

To: CABINET – 15 October 2007

By: Nick Chard, Cabinet Member – Finance

Lynda McMullan, Director of Finance

REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT INCLUDING DETAILS OF MANAGEMENT ACTION PLANS

1. Introduction

1.1 The first full monitoring report for 2007-08 was presented to Cabinet in September. This exception report highlights the main movements since that report. There are significant revenue budget pressures that will need to be managed during the year if we are to have a balanced revenue position by year end. Directorates have been working throughout the summer to put together management action plans in order to offset these pressures and further details are provided in section 2 of this report. These actions will be closely monitored throughout the remainder of the year to determine progress towards achieving a balanced outturn position for the authority (excluding Asylum).

The current underlying revenue pressure by portfolio compared with the position reported last month (excluding schools), is shown in **table 1** below and **table 2** shows the forecast position after assuming the implementation of proposed management action.

Table 1: Gross Revenue Position before Management Action

Portfolio	Variance		Movement £m
	This Month £m	Last Month £m	
Education & School Improvement		+0.062	
Children & Family Services		+1.506	
Total of old CFE portfolios		+1.568	
Operations, Resources & Skills (CFE)	+1.437		
Children, Families & Educational Achievement	+2.771		
Total of new CFE portfolios	+4.208		
Total CFE portfolios	+4.208	+1.568	+2.640
Kent Adult Social Services	+3.531	+3.592	-0.061
Environment, Highways & Waste	-1.800	-	-1.800
Regeneration & Supporting Independence	-0.620	+0.030	-0.650
Communities	+0.991	+1.056	-0.065
Public Health	-0.050	-0.050	-
Corporate Support	-0.075	-0.075	-
Policy & Performance	-	-	-
Finance	-1.059	-1.059	-
Total (excl Asylum)	+5.126	+5.062	+0.064
Asylum	+2.990	+2.990	-
Total (incl Asylum)	+8.116	+8.052	+0.064

Table 2: Revenue Position after Proposed Management Action

Portfolio	Gross Position £m	Proposed Management Action £m	Net Position after mgmt action £m
Operations, Resources & Skills (CFE)	+1.437	-1.448	-0.011
Children, Families & Educational Achievement	+2.771	-2.544	+0.227
Kent Adult Social Services	+3.531	-3.531	-
Environment, Highways & Waste	-1.800	-	-1.800
Regeneration & Supporting Independence	-0.620	-	-0.620
Communities	+0.991	-0.491	+0.500
Public Health	-0.050	-	-0.050
Corporate Support	-0.075	-	-0.075
Policy & Performance	-	-	-
Finance	-1.059	-	-1.059
Total (excl Asylum)	+5.126	-8.014	-2.888
Asylum	+2.990	-	+2.990
Total (incl Asylum)	+8.116	-8.014	+0.102

- 1.2 The gross underlying revenue pressure is currently £8.116m as shown in table 1 above but this is expected to reduce to an underspend of £2.888m (excluding Asylum) by year end, after assuming the implementation of management action, as shown in table 2. However with the inclusion of the Asylum pressure, this increases to an overall pressure of £0.102m. The first call upon any further underspending within the Financing Items budgets of the Finance portfolio will be to offset the risk on Asylum, although KCC fully expects Government to meet the full costs of this national pressure.
- 1.3 Table 2 identifies that even after management action the Children, Families & Educational Achievement portfolio is still forecasting a small pressure of £0.227m, but it is expected that this will be managed later in the year as further variances come to light. Should this position deteriorate then further management action will need to be identified. The Communities portfolio is also still forecasting a pressure of £0.5m after assuming the implementation of management action, which relates to a number of one-off issues following a major restructure of the Adult Education service. It is proposed that this is rolled forward to 2008-09, subject to agreement of an action plan, as the service is confident that it can manage this pressure by further action next year but has little further scope in this financial year without resulting in irreparable damage to the reputation of the service.
- 1.4 Within the capital programme, there has been further significant re-phasing of projects forecast this month. Details of the main changes are provided in section 3 of this report. The current forecast capital position by portfolio, compared with the position reported last month is shown in **table 3** below and **table 4** shows the impact of this variance on each of the funding sources.

