

CHIEF EXECUTIVES DIRECTORATE SUMMARY OCTOBER 2008-09 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.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 to the executive summary.
- Cash limits have also been adjusted since the last full monitoring report to reflect a number of technical adjustments to budgets, including the transfer of the Contact Centre from Communities portfolio to Corporate Support & External Affairs portfolio, the transfer of the Local Involvement Networks budget from Public Health portfolio to Environment, Highways & Waste portfolio and the transfer of Legal and Democratic Services from Policy & Performance portfolio to Corporate Support & External Affairs portfolio.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Public Health portfolio							
Kent Department of Public Health	949	0	949	-111	-5	-116	£78k delayed start to HealthWatch prog
Corporate Support & External Affairs portfolio							
Personnel & Development	10,053	-4,385	5,668	524	-498	26	Increased costs & income re: Staff Care Services & H&S. HCI Scheme ends Jul09
Information Systems	22,411	-6,975	15,436	3,918	-3,290	628	Increased costs & income re: projects plus unmet targeted savings
Corporate Communications	1,307	-294	1,013	25	-25	0	
International Affairs Group	461	-113	348	-10	10	0	
Strategic Development & Corporate Management	2,917	-14	2,903	-196	-39	-235	Kent TV contract runs to Aug09.
Contact Centre	4,734	-1,986	2,748	107	-107	0	
Legal Services	5,346	-5,726	-380	1,157	-1,789	-632	Costs & income of additional work
Democratic Services	4,574	-18	4,556	205	-37	168	Delayed staff savings
Dedicated Schools Grant		-2,789	-2,789	0	0	0	
Total CS&EA	51,803	-22,300	29,503	5,730	-5,775	-45	
Policy & Performance portfolio							
Policy & Performance	1,266	-340	926	31	-31	0	
Kent Partnerships	456	0	456	4	-4	0	
Kent Works	940	-740	200	-36	58	22	
Total P&P	2,662	-1,080	1,582	-1	23	22	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Finance Portfolio							
Strategic Management	1,530	-184	1,346	-4	4	0	
Finance Group	20,554	-15,623	4,931	-106	106	0	
Oakwood Trading	2,050	-2,050	0	-17	17	0	Creation of Oakwood Park Trading a/c
Property Group	15,342	-6,018	9,324	1,328	-572	756	Corp Property Unit change in accounting treatment
Total Finance	39,476	-23,875	15,601	1,201	-445	756	
Total Directorate Controllable	94,890	-47,255	47,635	6,819	-6,202	617	
Assumed Management Action:							
- CS&EA portfolio					-464	-464	Directorate income £314k, Printer receipt £150k
- P&P portfolio					-22	-22	Attract additional income
- Finance portfolio				-751		-751	Review of MRP
Forecast after Mgmt Action				6,068	-6,688	-620	
Memorandum Item							
Property Enterprise Fund	0	-12	-12	501	-171	330	See section 2.2 Annex 5

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:

Corporate Support & External Affairs portfolio:

- 1.1.3.1 **Personnel & Development:** Variances on gross spend (**£390k**) and income (**£390k**) are caused by increased charges from Commercial Services for additional services from Staff Care Services, which are then recharged to Directorates. Further variances on gross (**£210k**) and income (**£210k**) arising from the cost of and subsequent income from Health & Safety training for Schools.
- 1.1.3.2 **Information Systems:** Variances on gross spend (**£3,918k**) and income (**£3,918k**) reflect the increased demand for additional IT services and projects, a demand which is difficult to predict during budget setting. (**£314k**) relates to unmet targeted savings for reduced Directorate activity and (**£300k**) implementation of new Corporate Printer contract, the savings from which will be realised within directorates and not within ISG where the savings target sits.
- 1.1.3.3 **Strategic Development:** (**£200k**) relating to the Kent TV contract which will need to be re-phased into 2009-10 as the profile of spend finishes in Aug09.
- 1.1.3.4 **Legal Services:**
- Variances on gross spend (**£572k**) and income (**£1,204k**) reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand.
 - Variances on gross spend (**£585k**) and income (**£585k**) are a result of additional disbursements incurred. Costs of disbursements are recovered from clients but they are difficult to predict during budget setting.
- 1.1.3.5 **Democratic Services:** Variance on gross spend (**£118K**) as not all of the staffing reductions assumed in the budget have happened. Alternative savings options are being considered.

