

TO: Corporate Policy Overview Committee – 8th April 2010

**BY: Paul Carter, Leader
Alex King, Deputy Leader
John Simmonds, Cabinet Member for Finance
Roger Gough, Cabinet Member for Corporate Support
Services & Performance Management
Alan Marsh, cabinet member for Public Health &
Innovation
Peter Gilroy, Chief Executive**

SUBJECT: Financial Monitoring 2009/10

Classification: Unrestricted

Summary:

Members of the POSC are asked to note the third quarter's budget monitoring report for 2009/10 to Cabinet on 29th March 2010

FOR INFORMATION

1. Introduction

1.1 This is a regular report to this Committee on the forecast outturn for Chief Executives Department and Financing Items budgets within the corporate services portfolios.

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 third quarter's monitoring report for 2009/10 was presented to Cabinet on 29th March 2010. Extracts from the annex for the Chief Executives Department for the portfolios reporting to this POSC and the annex for Financing Items are attached as appendix 1.

2.3 Revenue Budget

Chief Executives Department

2.3.1 Since the last report to this POSC in January we have identified the following significant variations:

- a. Increased “pay as you go” activity and income in Personnel & Development, Information Systems Group and Property Group. Pay as you go activities are those services which directorates pay for directly according to take-up rather than those services for which funding has been delegated under service level agreements.
- b. Under spends in Personnel and Development due to delays in setting up training programmes on National Crisis Leadership and Backing Kent Business and delays in undertaking employee health checks. We will be seeking roll forward of these under spends to meet costs anticipated to be incurred in 2010/11.
- c. Additional one-off and running costs for new Gateways opening during the year partially offset by additional contributions from partners.
- d. Additional spending and income in Kent Works as a result of providing health and safety checks in schools
- e. Reduced spending and income in Public Health Department due to delays on “mobile house” and “communities for health programme”. There has also been an under spend on publicity campaign for the Healthwatch campaign which will be requested for roll forward into 2010/11.

2.3.2 The overall impact is a net forecast under spend of £287k after taking account of the impact of a review of reserves which is contributing £311k towards one-off items and ongoing spending for which provision has been made in 2010/11 budget.

2.3.3 The support element of Chief Executive’s Department budgets has been delegated to service directorates. This means any over or under spends on the support elements will feature in directorate budget monitoring. At this stage the only variations to delegated support service budgets is a minor variation in relation to reduced costs for the Kent Public Services Network (KPSN) and additional costs for education appeals.

Financing Items

2.3.4 The forecast under spend on financing items has increased by £0.962m since the last exception report (new forecast £3.984m under spend). The main reason for the increase is due additional interest income due to:

- a) Higher than anticipated cash balances as a result of additional grant receipts and rephrasing of capital spending
- b) The impact of the new counterparty policy approved by Cabinet in October which allows the authority to invest balances with other banking institutions in addition to the Debt Management Office

2.3.5 There is an increase in the forecast over spend on the Insurance Fund from £1.4m to £2.322m which is covered by an increased draw down from the Insurance Reserve. The number and value of insurance claims are rising and we have made provision in 2010/11 budget to increase the contribution to the Insurance Fund although based on current claims experience we will continue to need draw down from reserves.

2.3.6 The third quarter's forecast for financing items also includes the additional £1.57m contribution to reserves to support the 2010/11 budget as approved by the County Council 18th February.

2.4 Capital

2.4.1 Capital cash limits have been updated to reflect previously reported variances.

2.4.2 The forecast capital spending for 2009/10 shows an increase of £538k due to additional spending within Commercial Services on vehicles plant and equipment funded from an additional contribution from their renewals reserve. The monitoring also shows rephrasing of spending totalling £175k into 2010/11 mainly arising from the Gateway programme.

3 Recommendations

3.1 Members of the POSC are asked to note the projected outturn for the Chief Executive's Department and Financing Items for 2009/10 based on the third quarter's monitoring report to Cabinet.

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Background Documents:

- 1) Cabinet 29th March 2010 – Revenue and Capital Budgets, Key Activity and Risk Monitoring