Table 3: Capital Position

Portfolio	Variance		Movement £m
	This Month £m	Last Month £m	
Education & School Improvement		-25.421	
Children & Family Services		+0.010	
Total of old CFE portfolios		-25.411	
Operations, Resources & Skills (CFE)	-26.685		
Children, Families & Educational Achievement	-0.896		
Total of new CFE portfolios	-27.581		
Total CFE portfolios	-27.581	-25.411	-2.170
Kent Adult Social Services	-3.982	-3.506	-0.476
Environment, Highways & Waste	-22.157	-11.998	-10.159
Regeneration & Supporting Independence	-4.400	-	-4.400
Communities	-15.684	-10.687	-4.997
Corporate Support	-0.193	-0.093	-0.100

Policy & Performance	-	-	-
Finance	-1.496	-1.496	-
Total (excl Schools)	-75.493	-53.191	-22.302
Schools	-	-	-
Total	-75.493	-53.191	-22.302

- 1.5 The majority of this variance is on those schemes that are still at the approval to plan stage. There has tended to be a degree of optimism that projects will proceed without problems (such as planning permissions) and it has been agreed that in the coming MTP process the timing of delivery is more carefully considered.

Table 4: 2007-08 Capital Variance analysed by funding source

	Capital Variance £m
Supported Borrowing	-3.955
Prudential	-15.009
Prudential/Revenue	-9.914
Grant	-13.805
External Funding	-4.446
Revenue & Renewals	-1.872
Capital Receipts	-26.292
General Capital Receipts (generated by Property Enterprise Fund)	-0.200
TOTAL	-75.493

- 1.6 In line with our review of last year's capital outturn, it is estimated that 82% of the current year's variance is due to 22 large projects. These are detailed in the directorate annex reports of the detailed budget monitoring reported to Cabinet on 17 September, which Policy Overview Committees will be scrutinising, and subsequent changes are contained in section 3 of this report. As was the case last year, over 1/3 of the variance is due to schemes funded by capital receipts. In most cases such projects cannot proceed until the capital receipt is secured – whether for practical or financial control reasons. Again, it is imperative that during the coming MTP process the capital receipts strategy is tested thoroughly, so that realistic estimates of subsequent expenditure are used. Monitoring variance from a robust estimate will provide Members with a clearer picture of actual capital slippage in 2008/09.

2. 2007-08 REVENUE MONITORING POSITION BY DIRECTORATE & PORTFOLIO

2.1 Children, Families & Education Directorate:

The directorate is forecasting additional pressures of £2.640m this month, £1.405m within the new Operations, Resources & Skills (CFE) portfolio and £1.235m within the new Children, Families & Educational Achievement portfolio. These are detailed below together with the proposed management action to offset these pressures:

2.1.1 Operations, Resources & Skills (CFE) portfolio:

2.1.1.1 Additional pressures identified this month:

- +£0.435m pressure on the pensions budget within the Personnel & Development Unit. The majority of this is due to early retirements within schools, which had been exacerbated by the number of recent school closures and amalgamations.
- +£0.970m pressure within the Capital Strategy Unit. As reported previously, further work has been carried out to ascertain which expenditure previously charged to capital would have to be processed through revenue following advice from the external auditors. Following discussions between CFE directorate finance and Corporate Finance, it has been agreed that the work on tree safety (£0.270m) and the cost of moving and hiring mobile classrooms (£0.700m) will need to be funded from the revenue budget in 2007-08 and beyond.

2.1.1.2 Proposed Management Action:

The portfolio currently has forecast pressures of £1.437m in total. The following proposed management action, totalling £1.448m, is expected to offset these pressures leaving a small residual underspend.