Finance portfolio:

1.1.3.6 **Property Group:** Variance on income (+£732k) and gross spend (+£19k) is due to a change in the accounting treatment of some staffing costs of the Corporate Property Unit, which were previously capitalised but upon latest guidance, these costs must be charged to revenue.

Variance on gross (+£1,432k) and income (-£1,432k) relates to higher value claims which are recoverable from the Insurance Fund.

Variance on gross (-£120k) and income (+£120k) due to Property freezing fee generating vacancies due to a downturn in project work from Directorates.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CS	Information Systems costs of additional services/projects	+3,918	CS	Information Systems income from additional services/projects	-3,918
FIN	Higher value claims recoverable from insurance	+1,432	FIN	Insurance Recovery for cost of higher value claims	-1,432
FIN	Change in accounting treatment of some staffing costs of Corporate Property Unit, previously charged to capital	+751	CS	Legal income resulting from additional work (partially offset by increased costs)	-1,204
CS	Legal services cost of additional disbursements	+585	CS	Legal services costs of disbursements recovered from clients	-585
CS	Legal services cost of additional work (offset by increased income)	+572	CS	P&D - recovery from Directorates of increased costs of Staff Care Services	-390
CS	P&D - increased charges from Commercial Services for additional Staff Care Services	+390	CS	P&D - Income from Schools for Health & Safety training	-210
CS	ISG Unmet savings target for reduced Directorate activity	+314	CS	SDU - Confirmed profile of Kent TV revenue spend to Aug09 (roll forward proposal)	-200
CS	ISG Unmet savings target re: provision of new printer contract	+300	FIN	Unfilled Property vacancies following downturn in project work	-120
CS	P&D - Consultancy costs for Health & Safety training for Schools	+210			
FIN	Property Grp - Reduced fee income following downturn in project work	+120			
CS	Democratic Services delay in budgeted staff savings	+118			
		+8,710			-8,059

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

N/A

1.1.5 **Implications for MTP:**

Finance portfolio:

The consequences of the change in the accounting treatment of the indirect staffing costs of the Corporate Property Unit have been reflected as a pressure in the MTP for 2009-10.

Corporate Support & External Affairs portfolio:

The planned reduction in demand from Directorates for ISG services has not taken place and has therefore caused an underlying pressure of £314k which has been highlighted to Resource Directors. The introduction of a new contract to deliver savings of £300k on printing costs will not be signed until Dec/Jan and will then deliver savings across the Authority but not within ISG where the savings target sits. Hence, there is an underlying Base pressure of £614k. This will be considered as part of the MTP process.

1.1.6 Details of re-phasing of revenue projects:

The following projects are re-phasing into 2009-10:

Public Health: **-£78k** for HealthWatch programme will be required to roll forward to 2009-10 due to a delayed start to the programme.

Strategic Development: **-£200k** for Kent TV, to meet the contractual commitment through to Aug09.

Personnel & Development: **+£26k** Home Computing Initiative. Due to the accounting treatment of this scheme, a scheduled overspend of £26k will be required to roll forward into 2009-10 to be met from staff salary deductions to July 2009, when the scheme is due to complete.

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

The following management action is expected to be delivered by the end of the financial year:

Policy & Performance portfolio:

Kent Works is continuing to review its contracts with Schools and aims to attract additional income to offset the current forecast pressure of £22k.

Finance portfolio:

Corporate Property Unit: It is envisaged that a review of the regulations around the minimum repayment of outstanding debt, known as the Minimum Revenue Provision (MRP), the full implications of which are currently being assessed, will release funds to cover the revenue shortfall of £751k.

Corporate Support and External Affairs portfolio:

ISG will be requesting that Directorate Resource Directors find additional funding for the **£314k** which relates to the continued Directorate demand for its services.

ISG anticipate a one-off receipt of **£150k** for the transfer of assets to a new contractor when a new print contract is signed at the end of December/January.

This leaves ISG with a residual pressure of £164k which is largely due to covering unplanned infrastructure pressures of £75k for a new switch at Kroner House and £84k for the rental of servers to support SWIFT.

After management action there is a forecast underspend of £620k of which £252k will be requested to roll forward to 2009/10 as detailed in section 1.1.6 above, leaving a £368k residual underspend.

