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TO: Regeneration and Economic Development Policy Overview & Scrutiny Committee – 18<sup>th</sup> January 2011

SUBJECT: Financial Monitoring 2010/11

Classification: Unrestricted

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### **Summary:**

Members of the POSC are asked to note the impact of the second quarter's budget monitoring report for 2010/11 reported to Cabinet on 29<sup>th</sup> November 2010 and the latest exception report reported on 10<sup>th</sup> January 2011.

### **FOR INFORMATION**

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#### **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 second quarter's monitoring report for 2010/11 was presented to Cabinet on 29<sup>th</sup> November 2010. An extract from the annex for the Chief Executives Department pertaining to the Regeneration and Economic Portfolio is attached as appendix 1. An exception report was presented to Cabinet on 10<sup>th</sup> January 2011.

#### **2.3 Revenue Budget**

2.3.1 In the second quarter's report an overall net saving of £65,000 was reported. This arose due to not filling 2 staff vacancies pending the re-shaping of the division in its effort to align its future priorities and meet the challenges of the

emerging economic and financial landscape and the savings identified in the 2010-13 MTP.

2.3.2 In the exception report an additional £24,000 saving was reported following the departure of another two members of staff.

2.3.3 These staff savings are required to deliver the revised 2011-12 and 2012-13 MTP savings.

#### 2.4 *Capital Budget*

2.4.1 No overall variance was reported for the current year's spending.

- a re-phasing of £660,000 on the Euro Kent project to 2011/12 due to slower than anticipated Land Compensation Act (LCA) part 1 claims received.
- Additional work funded from securing a grant of £225,000 from SUSTRAN on the Swale Parkland project.
- A reduction of £9,000 on grant of £3.7M from The Commission for Architecture and the Built Environment (CABE) for the Dover Sea Change project. This reduction is met from additional external contributions

### **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 second quarter's monitoring report to Cabinet.

#### Background Documents:

- 1) Cabinet 29<sup>th</sup> November 2010 – Revenue and Capital Budgets, Key Activity and Risk Monitoring
- 2) Cabinet 10<sup>th</sup> January 2011 – Revenue and Capital Budget Monitoring Exception Report

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## REGENERATION & ECONOMIC DEVELOPMENT SUMMARY OCTOBER 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 last full monitoring report. 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	
<b>Regeneration &amp; Economic Development portfolio</b>							
Supporting Business	2,468	-590	1,878	-25	0	-25	Staff vacancy savings
Growth Areas	1,694	-466	1,228	-40	0	-40	Staff vacancy savings
Kent wide & Strategic Projects	4,222	-1,011	3,211	-30	0	-30	Mgmt savings to meet costs of R&I Group 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 Regen &amp; ED</b>	<b>9,533</b>	<b>-2,305</b>	<b>7,228</b>	<b>-22</b>	<b>-43</b>	<b>-65</b>	
<b>Total Directorate Controllable</b>	<b>9,533</b>	<b>-2,305</b>	<b>7,228</b>	<b>-22</b>	<b>-43</b>	<b>-65</b>	
<b>Assumed Management Action:</b>							
- L&P portfolio						0	
- CS&PM portfolio						0	
- Finance portfolio						0	
- PH&I portfolio						0	
- Regen & ED portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>-22</b>	<b>-43</b>	<b>-65</b>	

1.1.3 **Actions required to achieve this position:**

N/A

1.1.4 **Implications for MTP:**

N/A

1.1.5 **Details of re-phasing of revenue projects:**

N/A

## 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 since last reported to Cabinet on 11<sup>th</sup> October 2010, as 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 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
<b>Regeneration &amp; Economic Development Portfolio</b>						
Budget	15,312	11,996	4,230	3,242	2,980	37,760
Additions:						
-						0
Revised Budget	15,312	11,996	4,230	3,242	2,980	37,760
Variance		-443	659	0	0	216
<b>split:</b>						
- real variance		+217	-1	0	0	+216
- re-phasing		-660	+660	0	0	0
<b>Regeneration &amp; Economic Development Portfolio Total</b>						
Revised Budget	15,312	11,996	4,230	3,242	2,980	37,760
Variance	0	-443	659	0	0	216
<b>Real Variance</b>	<b>0</b>	<b>217</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>216</b>
<b>Re-phasing</b>	<b>0</b>	<b>-660</b>	<b>660</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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.

There are no variances over £250k

### 1.2.4 Projects re-phasing by over £1m:

There is no re-phasing over £1m

**1.2.5 Projects with real variances, including resourcing implications:**

**Regeneration & Economic Development Portfolio**

**Swale Parklands +£0.225m** (+£0.226m in 2010-11 and -£0.001m in 2011-12): KCC has assumed the lead role in delivering this project as a constituent element to a larger programme funded by Communities and Local Government (CLG) and Homes and Communities Agency (HCA) for the adjoining areas of Milton Creek of £2.3m. The project comprises of two distinct components:

- Sheppey Cycle Routes with an overall budget of £0.725m, of which £0.225m is funded from Sustrans.
- Churchfield Wharf with an overall budget is £0.250m.

**Dover Sea Change** there is a small real variance of £0.009m (reduction of funding from CABE) which is met from additional external contributions

**1.2.6 General Overview of capital programme:**

(a) Risks  
N/A

(b) Details of action being taken to alleviate risks  
N/A