- -£0.435m: The majority of the pensions overspend relates to school staff and following a recent change there are now specific limited circumstances under which these costs can be charged to Dedicated Schools Grant (DSG). This would be subject to proving an overall saving in the schools budget, such as that arising from a school closure under the Primary Strategy. In addition to this condition, it would also require School Funding Forum approval. Therefore we are currently investigating the possibility of using one-off DSG underspend from the previous financial year to fund this £0.435m pressure.
- -£0.418m: We have received a one-off payment from the DCSF for prior year mandatory student awards, which we had not accrued for in the accounts, as the debt dated back to 2002-03. This will give us a further £0.418m to support the pressures in this financial year.
- -£0.595m: The directorate has delayed the distribution of this year's superannuation uplift of £0.463m and has also held back a budget of £0.132m for the costs of the technology refresh programme. It is now proposed that managers will be required to cover the associated increase in costs from within existing budgets so that these funds may be used to cover the remainder of the portfolio's pressures.

Although these measures will cover this year's forecast pressures, there will still be an underlying pressure of £0.853m in the base budget, as the first two proposals above are using one-off monies.

2.1.2 **Children, Families & Educational Achievement portfolio:**

2.1.2.1 Movements this month:

- -£0.215m In-house Residential Care: In last month's report there was a forecast pressure on this budget due to the parallel running of two centres during a period of relocation to new premises. This has now been more than offset by the decision to close the Alderden centre earlier than previously anticipated.
- +£0.750m Independent Sector Residential Care: Three children have been placed in high cost secure accommodation following court orders and this is having a major impact on the budget, resulting in a £0.750m forecast overspend.
- +£0.700m Independent Fostering Allowances (IFA): This pressure appears to be a result of the growing difficulties of placing difficult children with foster parents, Guardians advocating keeping looked after children in IFA placements rather than moving them, and looked after children resisting being moved.

2.1.2.2 Proposed Management Action:

The portfolio currently has forecast pressures of £2.771m in total. The following proposed management action, totalling £2.544m, is expected to offset these pressures leaving a small residual pressure of £0.227m.

- -£1.500m: The directorate underspent its Local Area Agreement (LAA) grant in 2006-07 and under the terms of the grant, was allowed to roll forward 5% of the underspend as a receipt in advance. This is one-off money which amounts to £1.743m. Some of this has already been committed, but it is proposed that the remainder of £1.500m is used to badge against qualifying expenditure within Children's Social Services budgets in order to fund some of the pressures in the current financial year. It should be noted that this is one-off funding and the underlying issues will need to be addressed in the MTFP.
- -£0.644m: The directorate has delayed the distribution of this year's superannuation uplift. It is now proposed that managers will be required to cover the increased superannuation costs within existing budgets and that these funds are used to contribute to the portfolio's pressures.
- -£0.400m: It is expected that savings will be found from the SEN transport budget up to a maximum of £0.4m. Following the recent round of re-tendering with transport providers, this budget looks likely to be able to reduce its projected pressure. The exercise has so far highlighted a potential saving of £0.7m for a full academic year, which amounts to £0.4m in the current financial year. However, a significant number of changes traditionally take place during September and October, as parents re-negotiate the travel arrangements that have been put in place, and further children are identified as needing transport to school. Until this period of high activity has passed we will not know how much of the £0.4m will actually materialise in the current year, but a clearer picture will be available in the November monitoring.

These management actions will cover all of the newly reported pressures along with the majority of the £1.5m pressure reported previously, which was mainly due to pressures within SEN Transport of £0.935m and legal fees within Children's Social Services of £0.461m, but will leave a small shortfall of £0.227m within this portfolio (over and above the Asylum pressure), which will be dealt with later in the financial year as further budget variances come to light. Should this position deteriorate then decisions on further management action will need to be taken.

2.2 Kent Adult Social Services:

The latest forecast indicates a pressure of £3.531m, which is a small reduction of £0.061m since last month, however within this there are some larger offsetting movements which are detailed below. The directorate SMT has drawn up management action plans over recent weeks which it hopes will bring the portfolio back to a balanced position by the end of the financial year. Summarised details of these management actions are provided in section 2.2.2 below.