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 revised capital cash limits agreed by Cabinet on 13 October 2008 are now being used for monitoring purposes and are reflected in this report. However, these differ from the cash limits shown in appendix 3 of the October Cabinet report, as the cash limits reflected in this report only include those projects starting in the current or previous years, whereas the cash limits approved by Cabinet in October also include projects due to start in future years of the 2008-11MTP.

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

[To include projects starting in the current year and previous years only including the rolling programmes but to **EXCLUDE** PFI projects]

	Prev Yrs Exp	2008-09	2009-10	2010-11	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Support & External Affairs Portfolio						
Budget approved at Oct Cabinet	2,571	6,016	2,412	1,227	1,115	13,341
Adjustments:						
-						0
Revised Budget	2,571	6,016	2,412	1,227	1,115	13,341
Variance		2,000	8,000	8,000	14,000	32,000
split:						
- real variance		+2,000	+3,000	+3,000	+5,250	+13,250
- re-phasing						0
Policy & Performance Portfolio						
Budget approved at Oct Cabinet		526	500	500	1,000	2,526
Adjustments:						
-						0
Revised Budget	0	526	500	500	1,000	2,526
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Finance Portfolio						
Budget approved at Oct Cabinet		4,651	4,186	2,125	4,250	15,212
Adjustments:						
-						0
Revised Budget	0	4,651	4,186	2,125	4,250	15,212
Variance		+97	+50	0	0	+147
split:						
- real variance		+147				+147
- re-phasing		-50	+50			0
Directorate Total						
Revised Budget	2,571	11,193	7,098	3,852	6,365	31,079
Variance	0	2,097	8,050	8,000	14,000	32,147
Real Variance						
		+2,147	+3,000	+3,000	+5,250	+13,397
Re-phasing						
		-50	+50	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2008-09 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						
CS&EA	Sustaining Kent (KPSN)	Real		+2,000		
			0	+2,000	0	0
Underspends/Projects behind schedule						
			0	0	0	0
			0	+2,000	0	0

1.2.4 Projects re-phasing by over £1m:

None

1.2.5 Projects with real variances, including resourcing implications:

Corporate Support & External Affairs portfolio:

- Sustaining Kent (Kent Public Services Network) overspend of £2m in 2008/09 which is the higher than expected up-front capital requirement to be funded from a revenue contribution to capital outlay from existing revenue grant monies. In subsequent years, all spend will be capital spend, and will be funded by Revenue Contributions freed up from the replacement of the existing revenue contract.

Finance portfolio:

- Commercial Services underspend of -£95k. The decrease in expenditure on vehicles, plant & equipment will be funded by a reduced contribution to and drawdown from their Renewals Fund.
- Works to Properties for Disposal overspend of +£242k, to be funded by top-slicing earmarked capital receipts.

After allowing for these funding issues there is no real underlying variance and the Directorate will break-even.

1.2.6 General Overview of capital programme:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

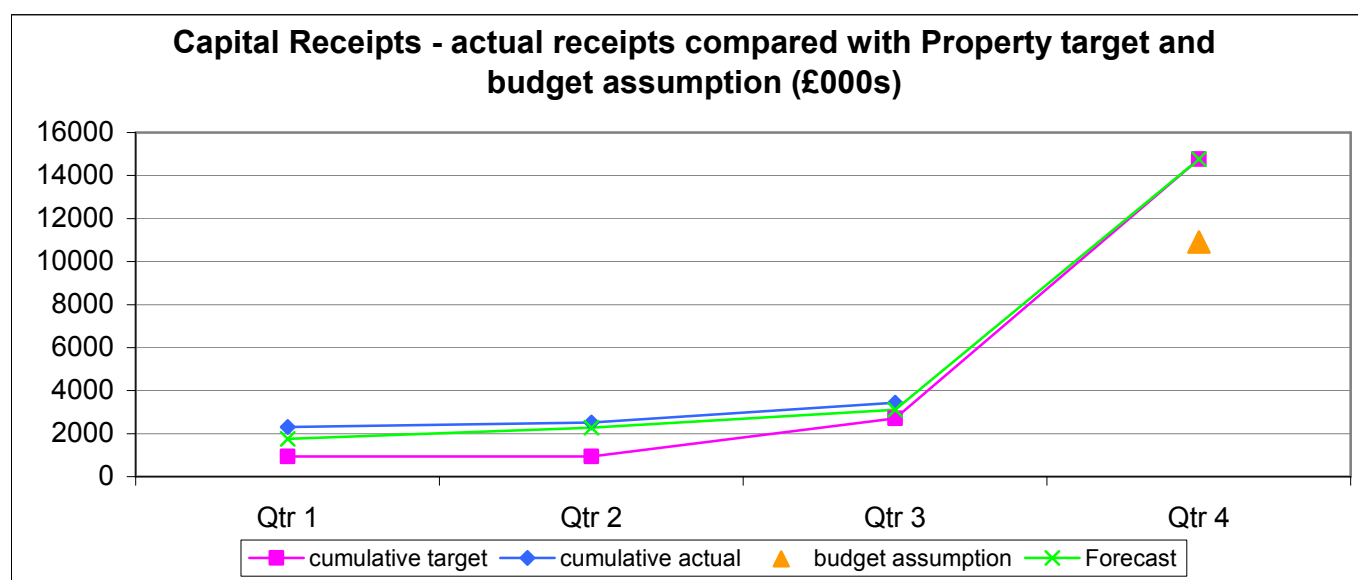
2.1 Capital Receipts – actual receipts compared to budget profile:

