TO:	**Policy and Resources Cabinet Committee – 8 January 2013**
BY:	**Paul Carter, Leader** **Alex King, Deputy Leader** **John Simmonds, Cabinet Member for Finance and Business Support** **Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform** **David Cockburn, Corporate Director of Business Strategy and Support**
SUBJECT:	**Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) Financial Monitoring 2012/13**
Classification:	**Unrestricted**

Summary:

Members of the Cabinet Committee are asked to note the second quarter's full budget monitoring report for 2012/13 reported to Cabinet on 3 December 2012.

FOR INFORMATION

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1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn for the Business Strategy and Support Directorate and Commercial Services (Environment, Highways Waste 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 second quarter's monitoring report for 2012/13 is attached.

3. Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) 2012/13 Financial Forecast - Revenue

3.1 There are no exceptional revenue changes since the writing of the attached quarter 2 report.

4. Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) 2012/13 Financial Forecast - Capital

4.1 There are no capital movements from the attached quarter 2 report.

5. Recommendations

5.1 Members of the Policy and Resources Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Finance and Business Support, Business Strategy Performance and Health Reform, Democracy and Partnerships and Environment, Highways Waste Portfolios based on the second quarter's full monitoring to Cabinet.

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Background Documents: Nil

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
SEPTEMBER 2012-13 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” i.e. 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 for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 100% grants (.i.e 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:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Finance & Business Support portfolio							
Finance & Procurement	18,690	-7,469	11,221	-285	19	-266	Many staff appointed at bottom of grade, budget based on mid-point of grade
Total F&BS portfolio	**18,690**	**-7,469**	**11,221**	**-285**	**19**	**-266**	
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	2,895	-4,520	-1,625	62	-56	6	
Governance & Law	10,356	-12,470	-2,114	-490	464	-26	Revised business objectives as a result of Unit's Evolution programme
Business Strategy	3,228	-139	3,089	-201	5	-196	Staffing vacancies and delays in recruitment
Property & Infrastructure	28,526	-4,517	24,009	1,299	-700	599	Extension to leasehold payments; more cautious approach to capitalising spend

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy, Performance & Health Reform portfolio							
Human Resources	16,754	-5,645	11,109	186	-35	151	Under recovery of income on Schools Personnel Services, partially offset by underspend on staffing; increased demand to support restructures resulting in staffing pressure on Employee Services; increase in Rewards spend, offset with extra income
Information & Communication Technology	32,815	-13,966	18,849	3,100	-2,786	314	IT pay as you go activity funded by additional income; staffing pressure due to continued demand
Total BSP&HR portfolio	**94,574**	**-41,257**	**53,317**	**3,956**	**-3,108**	**848**	
Democracy & Partnerships portfolio							
Finance - Internal Audit	1,107	-34	1,073	-70	-42	-112	
Business Strategy - International & Partnerships	997	-223	774	-82	46	-36	
Democratic & Member Services	3,902	-3	3,899	75	-71	4	
Local Democracy:							
- Member Grants incl. County Council Elections	1,273	0	1,273	0	0	0	
Total D&P portfolio	**7,279**	**-260**	**7,019**	**-77**	**-67**	**-144**	
Total BSS Controllable	**120,543**	**-48,986**	**71,557**	**3,594**	**-3,156**	**438**	
Assumed Management Action:							
- R&E portfolio						**0**	
- F&BS portfolio						**0**	
- BSP&HR portfolio				**-848**		**-848**	P&I, HR & ICT action - see section 1.1.7
- D&P portfolio						**0**	
Forecast after Mgmt Action				**2,746**	**-3,156**	**-410**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Finance & Business Support portfolio:

1.1.3.1 Finance & Procurement: Gross -£285k, Income +£19k, Net -£266k
There is a projected under-spend against gross expenditure of **-£285k** which all relates to staffing. Many appointments to the new finance structure have been made at the bottom of grade, whereas the budget is set at mid-point of grade; the division is also carrying a number of vacancies.

Business Strategy, Performance & Health Reform portfolio:

1.1.3.2 Governance & Law: Gross -£490k, Income +£464k, Net -£26k

There is a significant underspend on gross of -£490k and a corresponding +£464k under-recovery on income due to revised business objectives. In 2012/13 Governance and Law, as part of its 'Evolution, Efficiency, Enterprise' project, is seeking to reduce the cost of legal services to the Council, increase its external trading revenues, and deliver a net surplus of £2.1m. This is a change from the original budget assumption which sought to increase revenue receipts through increasing the team numbers to meet anticipated client service needs. Overall therefore, gross costs have reduced from the budget assumption as team numbers are not as high but income has also reduced. As stated in the first quarter's report the unit will be re-profiling its budgets and will look for formal approval of these changes in the third quarter's report. It was previously anticipated that this re-profiling would be completed in time for approval in this report but this work has been delayed because resources have been directed to deliver the new time recording system.