2.2.1 Movements over £0.1m this month are:

- +£0.508m Learning Disability – an increase in the pressure from £2.942m to £3.450m. During the past couple of months 8 new placements have had to be made into residential care, and approximately 10 into supported living and other community type arrangements.
- -£0.155m Physical Disability – a reduction in the pressure from £0.887m to £0.732m, which is partly due to a reduction in domiciliary hours and also some price increases not being as high as previously anticipated on residential placements.
- -£0.144m Assessment & Related – an increase in the underspend from -£0.264m to -£0.408m, which is mainly due to planned slippage in recruitment as we move towards 'Active Lives for Adults' (ALFA), a move towards more self-directed care, and to assist with pressures elsewhere within the portfolio. A small element of the movement relates to an increase in income from another authority.
- -£0.278m Older Persons Direct Service Unit – a reduction in the pressure from £0.521m to £0.243m. Since last month further detailed work has been undertaken in respect of the estimated costs of the single status increase this year, and it is now anticipated that any impact can be covered from within existing forecasts.

2.2.2 Proposed Management Action:

The portfolio currently has forecast pressures of £3.531m. The following proposed management action is expected to offset these pressures in order to reach a balanced outturn position.

- Older People -£0.740m from:
 - Higher level of scrutiny through panel process on new placements of residential and nursing care
 - Continue to pursue continuing care for nursing care placements where appropriate
 - Maximise use of vacant beds in in-house units to reduce P&V costs
 - Review all non-permanent residential placements to ensure higher level of income achieved after 12 weeks
 - Review all domiciliary care packages to maximise throughput, reduce long term dependency & increase recovery/rehabilitation
 - All new community care placements to be reviewed and authorised by Team Leaders
 - Review all daycare and transport packages to ensure block contracts and in-house provision are optimised.
 - OT Pilot Scheme to reduce reliance on long term domiciliary care
 - Release of provision for P&V payments following review
- Learning Disability -£1.396m from:
 - Invest to Save scheme for LD Residential Change to reduce residential placements in favour of supported living arrangements
 - Continue to pursue large debt cases for specific clients - would then release back bad debt provision

- Rigorous application of the cost matrix/model on residential care to continue to drive down 'hotel type costs'.
- All new community care placements to be reviewed and authorised by Team Leaders
- Review all domiciliary care packages to maximise throughput, reduce long term dependency & increase recovery / rehabilitation
- Review all daycare and transport packages to ensure block contracts and in-house provision are optimised.
- Physical Disability -£0.372m from:
 - All new community care placements to be reviewed and authorised by Team Leaders
 - Review all domiciliary care packages to maximise throughput, reduce long term dependency & increase recovery / rehabilitation
 - Transfer of residential clients into independent living arrangements (existing & new clients)
 - Review all daycare and transport packages to ensure block contracts and in-house provision are optimised.
- Assessment & Related -£0.047m from:
 - Forecast already assumes a vacancy factor, and recruitment takes place only when absolutely necessary based on team traffic light system.
 - slip recruitment to posts
- Older Persons Direct Service Unit -£0.120m from:
 - Firm control on agency spend and additional hours
 - Freeze administrative posts
 - Freezing all non-essential expenditure
 - Active application of absence management procedures
 - Allowing only essential repairs and maintenance
- Adult Services Provider Unit -£0.106m from:
 - Delay recruitment to posts
 - Review packages of care in Home Support Network
 - Review catering arrangements in respite unit
- Mental Health -£0.422m from:
 - review all residential care packages with view to transfer to supported living arrangements
 - slippage on recruitment
 - slippage on Approved Social Workers reconfiguration
 - All new community care placements to be reviewed and authorised by Team Leaders
 - Review all domiciliary care packages to ensure numbers of hours required
 - Release back some of Section 117 Reserve, as no new cases have been presented
- Performance, Contracting & Planning Unit -£0.133m from:
 - Freeze non-essential expenditure and further slippage in recruitment
- Training, Duty & Support -£0.195m from:
 - Freeze non-essential expenditure and further slippage in recruitment

