

TO: Regeneration and Economic Development Policy Overview & Scrutiny Committee – 23 March 2012

**BY: Kevin Lynes, Cabinet Member for Regeneration and Economic Development
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SUBJECT: Financial Monitoring 2011/12

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the third quarter's budget monitoring report for 2011/12 as reported to Cabinet on 19th March 2012.

FOR INFORMATION

1. Introduction

1.1 This is a regular report to this Committee on the forecast outturn for the Regeneration portfolio within Business Strategy & Support Directorate 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 2011/12 was presented to Cabinet on 19th March 2012. An extract from the annex for the Business Strategy & Support Directorate pertaining to this portfolio is attached as annex 1.

2.3 Capital

2.3.1 The capital forecast for Quarter 3 showed an underspend of -£1.239m for 2011/12 due primarily to the need to make re-phasing to future years, most significantly on:

- Rural Broadband re-phasing of -£1.064m reflecting the need to align and add this programme on to the delivery of the Kent and Medway Broadband UK (BDUK) (£10m) programme.

3 Recommendations

- 3.1 Members of the POSC are asked to note:
the projected outturn for this portfolio for 2011/12 based on the third quarter's monitoring report to Cabinet.

Background Documents:

- 1) Cabinet 19th March 2012 – Revenue and Capital Budgets, Key Activity and Risk Monitoring

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BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY JANUARY 2011-12 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 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Enterprise portfolio							
Directorate Management & Support	419		419	0	0	0	
Development Staff & Projects	4,421	-275	4,146	0	0	0	
Total R&E portfolio	4,840	-275	4,565	0	0	0	
Assumed Management Action:							
- R&E portfolio							
Forecast after Mgmt Action	4,840	-275	4,565	0	0	0	

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 2012-15 MTFP as agreed by County Council on 9 February 2012.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp	2011-12	2012-13	2013-14	Future Yrs	TOTAL
	£m	£m	£m	£m	£m	£m
Regeneration & Enterprise						
Budget	17.224	4.856	42.170	36.000	28.000	128.250
Adjustments:						0.000
						0.000
Revised Budget	17.224	4.856	42.170	36.000	28.000	128.250
Variance		-1.239	1.239	0.000	0.000	0.000
split:						
- real variance						0.000
- re-phasing		-1.239	1.239			0.000
Directorate Total						
Revised Budget	17.224	4.856	42.170	36.000	28.000	128.250
Variance	0.000	-1.239	1.239	0.000	0.000	0.000
Real Variance	0.000	0.000	0.000	0.000	0.000	0.000
Re-phasing	0.000	-1.239	1.239	0.000	0.000	0.000

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2011-12 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	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0.000	+0.000	+0.000	+0.000
Underspends/Projects behind schedule						
Regen	Rural Broadband	phasing		-1.064		
			-0.000	-1.064	-0.000	-0.000
			+0.000	-1.064	+0.000	+0.000

1.2.4 Projects re-phasing by over £1m:

1.2.4.3 Rural Broadband re-phasing of -£1.064m (in 2011-12)

The re-phasing reflects the agreed need to align this programme with delivery of the Kent & Medway Broadband UK (BDUK) programme.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£m	£m	£m	£m	£m	£m
BUDGET & FORECAST						
Budget		1.064	0.520			1.584
Forecast			1.584			1.584
Variance	0.000	-1.064	1.064	0.000	0.000	0.000
FUNDING						
Budget:						
prudential		0.080	0.520		0.000	0.600
Capital receipt		0.984				0.984
TOTAL	0.000	1.064	0.520	0.000	0.000	1.584
Forecast:						
prudential			0.600			0.600
Capital receipt			0.984			0.984
TOTAL	0.000	0.000	1.584	0.000	0.000	1.584
Variance	0.000	-1.064	1.064	0.000	0.000	0.000

1.2.5 Projects with real variances, including resourcing implications:

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1.2.6 General Overview of capital programme:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

N/A

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.

	2011-12	2012-13	2013-14	Future Years	Total
	£m	£m	£m	£m	£m
Rural Broadband (Regen)					
Amended total cash limits	1.064	0.520	0.000	0.000	1.584
re-phasing	-1.064	1.064	0.000	0.000	0.000
Revised project phasing	0.000	1.584	0.000	0.000	1.584
Swale Parklands (Regen)					
Amended total cash limits	0.534	0.000	0.000	0.000	0.534
re-phasing	-0.175	0.175	0.000	0.000	0.000
Revised project phasing	0.359	0.175	0.000	0.000	0.534
Total re-phasing >£100k	-1.239	1.239	0.000	0.000	0.000
TOTAL RE-PHASING	-1.239	1.239	0.000	0.000	0.000