1.1.3.3 Business Strategy: Gross -£201k, Income +£5k, Net -£196k

There is currently an underspend of **-£255k** against staffing resulting from vacancies and delays in recruitment. There are also a number of small variances against non-staffing budgets totalling +£54k.

1.1.3.4 Property & Infrastructure: Gross +£1,299k, Income -£700k, Net +£599k

Property Group is forecasting a £1,299k gross pressure with a compensating increase in income of £700k in their revenue budget.

The Property revenue budget has been reduced by £3.56m over the past two years in respect of 'Total Place' savings. It was expected that these savings would primarily be generated by coming out of leasehold properties as soon as leases came to an end. Service transformations and restructures throughout the Council, together with the formulation of the new Work Place Transformation Strategy, have resulted in the requirement to extend a number of leases and thus push delivery of some savings to later years. Additionally, revisions to Authority-wide service plans have impacted on the demands for property estate requirements, resulting in a pressure in the current year. Delivery of these savings is a top priority for management action and therefore a full review of all 'Total Place' potential savings, alongside current service plans, has been undertaken to determine the revised phasing of the savings to be reflected in the 2013-16 MTFP. Also, dedicated resources have been put in place to programme manage the New Work Spaces initiative which will give greater clarity on timelines for coming out of properties.

Additionally, in accordance with accounting requirements, many items of expenditure which have traditionally been capitalised, must be charged to and funded through revenue. As a result Property Group is planning to use £700k of the DFE Local Authority Capital Maintenance Grant, currently shown within their capital budget, to cover this expenditure, as the grant rules allow us to fund revenue expenditure from it.

1.1.3.5 Human Resources: Gross +£186k, Income -£35k, Net +£151k

The Schools Personnel Service continues to have extremely challenging income targets which, with further delegations of funding and responsibilities to schools, require business to be secured on a school by school basis. As a result, SPS are forecasting an under-delivery of income of **+£420k**, but also a partially compensating underspend, mainly on salaries of **-£310k**. In addition, HR is continuing to face increased demand to support many Divisional restructures and transformation programmes throughout this year, which is putting pressure on many units, and as a result Employee Services are forecasting a gross pressure of **+£406k**, mainly on staffing, which is partially offset by increased income of **-£227k**. A pressure of **+£93k** also exists within the Reward Team mainly due to increased payments to the rewards providers to reflect above budgeted take up; this is more than offset by extra income of **-£198k**. There are a number of smaller pressures against the rest of Human Resources, including Health and Safety, the Divisional budget and the 'Grads Kent' website, although the latter is more than offset with extra income.

The Division continues to review all HR processes including the Employee Services Centre. In the wider context, it may be possible to find savings and efficiencies from elsewhere within HR, possibly from on-going restructures within the unit.

1.1.3.6 Information & Communication Technology: Gross +£3,100k, Income -£2,786k, Net +£314k

Variances of **+£2,786k** and **-£2,786k** on gross and income respectively reflect the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting. The remaining pressure of **+£314k** relates to additional staffing expenditure due to the continued high demand for ICT services.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+2,786	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-2,786
BSPHR	Property & Infrastructure Gross - extension to leasehold payments; more cautious approach to capitalising expenditure	+1,299	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-700
BSPHR	Governance & Law Income - reduced income due to revised business objectives (matched by reduced staffing costs)	+464	BSPHR	Governance & Law Gross - reduced staffing due to revised business objectives (matched by reduced income)	-490
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+420	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-310
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+406	F&BS	Finance & Procurement Gross - staffing underspend	-285
BSPHR	ICT Gross: additional staffing expenditure due to the continued high demand for ICT services	+314	BSPHR	Business Strategy Gross - staffing underspend	-255
			BSPHR	Human Resources Income - increased Employee Services income	-227
			BSPHR	Human Resources Income - increased income relating to Rewards	-198
		+5,689			-5,251

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

None

1.1.5.1 **Implications for MTP**:

The MTFP assumes a breakeven position for 2012/13. However, Property Division has submitted new phasing for their Total Place savings, moving £1.3m to future years and the MTFP will need to be updated accordingly. The Division will also continue to need to utilise some of its DFE capital grant to fund revenue expenditure which cannot be capitalised.

