

TO: Economic Development Cabinet Committee – 9 January 2013

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 second quarter's full budget monitoring report for 2012/13 reported to Cabinet on 3 December 2012.

FOR INFORMATION

1. Introduction:

- 1.1 This is a regular report to this Committee on the forecast outturn for the 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 second quarter's monitoring report for 2012/13 is 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 2 report.

4. Regeneration and Economic Development 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 Economic Development Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 based on the second quarter's full monitoring to Cabinet.

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BUSINESS STRATEGY & SUPPORT DIRECTORATE (EXTRACT) 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	
Business Strategy & Support							
Regeneration & Enterprise portfolio							
Directorate Management & Support	166	0	166	5	0	5	
Development Staff & Projects	4,892	-1,389	3,503	43	-48	-5	
Total R&E portfolio - BSS	5,058	-1,389	3,669	48	-48	0	

1.1.3 Major Reasons for Variance:

None

1.1.4 Actions required to achieve this position:

None

1.1.5 Implications for MTP:

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: *[eg roll forward proposals; mgmt action outstanding]*

None

ENTERPRISE & ENVIRONMENT DIRECTORATE (EXTRACT) 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” 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	
Regeneration & Enterprise portfolio							
Development Staff & Projects	671	-671	0	-30	30	0	
Total E&E controllable	671	-671	0	-30	30	0	
Assumed Management Action							
- R&E portfolio						0	
Forecast after Mgmt Action				-30	30	0	

1.1.3 **Major Reasons for Variance:**

None

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:** *[e.g. roll forward proposals; mgmt action outstanding]*

None

BUSINESS STRATEGY & SUPPORT DIRECTORATE (EXTRACT)

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 (Regeneration & Enterprise portfolio) has an approved budget for 2012-15 of £104.392m (see table 1 below). The forecast outturn against this budget is £87.798m, giving a variance of -£16.594m. There are no adjustments for funded variances, therefore the variance remains at -£16.594m (see table 3).

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

1.2.4 Table 1 – Revised approved budget

	Total	Regeneration & Enterprise
	£m	£m
Approved budget last reported to Cabinet	104.392	104.392
Approvals made since last reported to Cabinet	0.000	
Revised approved budget	104.392	104.392

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	£m	Reason
Cabinet to approve cash limit changes		
No cash limit changes to be made		
Total	0.000	

1.2.6 Table 3 – Summary of Variance

	Total	Regeneration & Enterprise
Reason	£m	£m
Unfunded variance		
Funded variance (from table 2)	0.000	
Variance funded by revenue (from table 2)	0.000	
Project underspend	-0.284	-0.284
Rephasing (beyond 2012-15)	-16.310	-16.310
Total variance	-16.594	-16.594

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
East Kent Empty Property Initiative	6.625	5.356	1.269		1.269		0.000	0.000	
Euro Kent	6.398	5.974	0.424		0.140		-0.284	-0.284	
Dover Priory Station Approach Road	1.604	1.575	0.029		0.029		0.000	0.000	
Rural Broadband Demonstration Project	2.458		2.458		2.458		0.000	0.000	
Tontine Street Public Realm Improvement	0.100	0.006	0.094		0.094		0.000	0.000	
Tontine Street Public Realm Improvement	0.400		0.400		0.400		0.000	0.000	
Old Town Hall Operating Costs Capital	0.150	0.006	0.144		0.144		0.000	0.000	
Managed Work Space - The Old Rectory	0.180		0.180		0.180		0.000	0.000	
Swale Parklands	0.999	0.827	0.172		0.172		0.000	0.000	
Broadband	20.000		20.000		15.000	5.000	-5.000	0.000	Phasing
Capital Regen Fund	11.271		11.271		11.271		0.000	0.000	
Empty property Initiative	10.951		5.951	5.000	5.951	5.000	0.000	0.000	
Margate Housing	10.000		10.000		8.400	1.600	-1.600	0.000	
Regional Growth Fund	40.000		40.000		30.290	9.710	-9.710	0.000	Phasing
LAMS	12.000		12.000		12.000		0.000	0.000	
Regen Total	123.136	13.744	104.392	5.000	87.798	21.310	-16.594	-0.284	

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 project plan.

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

- 1.2.12 Regional Growth Fund (REG) – 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.
- 1.2.13 Broadband (REG) - £5.000m has been rephased to beyond 2012-15. This is due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU. As a result, suppliers are now informing Government it will be necessary to extend the implementation window beyond March 2015.

Other significant variances

- 1.2.14 LIVE Margate (REG) – rephasing of £1.600m to beyond 2012-15. As previously reported to Cabinet, the financial model for the project has been updated to reflect the acquisition and redevelopment/refurbishment strategy that has recently been developed. As a result the projected profile of spend within the capital programme has been rephased in line with the financial model.

Key issues and Risks

- 1.2.15 East Kent Empty Property Initiative – one of the recipients of the loans in this programme has gone into liquidation with a possible write off to be incurred of £0.050m.