

**To:** Communities Policy Overview & Scrutiny Committee

**By:** Mike Hill, Cabinet Member for Communities Services  
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**Date:** 9<sup>th</sup> July 2010

**Subject:** 2009/10 Budget Outturn Report

**Classification:** Unrestricted

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## Summary

In January 2010, Members of the Communities Policy Overview & Scrutiny Committee (POSC) received an update on the 3<sup>rd</sup> quarter's monitoring. This report summarises the end of year position and outturn for the Communities Portfolio, including both the revenue and capital budgets.

Members are also asked to consider how the committee should contribute to formulating the 2011/12 budget and medium term plan at an earlier stage than previous years.

## FOR INFORMATION AND COMMENT

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### 1. Introduction

- 1.1 The revenue outturn will be reported to Cabinet on 12<sup>th</sup> July 2010. We would not normally report the outturn position to POSCs until it has been agreed by Cabinet however, if we waited until after Cabinet this would mean the outturn would not be available until the September POSC.
- 1.2 The overall position for Communities portfolio was a net underspend of £0.818m. This increased slightly from the position we have been reporting throughout the year and section 2 will detail how this underspend was generated.
- 1.3 At the April meeting, the Scrutiny Board recommended that all POSCs need to formulate their arrangements for contributing to the development of the budget so that they are able to have an input at an earlier stage than previous years.

In particular POSCs should consider whether the Informal Member Groups set up following the November 2009 meeting should meet regularly between now and December when the draft budget needs to be finalised for formal consultation. This was re-affirmed at a recent training session for all Overview and Scrutiny members.

## 2. Budget Outturn 2009/10 – Revenue

2.1 As reported in previous POSC meetings, the directorate was again faced with ever increasing costs with regard to the Coroners service. In addition to this, three other budget lines/services in the Directorate also reported an adverse variance at the year end, namely business development, central budgets and registration which were all affected to some extent by reduced capacity for income generation (see 1.6).

As reported previously, management restraint was imposed on spending towards the end of the year, through holding posts vacant and limiting non essential non staff spending, with the aim of delivering a balanced budget or reducing the overspends as far as possible.

2.2 The remaining 11 units delivered underspends of varying magnitudes, by a combination of managing vacancies above budgeted levels and early implementation of efficiencies within the 2010-13 Medium Term Plan.

2.3 Table 1 sets out the original budget, final approved cash limit and spending for each service unit within Communities. The changes between the original budget and final approved cash limit are all within KCC's "virement" rules as set out in Financial Regulations.

Table 1							Memorandum	
Service Unit	Director	Original Budget £000s (Net)	Approved Cash Limit £000s (Net)	Final Outturn £000s (Net)	Variance from Cash Limit £000s (Net)	Variance (as % of Gross Spending)	Gross Expenditure £000s	Gross Income £000s
Turner Contemporary	VP	790	790	782	-8	-0.7%	1,133	-351
Drug and Alcohol Action	AS	2,182	2,289	2,214	-75	-0.4%	17,239	-15,025
Youth Offending	AS	3,827	3,827	3,826	-1	0.0%	7,358	-3,532
Youth Services	AS	7,010	7,141	7,012	-129	-0.9%	13,897	-6,885
Supporting People	AS	0	859	768	-91	-0.3%	32,946	-32,178
Adult Education (Incl. Key Training)	DC	0	-211	-304	-93	-0.5%	17,338	-17,642
Arts Development	DC	1,360	1,306	1,177	-129	-9.5%	1,361	-184
Libraries and Archives	DC	20,475	20,480	20,428	-52	-0.2%	23,951	-3,523
Sports, Leisure and Olympics	DC	1,200	1,200	1,199	-1	0.0%	2,685	-1,486
Supporting Independence	AH	1,388	1,616	1,096	-520	-39.7%	1,309	-213
Community Safety	CB	3,920	3,920	3,896	-24	-0.6%	4,286	-390
Coroners	CB	2,037	2,037	2,298	261	9.5%	2,756	-458
Emergency Planning	CB	639	649	650	1	0.1%	815	-165
Kent Scientific Services	CB	576	575	573	-2	-0.1%	1,353	-780
Registration	CB	1,083	1,159	1,170	11	0.3%	4,178	-3,008
Trading Standards	CB	3,481	3,501	3,448	-53	-1.4%	3,777	-329
Business Development	CB	396	439	471	32	5.1%	631	-160
Policy & Resources	JE	1,272	1,329	1,329	0	0.0%	1,572	-243
Strategic Management	AH	996	925	925	0	0.0%	982	-57
Central Departmental Support Services purchased	JE	-526	660	736	76	3.3%	2,334	-1,598
<b>Net Controllable</b>		<b>56,347</b>	<b>58,600</b>	<b>57,782</b>	<b>-818</b>	<b>-0.6%</b>	<b>145,989</b>	<b>-88,207</b>

- 2.4 POSC members will be aware that a number of the variances detailed above have been reported throughout the year and in fact at the April POSC meeting, an underspend of £0.385m was conveyed.