In HR – Schools Personnel Service will be realigning their gross and income budgets within the 2013-16 MTFP to reflect their Business Plans for 2013/14.
ICT is reviewing its savings delivery options but is confident of delivering overall targets once management action takes effect (see section 1.1.7 below).

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]*

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

1.1.7.1 <u>Property and Infrastructure</u>
The review of the phasing of potential savings through 'Total Place', and the capacity for it to actually start generating savings in 2012/13 is very much tied to the Work Place Transformation Strategy. This review has now been completed and a re-phased savings profile has been submitted as part of the 2013-16 MTFP process. In total £1.3m of gross savings are being re-phased from the current year to future years.

1.1.7.2 <u>Human Resources</u>
The Division continues to review all HR processes and to find savings and efficiencies from elsewhere within HR. Since Quarter 1, the net position has improved by £144k.

1.1.7.3 <u>Information and Communication Technology</u>
ICT is confident of delivering a balanced outturn position. The Division is looking to make efficiencies from the centralisation of contracts, rationalising its use of contractors and tough vacancy management.

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

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 for the A-Z service analysis have been adjusted since the quarter 1 monitoring report to reflect a number of technical adjustments to budget including the centralisation of training budgets and room hire budgets.
- The inclusion of a number of 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:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Commercial Services		-7,761	-7,761	0	1,220	1,220	Reduced contribution
Total E, H & W portfolio	**0**	**-7,761**	**-7,761**	**0**	**1,220**	**1,220**	
Total E&E controllable	**0**	**-7,761**	**-7,761**	**0**	**1,220**	**1,220**	
Assumed Management Action							
- EHW portfolio						0	
Forecast after Mgmt Action				**0**	**1,220**	**1,220**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 **Commercial Services:** Gross Nil, Income +£1,220k, Net +£1,220k

A £1,220k shortfall in the Commercial Services contribution is forecast. This relates to £640k of approved costs of restructure and reorganisation to implement consultants' recommendations, £150k of one-off restructuring costs and a re-phasing of £430k of the increased income target built into the current year budget, now expected to be achieved in 2013-14.
A compensating underspend is forecast within annex 7 against the Financing Items budgets, as funds were being held back in anticipation of this shortfall.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation to implement consultants' recommendations	+640			
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430			
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150			
		+1,220			**0**

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

None

1.1.5 **Implications for MTFP**:

Commercial Services:
The re-phasing of delivery of the increased income target and the costs of transformation reported in 1.1.3.6 will need to be reflected in the 2013-16 MTFP.

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

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY SEPTEMBER 2012-13 FULL MONITORING REPORT

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 £33.211m (see table 1 below). The forecast outturn against this budget is £32.950m, giving a variance of -£0.261m. After adjustments for funded variances, the revised variance comes to -£0.700m (see table 3).

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

1.2.4 Table 1 – Revised approved budget

	Total	Business Strategy, Performance & Health Reform
	£m	£m
Approved budget last reported to Cabinet	33.211	33.211
Approvals made since last reported to Cabinet	0.000	
Revised approved budget	33.211	33.211

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	£m	Reason
Cabinet to approve cash limit changes		
Modernisation of Assets	-0.061	Transfer of budget to revenue as spend is of a revenue nature
ERP Phase1	0.620	Existing Oracle Infrastructure Project incorporated into ERP
Oracle Release 12	-0.120	Funds released for Oracle Infrastructure Platform
No cash limit changes to be made		
Total	0.439	

1.2.6 Table 3 – Summary of Variance

Reason	Total £m	Business Strategy, Performance & Health Reform £m
Unfunded variance		
Funded variance (from table 2)	0.439	0.439
Variance funded by revenue (from table 2)	0.000	
Project underspend	-0.700	-0.700
Rephasing (beyond 2012-15)	0.000	
Total variance	-0.261	-0.261

Main reasons for variance

1.2.7 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.

