

TO: Economic Development Cabinet Committee – 21 September 2012

BY: Mark Dance, Cabinet Member for Regeneration and Economic Development
David Cockburn, Corporate Director of Business Strategy and Support

SUBJECT: Regeneration and Economic Development Portfolio Financial Monitoring 2012/13

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the first quarter's full budget monitoring report for 2012/13 reported to Cabinet on 17 September 2012.

FOR INFORMATION

1. Introduction:

- 1.1 This is a regular report to this Committee on the forecast outturn for Regeneration and Economic Development Portfolio.

2. Background:

- 2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees 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. The relevant sections from the annexes from the first quarter's monitoring report for 2012/13 for the Business Strategy and Support, and Environment, Highways and Waste Directorates are attached.

3. Regeneration and Economic Development Portfolio 2012/13 Financial Forecast - Revenue

- 3.1 There are no exceptional revenue changes since the writing of the attached quarter 1 report.

4. Regeneration and Economic Development Portfolio 2012/13 Financial Forecast - Capital

- 4.1 There are no exceptional capital changes since the writing of the attached quarter 1 report.

5. Recommendations

- 5.1 Members of the Economic Development Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 based on the first quarter's full monitoring to Cabinet.

Jackie Hansen
Business Strategy and Support Finance Business Partner
Tel 01622 69(4054)
Email jackie.hansen@kent.gov.uk

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT (EXTRACT)

1. FINANCE

1.1 REVENUE

- 1.1.1 The cash limits that the Directorate is working to, **and upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The Directorate would like to request formal virement through this report to reflect adjustments to cash limits for changes required in respect of the allocation of previously unallocated budgets, where further information regarding allocations and spending plans has become available since the budget setting process and to reflect adjustments required as a result of the finalisation of restructuring. Within the Regeneration and Economic Development portfolio, there have been revisions to the Development Staff and Projects budget to reflect changes in the external funding of a number of projects. This has increased gross by £1.093m and income by £1.055m; the difference of +£0.038m on gross is a correction to the element of this budget that sits within the Enterprise and Environment Directorate and therefore a corresponding reduction is shown within Annex 4 of this report.

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2011-12 as approved by Cabinet in July and the inclusion of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary,
- the total value of the adjustments applied to each A-Z budget line.

Cabinet is asked to approve these revised cash limits

Table 1b shows the latest monitoring position against these revised cash limits.

- 1.1.2.1 **Table 1a** below details the change in cash limits by A-Z budget since the published budget:

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Business Strategy and Support:									
Regeneration & Economic Development portfolio									
Directorate Management & Support	166		166	166	0	166	0	0	0
Development Staff & Projects	3,731	-263	3,468	4,823	-1,319	3,504	1,092	-1,056	36
Total R&ED portfolio	3,897	-263	3,634	4,989	-1,319	3,670	1,092	-1,056	36

- 1.1.2.2 **Table 1b** below details the revenue position by A-Z budget against adjusted cash limits as shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Economic Development portfolio							
Directorate Management & Support	166	0	166	0	0	0	
Development Staff & Projects	4,823	-1,319	3,504	0	0	0	
Total R&ED portfolio	4,989	-1,319	3,670	0	0	0	

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTFP:

The MTFP assumes a breakeven position for 2012-13.

1.1.6 Details of re-phasing of revenue projects:

None

1.1.7 Details of proposals for residual variance:

The Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year and will continue to consider all options to ensure this happens. Robust arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged.

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.

1.2.2 The Business Strategy and Support directorate has an approved budget for 2012-15 of £137.603m (see table 1 below). The forecast outturn against this budget is £127.193m, giving a variance of -£10.410m.

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	Total	Business Strategy, Performance & Health Reform	Regeneration & Economic Development	
	£m	£m	£m	
Approved budget last reported to Cabinet	131.581	28.088	103.493	
Approvals made since last reported to Cabinet	6.022	5.997	0.025	e.g. roll forwards, additional fund & virements
Revised approved budget	137.603	34.085	103.518	

1.2.5 Table 2 – Further changes to budget for Cabinet to approve

1.2.6 Cabinet is asked to approve that the underspend of £0.193m on solar panels is moved back to the Energy Efficiency & Renewable Energy in the KCC Estate project which is in approval to plan.