Below is an analysis of how the financial outturn of the directorate moved from this position to the year end outturn of £0.82m – a variance of £0.435m:

- Supporting Independence Programme – a movement of **£0.04m** in relation to costs that were anticipated to be expended prior to the year end but have now been committed as part of the roll forward process.
- Youth Service and Adult Education – both services were prudently curtailing all non essential spend in order to make a year end contribution to an asset replacement reserve. In the event these contributions were not made and each service reported an outturn of £0.13m and £0.091m respectively, thereby accounting for **£0.22m** of the variance.
- Kent Drug & Alcohol Action Team (“KDAAT”) – the service reported a balanced position until the final month of the year. Certain expenditure was not made in 2009-10 and was part of the committed roll forward for 2010-11 and this caused **£0.075m** of the movement.
- Libraries – the service reported an underspend of **£0.051m** after forecasting a balanced budget throughout the year. Some income was not received until the final month and therefore certain profiled expenditure did not proceed. A roll forward bid was made but this was not carried through into the 2010-11 budget.
- Registration – despite a year-end outturn of £0.01m, the service faced an income pressure in excess of £0.2m mid way through the year and in the final months was able to curtail non essential expenditure. This, combined with a slight improvement in forecast ceremonial income for the last quarter, meant that the year end outturn improved by **£0.15m**.
- Central budgets – this budget was forecast to be balanced throughout the year but certain costs are allocated based on activity and this activity increased in the final quarter and management action was unable to mitigate this pressure. An adverse movement of **£0.076m** was reported accordingly. Other minor variances also occurred and reconcile back to the £0.435m movement.

- 2.5 As identified above we intended to roll forward part of the £0.82m underspend with a combination of committed and roll forward bids (see 2.1)

### 3. Roll forward

- 3.1 Two of the commitments put forward by Communities were in relation to the Supporting Independence Programme and Kent Drugs and Alcohol (KDATT) service. Approval of these commitments had led to an increase in their respective cash limits of £50k and £75k.

3.2 Other roll forward bids that were proposed by Community Learning and Skills (CLS - previously Adult Education and Key Training), Libraries and the Youth Service were not accepted and alternative funding routes are currently being explored.

#### 4. Budget Outturn 2009/10 – Capital

4.1 The final capital outturn and project values are noted in Table 2 below.

Table 2		2009/10 Spend				Total Scheme Cost		
	Director	Original Budget £000s	Approved Cash Limit £000s	Final Outturn £000s	Variance from Cash Limit £000s	Approved Cash Limit £000s	Forecast Spending £000s	Variance from Cash Limit £000s
<b>Rolling Programmes</b>								
Library Modernisation Programme	DC	690	301	262	-39	2,259	2,302	43
Modernisation of Assets	JE	1,470	1,493	1,486	-7	7,910	8,363	453
Public Sports Facilities Improvement – Capital Grants	DC	100	106	102	-4	400	400	0
Village Halls & Community Centres – Capital Grants	JE	200	261	205	-56	888	888	0
<b>Schemes with Approval to Spend</b>								
The Beaney, Canterbury – library, museum & gallery modernisation and extension	DC	1,400	400	401	1	2,579	2,631	52
BIG Lottery Fund – Physical Education & Sport	DC	0	1	1	0	9,933	9,933	0
Adult Education – Purpose Built Accommodation Canterbury High School	DC	0	-17	-17	0	3,284	3,284	0
Margate Library – modernisation and Gateway	DC	0	44	44	0	840	840	0
Museum Development Programme	DC	0	26	27	1	70	71	1
Turner Contemporary	JE	10,512	5,391	5,781	390	17,400	17,400	0
Renewal of Library ICT Systems	DC	39	243	237	-6	1,510	1,504	-6
Herne Bay Youth & Children's Centre	AS	0	9	8	-1	835	834	-1
Ashford Gateway Plus	DC	4,661	372	450	78	7,066	7,106	40
Ramsgate Library – Insurance betterment	DC	200	180	96	-84	1,058	974	-84
Cobtree Trust	JE	0	100	43	-57	100	100	0
Dover Big Screen	DC	0	145	152	7	185	205	20
Tunbridge Wells Library	DC	600	2	2	0	334	334	0
Grove Green Library	DC	175	0	0	0	175	175	0
Kent History Centre	DC	4,239	3,597	3,693	96	11,992	12,042	50
Gravesend Library	DC	1,700	222	222	0	2,500	2,500	0
Grant to Maidstone Museum	DC	0	0	0	0	100	100	0
Contribution to The Marlowe Theatre, Canterbury	DC	2,000	1,000	1,000	0	2,000	2,000	0
<b>Schemes with Approval to Plan</b>								
New Community Facility at Edenbridge	DC	1,603	0	16	16	1,936	1,986	50
Libraries Invest to Save Project	DC	0	0	0	0	1,500	1,500	0
New Library & Community Centre, Cheeseman's Green	DC	0	0	0	0	350	350	0
<b>TOTAL</b>		<b>29,589</b>	<b>13,876</b>	<b>14,211</b>	<b>335</b>	<b>77,204</b>	<b>77,822</b>	<b>618</b>