2.3 Environment & Regeneration Directorate:

2.3.1 **Environment, Highways & Waste portfolio:**

There is a further £0.8m underspend declared on Waste this month based on a realistic forecast of when the Allington waste to energy plant will be working at full capacity. The overall underspend on waste is now forecast at £2.5m, of which £0.715m is required to offset the directorate-wide budget imbalance, (at the time of setting the budget, this was planned to be offset by an in-year Management Action Plan). This gives a net waste underspend of £1.785m. It was previously reported that £1m of this would be offset by additional routine highway maintenance, particularly vegetation control, but due to the financial forecast for the overall authority for the year, KHS are now required to manage within existing routine maintenance budgets until a balanced outturn position for the authority as a whole is more certain and are now looking at what can be cut-back in order that the vegetation control work can continue. This £1.785m net waste underspend together with a small underspend due to a vacant post, gives an overall forecast underspend for the portfolio of £1.800m. This forecast assumes that £0.250m of emergency expenditure arising

from the flooding in June and the earthquake in Folkestone will be met from the Emergency Conditions Reserve, consistent with previous practice.

2.3.2 **Regeneration & Supporting Independence portfolio:**

An underspend of £0.620m is now forecast, which is a movement of -£0.650m since last month. The main changes are:

- -£0.500m as the construction work on the Fort Hill de-dualling project in Margate will not commence until April 2008 and therefore roll forward will be requested to fund the revenue contribution to this capital project in 2008-09.
- -£0.125m due to a further delay in the Local Development Framework for Waste & Minerals Studies bringing the underspend on this to -£0.185m, which will be requested to roll forward to 2008-09.

After allowing for the re-phasing of £0.685m for the two projects detailed above, which will be requested to roll forward, there is an underlying pressure of £0.065m relating to the ending of funding for one post within the portfolio. Proposals to cover this extra cost are being considered but it is expected that this will be managed within the overall Environment & Regeneration directorate by year end.

2.4 **Communities:**

- 2.4.1 The pressure on this portfolio has reduced by £0.065m this month to £0.991m mainly due to a reduction in the pressure of -£0.110m, from £0.180m to £0.070m, on the Youth Offending Service, as the service has identified further savings on the cost of mediation service in an attempt to bring the budget back into balance this year to offset the pressure on secure accommodation and remand. The scope for any further savings is limited to staff costs and the service has already changed its approach to vacancy management and further savings could only be delivered by holding vacancies longer than the average 10 weeks assumed in the budget. This is partially offset by a small increase in the pressure on Cultural Development.

Although there is no change this month to the pressures on Adult Education and Coroners, there are still potential pressures (reduced enrolments for AE and pay award/long inquests for coroners) that could add to the overspends, but cannot be quantified at this stage.

2.4.2 Proposed Management Action:

The portfolio currently has forecast pressures of £0.991m. The following proposed management action is expected to reduce these pressures to £0.5m.

- There is £1.284m in reserves for Regulatory Services and the Youth Service. The balance for Regulatory Services is earmarked for replacement of equipment for Kent Scientific Services (KSS). A comprehensive review of assets in KSS to determine estimated life and value is currently being undertaken. This, together with a review of their trading account, has identified that if KSS adjust their fees to include annual contributions towards the renewals fund in line with asset life and valuation, then we can release a one-off sum from the reserve to offset part of the pressure on the portfolio in the current year. The precise amount will not be known until this review is complete.
- £0.062m of revenue expenditure in the libraries book fund has been identified which can be funded from developer contributions to reflect the investment in new books in libraries arising from new housing developments.
- Deferring expenditure funded by a reserve for sports grants will give an underspend in Sports Development. Sports organisations will receive grants spread over 2007-08 and 2008-09 with the 2008-09 grants funded by longer term savings that can be made across the Cultural and Community Services division, but cannot be implemented this year due to a number of factors.

These actions are expected to deliver £0.491m of savings, leaving a £0.5m pressure relating to Adult Education. The directorate propose to roll forward this overspend to 2008-09, subject to agreement of an action plan. Although the budget was set assuming full repayment of the £0.5m loan made in 2006-07 from the Finance portfolio, the service has made significant savings to bring its expenditure back into line with income, but has been faced with a number of one-off issues which it can tackle through further action next year, but it has little scope for action this year.