1.2.6 Table 3 – Summary of Variance

	Total	Business Strategy, Performance & Health Reform	Regeneration & Economic Development
Reason	£m	£m	£m
Unfunded variance			
Funded variance (from table 2)	0.000	0.000	0.000
Variance funded by revenue	0.000	0.000	0.000
Project underspend	-0.700	-0.700	0.000
Rephasing (beyond 2012-15)	-9.710	0.000	-9.710
Total variance	-10.410	-0.700	-9.710

Main reasons for variance

1.2.8 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

1.2.9 Table 4 – Scheme Progress

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red/amber/green
Regen									
East Kent Empty Property Initiative	6.625	5.356	1.269	0.000	1.269	0.000	0.000	0.000	
Euro Kent	6.398	5.974	0.424	0.000	0.424	0.000	0.000	0.000	
Dover Priory Station Approach Road	1.604	1.575	0.029	0.000	0.029	0.000	0.000	0.000	
Rural Broadband Demonstration Project	1.584	0.000	1.584	0.000	1.584	0.000	0.000	0.000	
Tontine Street Public Realm Improvement	0.100	0.006	0.094	0.000	0.094	0.000	0.000	0.000	
Old Town Hall Operating Costs Capital	0.150	0.006	0.144	0.000	0.144	0.000	0.000	0.000	
Swale Parklands	0.999	0.827	0.172	0.000	0.172	0.000	0.000	0.000	
Broadband	20.000	0.000	20.000	0.000	20.000	0.000	0.000	0.000	
Capital Regen Fund	14.351	0.000	11.851	2.500	11.851	2.500	0.000	0.000	
Empty property Initiative	8.451	0.000	5.951	2.500	5.951	2.500	0.000	0.000	
Margate Housing	10.000	0.000	10.000	0.000	10.000	0.000	0.000	0.000	
Regional Growth Fund	40.000	0.000	40.000	0.000	30.290	9.710	-9.710	0.000	Phasing
LAMS	12.000	0.000	12.000	0.000	12.000	0.000	0.000	0.000	
Regen Total	122.262	13.744	103.518	5.000	93.808	14.710	-9.710	0.000	

1.2.10 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

1.2.11 Assignment of Green/Amber/Red Status

1.2.12 As this is the first of the new capital monitoring formats, the red/amber/green statuses are assigned from the current position. A project will not show as amber or red if they have been delayed or over budget in the past but this has now been resolved. Any such issues would have been reported on in previous monitoring reports to Cabinet.

1.2.13 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.14 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

Amber and Red Projects – variances to cost/delivery date and why.

1.2.15 Regional Growth Fund – the rephasing of -£9.710m into 2016-17 is due to the re-profiling of the programme based on the best estimates of applications expected for the Expansion East Kent Fund.

Key issues and Risks

1.2.18 No key issues or risks have been identified.

ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT (EXTRACT)

1. FINANCE

1.1 REVENUE

- 1.1.1 The cash limits that the Directorate is working to, **and upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The Directorate would like to request formal virement through this report to reflect adjustments to cash limits required for the following changes required in respect of the allocation of previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

Within the Regeneration and Economic Development portfolio there have been revisions to the Development Staff and Projects budget to reflect changes in the external funding of a number of projects. This has decreased gross by £0.606m and income by £0.568m; the difference of -£0.038m affects the element of this budget that sits within the Business Strategy and Support Directorate hence a corresponding increase is shown within Annex 6 of this report.

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2011-12 as approved by Cabinet in June and July and the inclusion of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary,
- the total value of the adjustments applied to each A-Z budget line.

Cabinet is asked to approve these revised cash limits

Table 1b shows the latest monitoring position against these revised cash limits.

- 1.1.2.1 **Table 1a** below details the change in cash limits by A-Z budget since the published budget:

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Regeneration & Economic Development portfolio									
Development Staff & Projects	1,277	-1,239	38	671	-671	0	-606	568	-38
Total E&E controllable	178,111	-28,538	149,573	180,482	-25,188	155,294	2,371	3,350	5,721

1.1.2.2 **Table 1b** below details the revenue position by A-Z budget against adjusted cash limits as shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Enterprise portfolio							
Development Staff & Projects	671	-671	0	0	0	0	

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

None

1.1.5 **Implications for MTFP:**

None

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

None

1.1.7 **Details of proposals for residual variance:** *[eg roll forward proposals; mgmt action outstanding]*

None