ HOW THE MONEY IS SPENT

| 2009-10<br>Spending plans<br>£'000 |  | 2010-11<br>Spending plans<br>£'000 |
|------------------------------------|--|------------------------------------|
|                                    | <b>Employee Costs</b>                                |                                    |
| 4,514                              | Salaries and Wages                                   | 4,313                              |
| 70                                 | Pension and Severance Payments                       | 70                                 |
| 28                                 | Training Expenses                                    | 28                                 |
| 5                                  | Other Employee Costs                                 | 5                                  |
| <b>4,617</b>                       | <b>Total Employee Costs</b>                          | <b>4,416</b>                       |
|                                    | <b>Premises Costs</b>                                |                                    |
| 10                                 | Repairs, Alterations and Maintenance                 | 10                                 |
| 0                                  | Energy Costs   | 0                                  |
| 139                                | Rent   | 168                                |
| 8                                  | Rates  | 8                                  |
| 10                                 | Other Premises Costs                                 | 10                                 |
| <b>167</b>                         | <b>Total Premises Costs</b>                          | <b>196</b>                         |
|                                    | <b>Transport Costs</b>                               |                                    |
| 0                                  | Vehicle Running Costs                                | 0                                  |
| 0                                  | Hire and Pool Car Charges                            | 0                                  |
| 0                                  | Home to School / College Transport                   | 0                                  |
| 42                                 | Public Transport (Clients)                           | 42                                 |
| 71                                 | Members and Staff Car Allowances and Travel Expenses | 62                                 |
| <b>113</b>                         | <b>Total Transport Costs</b>                         | <b>104</b>                         |
|                                    | <b>Supplies and Services</b>                         |                                    |
| 310                                | Equipment, Supplies and Transfer Payments            | 288                                |
| 0                                  | Book Fund  | 0                                  |
| 180                                | Communications and Computing                         | 163                                |
| 0                                  | Member and Staff Expenses (Excl. Travel)             | 0                                  |
| 600                                | Grants and Subscriptions                             | 556                                |
| 0                                  | Levies and Other Costs                               | 0                                  |
| 0                                  | Free School Meals                                    | 0                                  |
| 0                                  | Social Services Payments                             | 0                                  |
| 0                                  | Examination Fees                                     | 0                                  |
| 1,160                              | Professional Fees                                    | 1,192                              |
| 1,700                              | Service Agency Agreements                            | 1,758                              |
| 0                                  | PFI Development Costs                                | 0                                  |
| <b>3,950</b>                       | <b>Total Supplies and Services</b>                   | <b>3,957</b>                       |
|                                    | <b>Third Party Payments</b>                          |                                    |
| 0                                  | Highways Contracts                                   | 0                                  |
| 0                                  | Waste Contracts                                      | 0                                  |
| 0                                  | Transport Contracts                                  | 0                                  |
| 0                                  | Social Care Contracts                                | 0                                  |
| 671                                | Other  | 764                                |
| <b>671</b>                         | <b>Total Third Party Payments</b>                    | <b>764</b>                         |
| 1,248                              | Central Support Costs & Internal Recharges           | 1,614                              |
| 0                                  | Capital Financing Costs                              | 0                                  |
| 0                                  | Capital Expenditure Financed by Revenue              | 0                                  |
| 0                                  | Contribution to/from(-) Reserves                     | -639                               |
| <b>10,766</b>                      | <b>GROSS EXPENDITURE</b>                             | <b>10,412</b>                      |

**REGENERATION & ECONOMIC DEVELOPMENT**

**REVENUE SPENDING ♦ HOW THE MONEY IS SPENT**

| 2009-10<br>Spending plans<br>£'000 |                                   | 2010-11<br>Spending plans<br>£'000 |
|------------------------------------|-----------------------------------|------------------------------------|
|                                    | <b>Income</b>                     |                                    |
| -509                               | Contributions                     | -242                               |
| 0                                  | Sales                             | 0                                  |
| 0                                  | Fees and Charges                  | 0                                  |
| -473                               | Other Income                      | -911                               |
| -120                               | Internal Income                   | -175                               |
| <b>-1,102</b>                      | <b>Total</b>                      | <b>-1,328</b>                      |
| -1,215                             | Specific and Supplementary Grants | -1,590                             |
| <b>-2,317</b>                      | <b>TOTAL INCOME</b>               | <b>-2,918</b>                      |
| <b>8,449</b>                       | <b>NET EXPENDITURE</b>            | <b>7,494</b>                       |

## Appendix 2 – Current budget monitoring details

| Budget Book Heading                                      | Cash Limit   |               |              | Variance   |            |            | Comment  |
|--|--------------|---------------|--------------|------------|------------|------------|--|
|  | Cash Limit   | Variance      | Comment      | G          | I          | N          |  |
| Budget Book Heading                                      | £'000s       | £'000s        | £'000s       | £'000s     | £'000s     | £'000s     |  |
| <b>Regeneration &amp; Economic Development portfolio</b> |              |               |              |            |            |            |  |
| Supporting Business                                      | 2,468        | -590          | 1,878        | -25        | 0          | -25        | Savings on frozen vacancy                      |
| Growth Areas   | 1,694        | -466          | 1,228        | -40        | 0          | -40        | Savings on frozen vacancy                      |
| Kent wide & Strategic Projects                           | 4,222        | -1,011        | 3,211        | -30        | 0          | -30        | Mgt savings to meet costs of R&I restructuring |
| Research & Intelligence Group                            | 435          | -101          | 334          | 73         | -43        | 30         | Service restructuring costs                    |
| Kent Film Office   | 110          |               | 110          | 0          | 0          | 0          |  |
| Resources  | 604          | -137          | 467          | 0          | 0          | 0          |  |
| <b>TOTAL Regeneration &amp; ED</b>                       | <b>9,533</b> | <b>-2,305</b> | <b>7,228</b> | <b>-22</b> | <b>-43</b> | <b>-65</b> |  |

|  | Gross        | Income        | Net Cost     |
|--|--------------|---------------|--------------|
|  | £'000        | £'000         | £'000        |
| <b>Original Budget controlled by Regeneration &amp; Economic Development Portfolio</b> | 9,279        | -2918         | 6,361        |
| Rollforward - R&I staff restructuring  | 30           |               | 30           |
| Emergency Budget - Loss of revenue grant (LABGI)                                       |              | 750           | 750          |
| Adjustment to address shortfall in funding - R&I restructuring                         | 54           |               | 54           |
| Redundancies (R&I) - Modernisation of the Council Fund                                 | 33           |               | 33           |
| Technical adjustment - transfer of external funding team                               | 137          | -137          | 0            |
| <b>TOTAL Regeneration &amp; ED</b>   | <b>9,533</b> | <b>-2,305</b> | <b>7,228</b> |