

BY: Kevin Lynes, Cabinet Member for Regeneration and Economic Development

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TO: Regeneration and Economic Development Policy Overview & Scrutiny Committee – 19th January 2010

SUBJECT: Financial Monitoring 2009/10

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the impact of the second quarter's budget monitoring report for 2009/10 presented to Cabinet on 30th November 2009 and the latest exception report presented on 11th January 2010.

FOR INFORMATION

1. Introduction

1.1 The following 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 POSCs 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.

2.2 The second quarter's monitoring report for 2009/10 was presented to Cabinet on 30th November 2009. An extract from the annex for the Chief Executives Department pertaining to the Regeneration and Economic Portfolio is attached as Appendix 1. An exception report was presented to Cabinet on 11th January 2010 but this did not include any additional variations for the Regeneration and Economic Development Portfolio.

2.3 *Revenue Budget*

2.3.1 In the second quarter's report an overall net saving of £173,000 was reported. This mainly arose due to not filling staff vacancies pending the arrival of the new

Director for Economic Development. A series of reviews are underway to enable the director to align the unit to the 'Regeneration Framework' aspirations, and to meet MTP savings and the projected loss of LABGI funding in 2011/12.

2.4 *Capital Budget*

2.4.1 An overall variance of -£24,000 was reported for the current year's spending.

This is due to the following:

- a re-phasing of £87,000 on the Euro Kent project into 2010/11 project due to 'traffic calming consultation
- £63,000 increased costs on Kent Thameside Regeneration Partnership (was Kent Thameside Delivery Board) following a re-alignment of costs between revenue and capital expenditure. The increase is met by revenue contributions from partners (Dartford BC, Gravesham BC and KCC)

3 Recommendations

Members of the POSC are asked to note the projected outturn for the Regeneration and Economic Development Portfolio for 2009/10 based on the second quarter's monitoring report to Cabinet.

Background Documents:

- 1) Cabinet briefing 30th November 2009 – Revenue and Capital Budgets, key activity and risk monitoring Report.

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REGENERATION & ECONOMIC DEVELOPMENT SUMMARY OCTOBER 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” 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 last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 of the executive summary.

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	
Regeneration & Economic Development portfolio							
Economic Development incl Regeneration Projects	8,409	-2,067	6,342	-165	35	-130	-£130k staff vacancies; -/+£25k due to reduced SEEDA income covered by drawdown from reserves
Kent Film Office	101		101	6	-4	2	
Resources	232		232	0	0	0	
Strategic Management	158		158	0	0	0	
Analysis & Information	931	-60	871	26	-71	-45	
Geographic Information Systems	534	-146	388	0	0	0	
TOTAL Regen & ED	10,365	-2,273	8,092	-133	-40	-173	
Total Directorate Controllable	10,365	-2,273	8,092	-133	-40	-173	
Assumed Management Action:							
- Regen & ED portfolio						0	
Forecast after Mgmt Action				-133	-40	-173	

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:

Regeneration & Economic Development portfolio:

1.1.3.8 Economic Development incl. Regeneration Projects: A number of staff vacancies were frozen pending the arrival of the new director, giving a saving of £130k. A series of reviews are underway to enable the director to align the unit to the ‘Regeneration

Framework' aspirations, and to meet MTP savings and the projected loss of LABGI funding in 2011-12.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure/saving has an offsetting entry which is directly related)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
			R&ED	staff vacancies within Regeneration	-130
		+0			-130

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

N/A

1.1.5 **Implications for MTP:**

N/A

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]*

Current assumptions are that units within the Corporate Support and Performance Management portfolio will be able to generate increased income to cover the current overspends across all CED Portfolios (excluding Regeneration).

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 12th October 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
Regeneration & Economic Development Portfolio						
Budget	12,985	6,988	7,268	4,730	6,222	38,193
Additions:						
-						0
Revised Budget	12,985	6,988	7,268	4,730	6,222	38,193
Variance		-24	87	0	0	63
split:						
- real variance		+63	0	0	0	+63
- re-phasing		-87	+87	0	0	0
Directorate Total						
Revised Budget	12,985	6,988	7,268	4,730	6,222	38,193
Variance	0	-24	87	0	0	63
Real Variance	0	63	0	0	0	63
Re-phasing	0	-87	87	0	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.

There are no variances over £250k

1.2.4 Projects re-phasing by over £1m:

There is no re-phasing over £1m

1.2.5 Projects with real variances, including resourcing implications:

Regeneration & Economic Development Portfolio

**Kent Thameside Regeneration Partnership (was Kent Thameside Delivery Board)
+£0.063m (in 2009/10).**

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

1.2.6 General Overview of capital programme:

(a) Risks
N/A

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