	2008-09			
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Forecast receipts £000s
April - June		945	2,314	1,762
July - September		945	2,521	2,284
October - December		2,702	**3,442	3,111
January - March		14,761		14,761
TOTAL	*10,913	***14,761	3,442	14,761

* figure updated to reflect revised capital budget

** actuals to 31 October

*** The cumulative target profile shows that anticipated receipts for 2008-09 now total £14,761k. The variance between this and the budget funding assumption is due to timing differences between when the receipts are anticipated to come in and when the spend in the capital programme to be funded by these receipts is due to occur. This shows that an element of the receipts due to come in during 2008-09 are not needed for funding the capital programme until 2009-10 or later.



Comments:

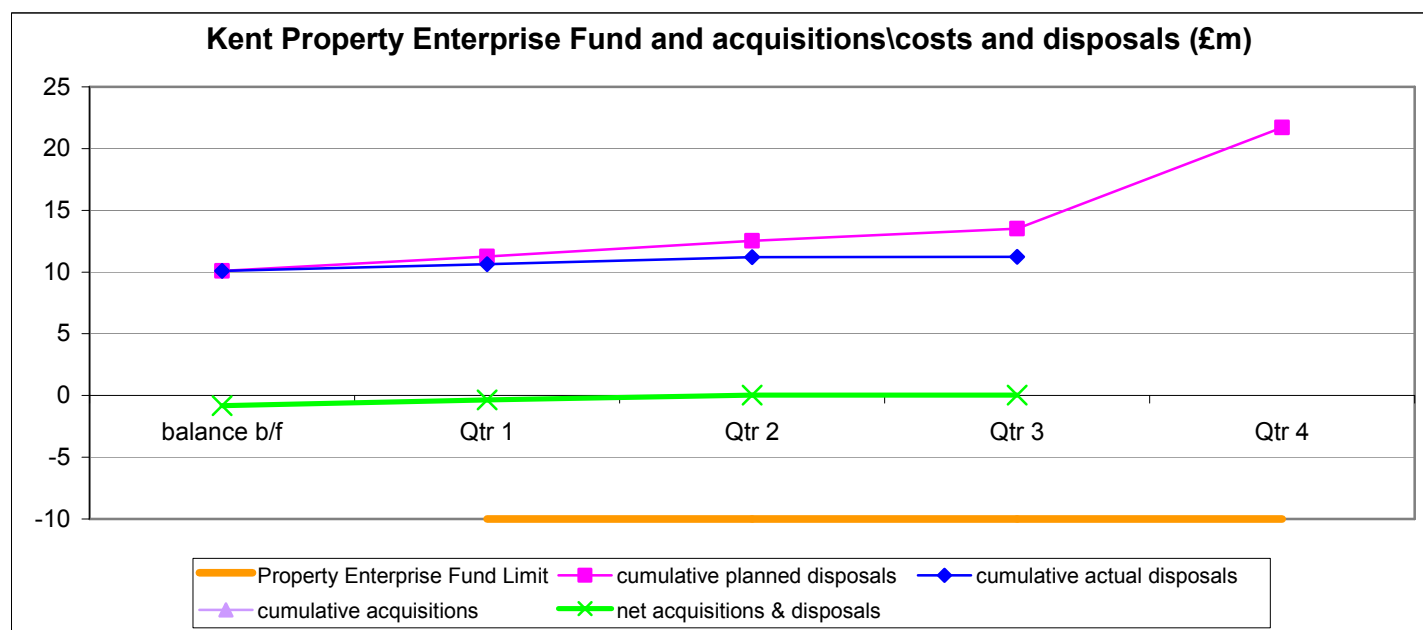
- A review of the capital programme was undertaken to take into account the downturn in the property market due to the global credit crunch. This has resulted in the budget for 2008-09 now only relying on £10,913k of capital receipts, which is more realistic given the current forecasts.
- The table below shows we are currently forecasting a potential surplus of £5,307k for the current year. This in year “surplus” is due to timing differences between when receipts are due to come in and when the projects the receipts are due to fund are forecasting to spend. The current economic position makes it even more difficult to forecast when and how much receipts are expected to achieve, therefore this in year “surplus” should be viewed with caution.