4.2 The movements from the original budget and the approved cash limit have been reported in monitoring during the year and the cash limits were changed when the capital programme in 2010/13 medium term plan was approved in February.

4.3 The narrative below contains a summary of the major projects within the portfolio, progress to date and significant milestones achieved during the year.

- **Turner Contemporary gallery:** A £17m project in Margate, involving the development of an Art gallery on a prominent seafront location. We have continued to make significant progress during the year. The superstructure of the building is almost complete and the contractor is now making good progress with the cladding and roofing, with a view to making the building watertight by early summer. Completion is expected before the end of the year.
- **Kent History and Library Centre:** a £12m project in Maidstone, which is part of a larger £30m innovative development in partnership with the second largest developer in the world – Bouygues - providing some 60 residential homes in addition to our building which will encompass the Kent Archive facility. KCC funding is being supported by some groundbreaking initiatives for KCC involving a land transfer and a long term lease with Bouygues. Work commenced on site in March and the new building is anticipated to open in summer 2012.
- **Ashford Gateway Plus:** a £7.6m project in Ashford, whereby a new facility is being built on the old library site and will offer a combination of library, adult learning, registration, social day services, Ashford Borough Council services and a new Gateway. The building will be completed by summer 2011. Preliminary work started in April 2010, with a temporary library opening in the nearby mall, and the building will be completed by summer 2011. KCC financial support is being supplemented by contributions, Ashford Futures and developers.
- **The Beane in Canterbury:** is an innovative joint £12m project with Canterbury City Council to bring together the library, museum and gallery in an extended and refurbished Grade II listed building. Funding for the project includes in excess of £6m Heritage Lottery Funding, almost £1m from SEEDA with the balance from both Canterbury CC and KCC. This project is due to commence in Quarter 1 2010-11.
- **Gravesend library:** is now being refurbished and partly rebuilt at a cost of £2.5m. This project will see the Carnegie Library refurbished and the adjacent shop unit completely rebuilt. Work began on site in March 2010, with a temporary library opening in the nearby shopping centre. The new revamped library is due to re-open in 2011. It is being funded in part by developer contributions but predominantly by KCC.
- **Libraries Modernisation Programme:** Further capital investment has continued to benefit both existing customers, as well as attract new customers, through the new improved aesthetic environment.

Improved footfall in recently refurbished libraries has led to an increase in issues during 2009-10, for example, by 80% at Ramsgate and 13% at East Peckham when compared to 2007-08. The modernisation programme will continue in 2010-11.

- **Dover Big Screen/Live Site:** was secured for Dover by the KCC Sport, Leisure and Olympics service from the BBC and the London Organising Committee for the Olympic and Paralympic Games. The screen, installed at Market Square in Dover, is the only screen of 20 nationwide that is in a town, rather than a city, and is only the second such screen in the South East region.

The screen is valued at £0.650m and the cost to local partners of planning and installation was £0.205m, which included partnership funding from Dover Pride and the East Kent and Coastal PCT, as well as from KCC.

The screen shows a combination of BBC News 24, Olympic related programmes, major events and locally-generated content and more recently the early stages of the World Cup.

## **5 Recommendations**

5.1 Members of the Communities POSC are asked to:

- a) NOTE the revenue and capital financial outturn for 2009/10 including rollovers for committed projects and changes to capital programme
- b) CONSIDER how the POSC should contribute to the development of the 2011/12 budget and to agree that an Informal Member Group be asked to meet on a regular basis over the next 6 months in order to get a fuller understanding of the implications of potential budget reductions and report back to the full POSC in November and January.

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