3. **2007-08 CAPITAL MONITORING POSITION BY DIRECTORATE**

There is further significant re-phasing of projects this month as detailed below:

3.1 Children, Families & Education Directorate:

The forecast for the directorate has moved by -£2.170m this month from -£25.411m to -£27.581m, -£26.685m within the new Operations, Resources & Skills (CFE) portfolio and -£0.896m within the new Children, Families & Educational Achievement portfolio. Details of the main movements are provided below:

3.1.1 Operations, Resources & Skills (CFE) portfolio:

- -£1.050m – Mobile Moves (-£0.700m) and Tree Safety (-£0.350m). As detailed in section 2.1.1.1 above, this expenditure will now have to be processed through revenue following advice from the external auditors. (£0.080m of the tree safety work was budgeted to be funded from revenue, so the impact on the revenue budget is only £0.270m although the saving in capital is £0.350m).
- -£0.247m Phoenix Community Primary School (Modernisation 2006/07/08) – an underspend predominantly due to a contribution from the preventative strategy for children project at Phoenix School within the Children, Families & Educational Achievement portfolio which was not included in previous forecasts.
- -£0.237m Castle Hill Primary School freshstart project (formerly George Spurgeon) – an underspend largely due to school ICT purchases which took place in 2006-07 incorrectly being included in the previous 2007-08 forecast.
- -£0.185m Sussex Road Primary School (Modernisation 2006/07/08) – the start date for the project has been delayed by 3 months following receipt and review of tender prices. This re-phasing is only indicative and could increase when we receive revised forecasts from the external consultants.
- -£0.163m Dartford Campus (Development Opportunities) – this re-phasing is largely on the Dartford Technology College element of the contract where the implementation of a cost savings exercise has impacted on the profile of spend between 2007-08 and 2008-09.
- +£0.582m Maplesden Noakes School (Modernisation 2006/07/08) – this self managed school project has started earlier than originally expected. Our initial forecasts indicated that we were expecting to fund some of the project in 2008-09 but it is now likely that all of the KCC contribution to the project will be needed in 2007-08.

3.1.2 Children, Families & Educational Achievement portfolio:

- -£0.449m Whitstable Family Centre
 - -£0.447m Preventative Strategy for Children project at Kingsmead
- Plans to combine the funding for these two projects, thus allowing a more substantial project to be undertaken at Kingsmead are currently being explored. As these plans are only in their infancy and the project is only at the approval to plan stage, we would only expect minimal development costs to be incurred in the current year with the remaining funding re-phasing into 2008-09.

3.1.3 It should also be noted that in accordance with recommendation (c) of the report to Cabinet on 16 July regarding the Bridge Development, Dartford within the Operations, Resources & Skills (CFE) portfolio, the Director of Finance and Cabinet Member for Finance are satisfied with the financial arrangements for this project and have given approval to spend and authority to negotiate and enter such agreements as are necessary to give effect to the scheme, to the Director, Resources (CFE) and Head of Corporate Property.

3.2 Kent Adult Social Services portfolio:

The forecast for the portfolio has moved by -£0.476m from -£3.506m to -£3.982m this month due to:

- -£0.209m – The Edenbridge Community Centre part of the Horizons/Mountwood project has re-phased into 2008-09 due to planning delays.
- -£0.208m – The Osbourne Court/Faversham DOS project has fully re-phased, as its direction is being completely reviewed as part of the MTFP process.
- -£0.059m – further re-phasing on the Princess Christian Farm project.

3.3 Environment, Highways & Waste portfolio:

The forecast for the portfolio has moved by -£10.159m from -£11.998m to -£22.157m. The main movements are detailed below