	2008-09 £'000
Capital receipt funding per revised 2008-11 MTP	10,913
Property Group's forecast receipts	14,761
Receipts banked in previous years for use	1,459
Potential Surplus Receipts	5,307

2.2 Capital Receipts – Kent Property Enterprise Fund 1:

	<i>Kent Property Enterprise Fund Limit £m</i>	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		10.096	10.096	-10.924	-0.828
April - June	-10	11.259	10.642	-10.995	-0.353
July – September	-10	12.526	11.199	-11.173	0.026
October – December *	-10	13.507	11.234	-11.207	0.027
January - March	-10	21.695			

* reflects the position to the end of October



Comments:

- County Council approved the establishment of the Property Group Enterprise Fund No.1, 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 disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Balance brought forward

In 2005-06, £0.541m of capital receipts were realised from the disposal of non-operational property. The associated disposal costs of £0.054m were funded from these receipts, leaving a balance of £0.487m available for future investment in the Kent Property Enterprise Fund.

In 2006-07, £3.065m of capital receipts were realised from the disposal of non-operation property giving a balance of £3.606m for investment. The Fund was used to acquire land at Manston Business Park. Together with the costs of acquisition and disposal, costs in the year totalled £5.864m, leaving a deficit of £2.312m to be temporarily funded from the £10m borrowing facility.

In 2007-08, £6.490m of receipts were realised of which £3.3m was used for revenue budget support, £1.110m was used to fund expenditure on the Eurokent Access Road and there was £0.596m of acquisition and disposal costs, leaving a balance of £1.484m to offset against the £2.312m deficit brought forward. Therefore the deficit carried forward to 2008-09 was £0.828m.

Actual Disposals

At the start of 2008-09 Property Group identified **£11.599m** worth of potential non-earmarked receipts to be realised this financial year.

Disposals to date this year have been **£1.138m** from the disposal of 10 non-operational properties, but as a result of the credit crunch, the market has hardened affecting the ability to achieve the original target. Property Group is now forecasting receipts of **£3.520m** this year.

Acquisitions\Costs

At present there are no committed acquisitions to report, however forecast outturn for costs of disposals (staff and fees) is currently estimated at **£0.578m**.

Other Fund Commitments

The 2008-09 revenue budget includes £0.7m of receipts to be generated by the Fund in the current year.

The Fund has also been earmarked to provide a further £4.194m of funding for the Eurokent Access Road, £1m for Ashford Library (currently forecast for 2009-10), £2m for Gateways over the MTP (currently forecast at £0.587m in 2008-09, £1.4m in 2009-10 and £0.013m in 2010-11) and £0.3m for Upper Stone Street Lay-by, within the Integrated Transport Programme (currently forecast for 2009-10).

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £3.367m at the end of 2008-09.

Opening Balance – 01-04-08	-£0.828m
Planned Receipts (Risk adjusted)	£3.520m
Costs	-£0.578m
Acquisitions	-
Other Funding:	
- revenue budget support	-£0.700m
- Eurokent Access Road	-£4.194m
- Gateways	-£0.587m
Closing Balance – 31-03-09	-£3.367m

Revenue Implications

The Fund also generated £0.096m of low value revenue receipts during 2007-08 but, with the need to fund both costs of borrowing (£0.107m) against the overdraft facility and a small deficit on the cost of managing non-earmarked properties held for disposal (£0.001m), the PEF carried forward a £0.012m deficit on revenue which has been rolled forward to be met from future income streams.

