

**BY:** Kevin Lynes, Cabinet Member for Regeneration and Economic Development  
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**TO:** Regeneration and Economic Development Policy Overview Committee – 24<sup>th</sup> September 2009

**SUBJECT:** Financial Monitoring 2009/10

**Classification:** Unrestricted

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**Summary:**

Members of the POC are asked to note the first quarter's budget monitoring report for 2009/10 to be reported to Cabinet on 14<sup>th</sup> September 2009.

**FOR INFORMATION**

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**1. Introduction**

1.1 This is a regular report to this Committee on the forecast outturn for Regeneration and Economic Development as reported within Chief Executives Department budget.

**2. Forecast Outturn**

2.1 A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. These reports outline the full financial position for each portfolio and are reported to POCs 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 first quarter's monitoring report for 2009/10 is being presented to Cabinet on 14<sup>th</sup> September and extracts from the annex for the Chief Executives Department is attached to this report.

**2.2 Revenue**

2.2.1 The only variation on the revenue budget is a small reduction in funding from SEEDA of £25k for the 'Skills for the Economy Task Force' project, which is offset by a drawdown of £25k from partners' funding carried forward.

## 2.3 Capital

- 2.3.1 We are reporting a change of £63k on the Kent Thameside Regeneration Partnership. A re-alignment of costs between revenue and capital expenditure due to the capitalisation of Project management costs results in a re-stated capital budget of £543k funded by revenue contributions from partners involved in the project. We are also reporting a small overspend of £40k on the de-dualling of Fort Hill in Margate (out of a total of £1,691k for the project). This is funded from developer contributions which we have also received.
- 2.3.2 All of the planned KCC expenditure on the Dover Sea Change project (£750k) has been rephased from 2009/10 into 2010/11 in order to fully claim the CABA (Commission of Architecture and Built Environment) grant funding. The majority of the spending on the Swale Parklands scheme (£600k out of £750k) has been rephased into 2010/11 (£350k) and 2011/12 (£250k), as this project is dependent on the Northern Relief road being completed (estimated completion July 2011)

## 3 Recommendations

- 3.1 Members of the POC are asked to note the projected outturn for Regeneration and Economic Development for 2009/10 based on the first quarter's monitoring report to Cabinet.

### Background Documents:

- 1) Cabinet 14<sup>th</sup> September 2009 – Revenue and Capital budgets, Key Activity and risk Monitoring

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# REGENERATION SUMMARY

## JULY 2009-10 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 have been adjusted since the budget was set to reflect a number of technical adjustments to budget and the addition of £0.922m of roll forward from 2008-09, as approved by Cabinet on 13 July 2009.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 2 of the executive summary.

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

**Table 1**

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Regeneration &amp; Economic Development portfolio</b>							
Economic Development incl Regeneration Projects	8,338	-2,067	6,271	-25	25	0	Reduced SEEDA income covered by drawdown from reserves
Kent Film Office	141		141	0	0	0	
Resources	232		232	0	0	0	
Strategic Management	158		158	0	0	0	
Analysis & Information	931	-60	871	0	0	0	
Geographic Information Systems	534	-146	388	0	0	0	
<b>TOTAL Regen &amp; ED</b>	<b>10,334</b>	<b>-2,273</b>	<b>8,061</b>	<b>-25</b>	<b>25</b>	<b>0</b>	

#### 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 capital cash limits have been adjusted since last reported to Cabinet on 13<sup>th</sup> July 2009, as detailed in section 4.1.

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

	Prev Yrs Exp	2009-10	2010-11	2011-12	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Regeneration &amp; Economic Development Portfolio</b>						
Budget	18,123	6,835	6,070	4,480	6,222	41,730
Additions:						
- roll forward	-1,601	1,503	98			0
- Outturn and pre-outturn changes	-3,537					-3,537
-						0
Revised Budget	12,985	8,338	6,168	4,480	6,222	38,193
Variance		-1,247	1,100	250	0	103
<b>split:</b>						
- real variance		+103	0	0	0	+103
- re-phasing		-1,350	+1,100	+250	0	0

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 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
<b>Overspends/Projects ahead of schedule</b>						
R&ED						
			+0	+0	+0	+0
<b>Underspends/Projects behind schedule</b>						
R&ED	Dover Sea Change	phasing			-750	
R&ED	Swale Parklands	phasing			-600	
			0	0	-1,350	0
			0	0	-1,350	0

#### 1.2.4 Projects re-phasing by over £1m:

N/A

#### 1.2.5 Projects with real variances, including resourcing implications:

##### **Regeneration & Economic Development Portfolio**

Kent Thameside Regeneration Partnership (was Kent Thameside Delivery Board) capital project.

A re-alignment of costs between revenue and capital expenditure due to project management capitalisation results in a restated capital budget of £543k. The £63k increase is met by the revenue contribution from partners (Darford BC, Gravesham BC and KCC)

Forthill de-dualling

The budget set was understated by £40k, a 2% variance on original estimated project costs of £1,691k. This is met by Developer contributions already received.

#### 1.2.6 General Overview of capital programme:

(a) Risks  
N/A

(b) Details of action being taken to alleviate risks  
N/A

#### 1.2.7 Project Re-Phasing

It is proposed that a cash limit change be recommended for the following projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Future Years</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	
<b>Dover Sea Change (R&amp;ED)</b>					
Amended total cash limits	+750				+750
re-phasing	-750	+750			0
<b>Revised project phasing</b>	<b>0</b>	<b>+750</b>	<b>0</b>	<b>0</b>	<b>+750</b>
<b>Swale Parklands (R&amp;ED)</b>					
Amended total cash limits	+750				+750
re-phasing	-600	+350	+250		0
<b>Revised project phasing</b>	<b>+150</b>	<b>+350</b>	<b>+250</b>	<b>0</b>	<b>+750</b>
<b>TOTAL RE-PHASING</b>	<b>-1,350</b>	<b>+1,100</b>	<b>+250</b>	<b>0</b>	<b>0</b>