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
	£m	£m	£m	£m	£m	£m	£m	£m	
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)=(b+e+f)-a	
BSPHR									
Modernisation of Assets	17.973		13.232	4.741	13.171	4.741	-0.061	-0.061	
Disposal Costs	1.000		0.750	0.250	0.750	0.250	0.000	0.000	
Corporate Property Strategic Capital	2.851		2.851		2.151		-0.700	-0.700	
Connecting Kent	0.000						0.000	0.000	
Connecting with Kent	2.413	1.653	0.760		0.760		0.000	0.000	
Oracle Release 12	1.733	1.383	0.350		0.230		-0.120	-0.120	
Oracle Self Service Development	0.633	0.566	0.067		0.067		0.000	0.000	
Property Asset Management System	0.310		0.310		0.310		0.000	0.000	
Sustaining Kent - Maintaining the Infrastructure	10.845	7.875	2.970		2.970		0.000	0.000	
Better Workplaces / Work Place Transformation	1.030	1.030					0.000	0.000	
Connecting Kent	0.255	0.255					0.000	0.000	
Enterprise Resource Programme (PHASE 1)	1.398	0.164	1.234		1.854		0.620	0.620	
Energy Efficiency & Renewable Energy in the KCC Estate - solar panels (spend)	0.321		0.321		0.128		-0.193	-0.193	
Integrated Childrens System	1.326	0.012	1.314		1.314		0.000	0.000	
Faversham Family Centre	0.026		0.026		0.026		0.000	0.000	
Energy Efficiency & Renewable Energy in the KCC Estate (plan)	0.182		0.182		0.375		0.193	0.193	
Enterprise Resource Programme (PHASE 2)	0.500		0.500		0.500		0.000	0.000	
Better Workplaces / Work Place Transformation	8.831	0.487	8.344		8.344		0.000	0.000	
BSPHR Total	**51.627**	**13.425**	**33.211**	**4.991**	**32.950**	**4.991**	**-0.261**	**-0.261**	

1.2.8 Status:
Green – Projects on time and budget
Amber – Projects either delayed or over budget
Red – Projects both delayed and over budget

1.2.9 Assignment of Green/Amber/Red Status

1.2.10 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.

1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current projectplan.

Other significant variances

1.2.12 Corporate Property Strategic Capital (BSHPR) – underspend of -£0.700m. In accordance with accounting requirements many items of expenditure which have traditionally been capitalised must be charged to and funded through revenue. As a result, property group is planning to use £0.700m of the DFE local authority capital maintenance grant currently shown here, to cover revenue expenditure as the grant rules allow us to do this.

1.2.13 ERP Phase 1 (BSHPR) – spend and funding for existing Oracle Infrastructure Platform project (£0.620m) has been consolidated within ERP. Funded from revenue (£0.500m) and from within the Oracle Release 12 budget (£0.120m).

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

Capital Receipts – actual receipts compared to budget profile:

2.1 The total forecast receipts expected to come in during 2012-13 is £19.89m. This is broken down between the various "pots" as detailed in the tables below.

Capital Receipts Funding Capital Programme

	2012-13
	£m
Capital receipt funding required for capital programme	13.289
Banked in previous years and available for use	3.202
Receipts from other sources*	3.574
Requiring to be sold this year	6.513
Forecast receipts for 2012-13	7.665
Potential Surplus / (Deficit)	1.152

2.2 The total capital receipt funding required per the latest forecasts for 2012-13 totals £13.289m. Taking into account receipts banked in previous years which are available for use and receipts from other sources* (such as loan repayments from the Empty Property Initiative), the required level of receipts to achieve in 2012-13 is £6.513m.

2.3 Current forecasts show receipts expected in during 2012-13 will total £7.665m, which leaves a potential surplus on capital receipt funding in the capital programme of £1.152m. This will continue to be monitored over the coming months.

PEF1

2.4 County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:

- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
- the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

2.5 Forecast 2012-13 position

	2012-13
	£m
Opening balance 1st April 2012	-5.567
Planned receipts	0.915
Costs	-0.037
Planned acquisitions	0.000
Closing balance	-4.689

2.6 The above table shows the opening balance on the fund as being -£5.567m. With forecast PEF1 receipts of £0.915m and associated costs of £0.037m, this results in a forecast closing balance of -£4.689m, which is within the permitted £10m overdraft limit.

Revenue position

2.7 The balance brought forward at the 1st April 2012 was –£2.328m. The anticipated net income from managing the properties held within the fund is estimated at £0.035m, but with the need to fund costs of borrowing -£0.485m against the overdraft facility, the PEF1 is forecasting a £2.778m deficit on revenue, which will be rolled to be met from future income streams.

PEF2

2.8 County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

2.9 Overall Forecast Position on the Fund:

	2012-13
	£m
Capital	
Opening balance	-14.196
Properties to be agreed into PEF2	0.000
Forecast sale of PEF2 properties	11.097**
Disposal costs	-0.413
Closing Balance	-3.512
Revenue	
Opening balance	-4.231
Interest on borrowing	-0.426
Holding costs	-0.046
Closing balance	-4.703
Overall closing balance	-8.215

** Figure is net of contributions required to pay out of disposal value of £0.213m.

2.10 The forecast closing balance on the fund is -£8.215m, within the overdraft limit of £85m.

2.11 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.