In 2008-09 the fund is currently forecasting £0.052m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.164m) against the overdraft facility and the cost of managing properties held for disposal (net £0.206m), the PEF1 is forecasting a £0.330m deficit on revenue which will be rolled forward to be met from future income streams.

FINANCING ITEMS SUMMARY OCTOBER 2008-09 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.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 to the executive summary.
- Cash limits have also been adjusted since the last full monitoring report to reflect a number of technical adjustments to budgets.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Support & External Affairs portfolio							
Contribution to IT Asset Maintenance Reserve	2,424		2,424			0	
PFI Grant		-656	-656			0	
Total Corporate Support	2,424	-656	1,768	0	0	0	
Finance Portfolio							
Insurance Fund	3,479		3,479			0	
County Council Elections	255		255			0	
Workforce Reduction	1,434		1,434			0	
Environment Agency Levy	359		359			0	
Joint Sea Fisheries	264		264			0	
Audit Fees & Subscriptions	800		800			0	
Interest on Cash Balances / Debt Charges	125,089	-29,896	95,193	-3,064	798	-2,266	treasury management savings
Contribution from Commercial Services		-6,210	-6,210		300	300	roundabout sponsorship shortfall
Public Consultation	100		100			0	
Member Community Grants	848		848			0	
Local Priorities	595		595			0	
Local Scheme spending recommended by Local Boards	656		656			0	
Transferred Services Pensions	22		22			0	
PRG	2,225	-3,951	-1,726			0	
Contribution from Reserves	-2,400	0	-2,400			0	
Income from Kings Hill	-1,000	0	-1,000			0	
ABG Safer Stronger Communities	1,384		1,384			0	
LABGI income	-1,851	-1,349	-3,200		1,349	1,349	reduced level of LABGI income
Total Finance	132,259	-41,406	90,853	-3,064	2,447	-617	
Total Controllable	134,683	-42,062	92,621	-3,064	2,447	-617	

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 Interest on Cash Balances and Debt Charges

As a result of our investments in Icelandic Banks, interest on these deposits will not be received this year as expected, resulting in a potential loss of income. This, however, needs to be considered in light of the whole Treasury Management budget, which is impacted by recent and predicted changes in the bank base rate. Also, the revisions to the capital programme approved by Cabinet in October will have an impact on the treasury management budget. When all of these issues are taken together we expect there to be a broadly neutral impact on the overall treasury management position in the current year.

We are still awaiting advice from CIPFA and the Audit Commission on how we will account for this when we close the accounts for 2008-09 and how we should budget in future years for the impact of this. We are having ongoing discussions with both the CLG and the Icelandic banks via the creditors group, to ensure the best possible outcome for the residents of Kent.

Until the situation becomes clearer we have not reflected the impact of this in the forecast outturn position in this report, therefore the treasury management position remains as previously forecast.

1.1.3.2 Local Authority Business Growth Incentive (LABGI)

The Government has reconsidered all aspects of the approach used to distribute the resources available for year 3 of this scheme. As a result, the worst case scenario is that we will receive £1.349m less income than we previously expected. However, the Government has retained some funding to cover the potential outcomes of existing Judicial Reviews against the LABGI scheme. It is possible that not all of this will be required and that we will receive a further distribution, if so our position could improve to a best case scenario of a £0.595m shortfall.

1.1.3.3 Commercial Services Contribution:

We are currently reporting a £300k shortfall in the budgeted contribution from Commercial Services. This is due to problems with obtaining planning consent from the Districts for the erection of signs for sponsorship of roundabouts; we will therefore not achieve all of the expected income from this initiative this year.

The impact of increased fuel and electricity prices, which mainly affects Transport Services and Landscape Services, is expected to be offset by attracting new business.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Reduction in LABGI income	+1,349	FIN	Treasury Management	-2,266
FIN	Commercial Services - Shortfall in income from sponsorship of roundabouts	+300			
		+1,649			-2,266

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

N/A

1.1.5 **Implications for MTP:**

These are currently being assessed and will be reflected in the 2009-12 MTP.