- -£9.349m Rushenden Link Road – a delay in assembling land and gaining planning permission will lead to most of the construction now taking place in 2008-09. This project is funded by DCLG grant. Although SEEDA are the lead body for the project, KCC is the employer to the contractor so all payments will be made via KCC with the DCLG grant being received via SEEDA.
- -£1.999m Thamesway – due to the benefits of value engineering being achieved. This scheme is 100% grant funded.
- -£0.843m East Kent Access Phase 1C – it is pleasing to report a reduction in the forecast spend following a review of the land acquisition estimate.
- -£0.500m De-dualling of Fort Hill, Margate – the construction will not commence until April 2008.
- -£0.260m Everards Link Phase 2 – re-phasing into 2008-09 due to the need to resolve working interface issues with a developer.
- -£0.250m due to a reduced volume of Land Compensation Act Part 1 Claims.
- -£0.200m further re-phasing on the reshaping of Kent Highways accommodation – whilst good progress is being made at the Ashford Super-depot and the Hayesden satellite, we still await the decision of the judicial review at Wrotham. There are also procedural delays at Faversham and Sandwich depots. As a consequence the planned construction activity for this financial year will not be achievable.
- +£2.450m Cabinet agreed at it's meeting on 17 September to vire £2.45m from the underspend on the reshaping of Kent Highways accommodation project for additional highways work on bridge maintenance, resurfacing, crash barrier repairs and electricity reducing lighting replacement.
- +£0.870m Ashford Ring Road – Tender returns have necessitated a revision to the construction work profile and the need to bid for additional grant funding.

In addition there is also significant forecast re-phasing of almost £24m from 2008-09 into future years on the Sittingbourne Northern Relief Road following objections to Orders. The costs in the current year remain as previously forecast.

3.4 Regeneration & Supporting Independence portfolio:

There is £4.400m of re-phasing into 2008-09 forecast this month which is due to:

- -£3.700m East Kent Empty Properties Initiative – following Member agreement to a three-part approach to the usage of this Rolling Fund, a number of actions are now coming together, but to a lower level than expected within the current year budget assumption.
- -£0.700m Arts & Business Centre at Folkestone – the project is underway, though procedural issues at the beginning of the project have meant a re-phasing of construction into the early part of 2008-09.

3.5 Communities portfolio:

The forecast for the portfolio has moved by -£4.997m from -£10.687m to -£15.684m. The main movements are detailed below:

- -£1.465m Development of Community Facilities at Edenbridge - re-phasing into 2008-09 as planning approval is not expected until late autumn with a start on site possible in late spring.
- -£1.439m Information & Library Campus, Gravesend – re-phasing into 2008-09 and 2009-10. As a result of the failure of the Big Lottery bid, a smaller revised scheme is now being planned and the re-phasing is an initial assessment of the impact of the necessary changes.
- -£0.992m Ashford Library Plus – re-phasing into 2008-09 and 2009-10 to reflect the planning now underway. The target re-opening of a new building is January 2010.
- -£0.610m Big Lottery Fund – PE & Sport - it has recently been identified that £0.740m of costs should be charged to school and DDA budgets. There is also further additional spending of £0.189m on the programme which will be funded by additional grant and external contributions. The overall programme is now largely complete, however a small number of payments and projects have re-phased into 2008-09 (£0.059m).
- -£0.250m Tunbridge Wells Library, Museum & Gallery – the Heritage Lottery Fund reluctantly turned down the joint £3.3m bid with Tunbridge Wells Borough Council, but indicated that a Regional bid should be submitted for up to £2m. A re-assessment of the project is underway to prepare a reduced scheme and therefore are-phasing of the budget into 2009-10 was necessary.

- -£0.200m Dover Discovery Centre Car Park – these plans have become extremely complex and have been overtaken by the emerging regeneration programme for the Western Dock and town centre. This project will therefore no longer happen but may come forward later as part of a comprehensive programme of works.

3.6 Corporate Support portfolio:

The forecast for the portfolio has moved by -£0.100m from -£0.093m to -£0.193m this month due to a forecast underspend on the Kent TV Pilot Station.

4. RECOMMENDATIONS

4.1 Cabinet Members are asked to note the latest forecast revenue and capital budget monitoring position for 2007-08.

4.2 Cabinet is asked to note that the Director of Finance and Cabinet Member for Finance are satisfied with the financial arrangements for the Bridge Development, Dartford project, within the Operations, Resources & Skills (CFE) portfolio, and have given approval to spend and authority to negotiate and enter such agreements as are necessary to give effect to the scheme, to the Director, Resources (CFE) and Head of Corporate Property, as recommended in the 16 July report to Cabinet on this project.