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

N/A

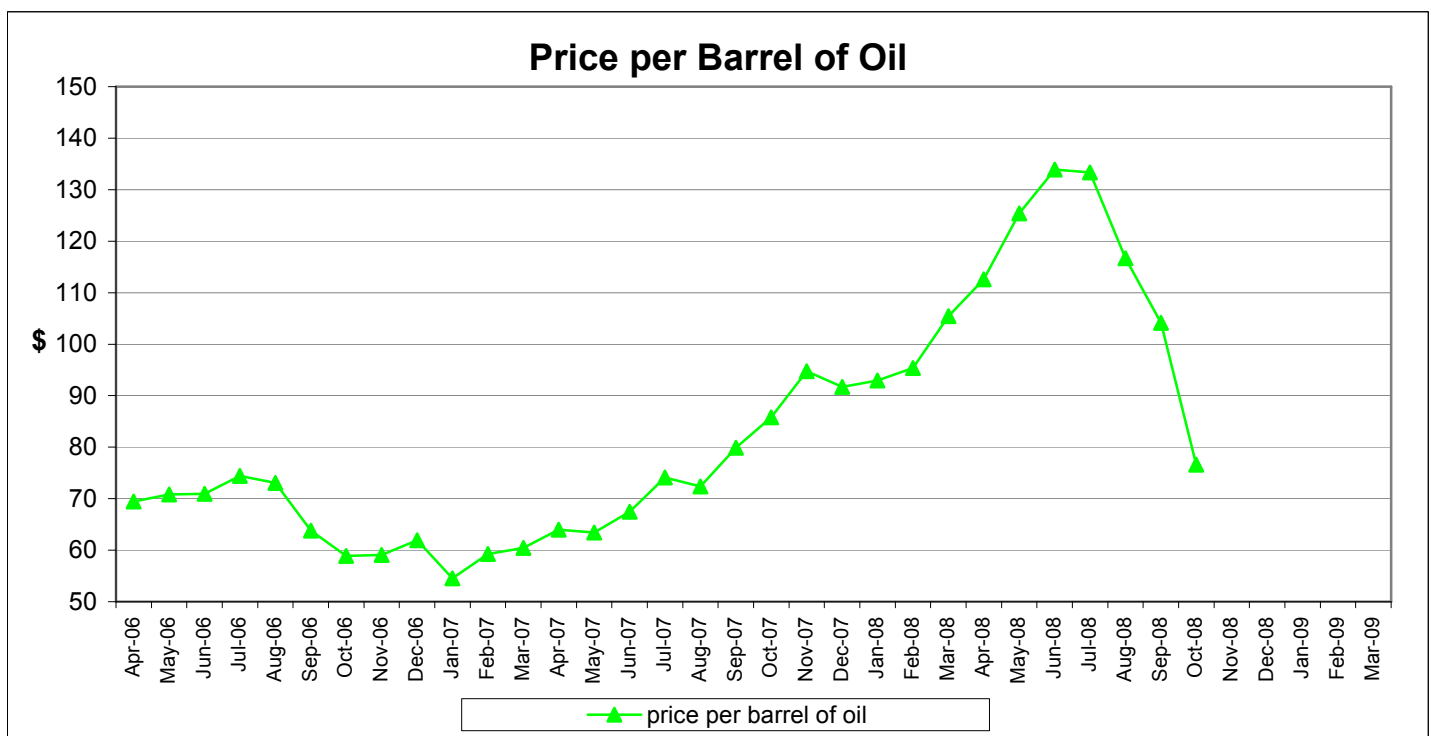
1.1.7 Details of proposals for residual variance: [eg roll forward proposals; mgmt action outstanding]

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Price per Barrel of Oil - average monthly price in dollars since April 2006:

	Price per Barrel of Oil		
	2006-07	2007-08	2008-09
	\$	\$	\$
April	69.44	63.98	112.58
May	70.84	63.45	125.40
June	70.95	67.49	133.88
July	74.41	74.12	133.37
August	73.04	72.36	116.67
September	63.80	79.91	104.11
October	58.89	85.80	76.61
November	59.08	94.77	
December	61.96	91.69	
January	54.51	92.97	
February	59.28	95.39	
March	60.44	105.45	



Comments:

- The figures quoted are the monthly average of the West Texas Intermediate Spot Price in dollars per barrel.