

COMMUNITIES DIRECTORATE SUMMARY JULY 2010-11 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 the adjustments required as a result of the in year grant reductions as reported to Cabinet in July, the addition of £0.126m of roll forward from 2009-10, as approved by Cabinet on 14 June 2010 and a number of technical adjustments to budget including the transfer of the Stronger Safer Communities Area Based Grant from the Finance portfolio.
- The inclusion of a number of 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:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities portfolio							
Kent Drug & Alcohol Action Team	17,172	-14,933	2,239	0	0	0	
Youth Offending Service	6,757	-3,012	3,745	1	-1	0	
Youth Services	12,059	-5,205	6,854	-19	-3	-22	
Supporting People	32,314	-220	32,094	0	0	0	
Adult Education (incl KEY)	17,072	-17,172	-100	0	0	0	
Arts Unit	2,277	-285	1,992	-107	95	-12	Variance relates to the finalisation and repayment of an Interreg grant, gross and income effect.
Libraries, Archives & Museums	22,602	-3,045	19,557	-62	62	0	Gross costs have been reduced by enhanced vacancy management with AV income forecasts reduced in line with Qtr 1 activity.
Sports, Leisure & Olympics	3,002	-1,373	1,629	-8	8	0	
Supporting Independence	4,937	-4,160	777	0	0	0	
Kent Community Safety Partnership	5,296	-382	4,914	33	-79	-46	Reduced staff costs mainly due to part year Community Warden vacancies offset by contribution towards directorate vacancy savings target. Additional income from Future Jobs Fund.
Coroners	2,702	-475	2,227	95	0	95	Continuation of pressure reported in 2009-10, regarding long inquests and Body removal contract.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Emergency Planning	828	-199	629	-9	9	0	
Kent Scientific Services	1,271	-780	491	-40	58	18	Reduced staff costs arising from vacancy management, offset by higher than anticipated price increases of chemical and safety equipment. Income variance relates to an income target, which at present is deemed as not achievable.
Registration	3,895	-3,027	868	-28	0	-28	Reduced staff and premises costs.
Trading Standards	3,655	-322	3,333	-63	11	-52	Reduced staff costs due to vacancies being held, where possible, for duration of year; reduced spend on staff related, premises and transport costs. Reduced fees income
Policy & Resources	1,669	-361	1,308	0	0	0	
Business Development & Support	579	-228	351	-16	16	0	
Strategic Management	929		929	-1	0	-1	
Centrally Managed directorate budgets	1,296	-1,228	68	46	-53	-7	
Support Services purchased from CED	4,760		4,760	0	0	0	
Total Communities controllable	145,072	-56,407	88,665	-177	122	-55	
Assumed Management Action						0	
Forecast after Mgmt Action				-177	122	-55	

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 Coroners: +£95k Net (Gross +£95k)

The pressures affecting the service, and our inability to control Coroners' expenditure has been fully documented over the past years.

Despite additional funding in each of the last three years to address the issue of long inquests and increasing pressures on Mortuary costs, the service continues to experience pressures, due to a rise in the number of deaths that are deemed suspicious.

The main pressure arises from long inquests payments (£39k on staff pay, £47k premises and £43k fees with private sector). As an example, two long inquests in the North West Kent area are forecast in the region of £49k, with another significant inquest scheduled later in the year, estimated at a further cost of £20k.

The pressure is being exacerbated by one of the coroners continuing to use, in the first quarter, an external provider for toxicology and other laboratory services, instead of using Kent Scientific Services, which contributes £20k towards the forecast overspend.

These pressures are being partially offset because late invoices relating to 2009-10 have come in at less than the estimated creditor provisions set up at the end of the year.

1.1.3.2 Libraries: -£62k Gross and +£62k Income

The service has made savings on gross expenditure, mainly through vacancy management (-£65k), and on premises costs (-£134k) which have been achieved from one-off rates rebates for three of their libraries.

This is being offset by higher than anticipated running costs (£89k) and increased internal recharges (£39k).

Libraries are forecasting a reduction in their Audio Visual and merchandising income streams of £155k and reduced fines income of £50k, due to reduced activity in Quarter 1. The budget was set at a lower level than in the prior year but even then; revised targets have not been met. Therefore, the forecast for the year has been reduced accordingly.

This is being offset by various one-off income contributions from internal and external partners totalling £146k.

1.1.3.3 Community Learning & Skills (AE &KEY)

Subsequent to the preparation of the 2010-2011 budget, the service was notified of a variation in grant funding of £469k, for the 2010-2011 academic year from the Skill Funding Agency (formerly the Learning & Skills Council).

The service has responded to this ever changing and volatile market by revising its budget plans to take into account the net loss of grant income, amended the enrolment targets set, and put in place management action designed to reduce expenditure in line with current funding levels and to mitigate against the loss of income.

Cash limits have been adjusted to reflect this grant reduction, as highlighted in Appendix 3, Reconciliation of Gross and Income Cash Limits to the Budget Book, to the executive summary report.

1.1.3.3 Supporting People

Commitments are in place that will result in gross expenditure being close to £2,796k in excess of the agreed cash limit for floating support. This is a demand led service provided by the unit, to assist customers within their homes. Demand currently exceeds the resources allocated and, therefore, additional support has been provided to cope with the increase in demand. These costs will be met by a drawdown from the existing supporting people earmarked reserve and, therefore, a balanced position is being forecast with regard to the main grant.

As a result of the 10 June Government savings announcement, the service was notified of a reduction in the Area Based Grant for supporting people administration of £736k. Cabinet, at its meeting in July, agreed that this reduction could be met by a drawdown from the supporting people earmarked reserve and the cash limit has been reduced accordingly to reflect this drawdown. However, the current forecast for supporting people administration indicates a modest underspend of -£73k, therefore the estimated drawdown from the reserve will be reduced accordingly.

Overall therefore, the current estimated drawdown from the reserve is £2,723k (£2,796k - £73k) above the budgeted drawdown of £736k.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	Supporting People: planned increase in the level of Floating Support and small underspend on administration	+2,723	CMY	Drawdown from Supporting People reserve.	-2,723
CMY	Libraries: reduced forecast on audio visual income stream due to reduction in activity compared with Q1 in 09-10 and anticipated shortfall in merchandising income.	+155	CMY	Libraries: one-off income contributions from internal and external partners.	-146
CMY	Coroners: long inquest costs	+129	CMY	Libraries: Reduced spend on utilities and one off rates rebates.	-134
		+3,007			-3,003

1.1.4 Actions required to achieve this position:

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position before assumed management action reported in table 1.

Community Learning & Skills

In order to mitigate against the grant reduction from the Skills Funding Agency of £469k, the service has enacted management action devised to deliver a balanced budget.

Vacancy management

Due to the current financial climate and volatility regarding grant funding, the directorate has informed units to maintain and extend vacancies wherever possible, but on the basis that front line provision should not be adversely affected. In addition, services have also been asked to monitor and reduce all non essential expenditure.

Grant Reductions

A few directorate units have recently been notified of reduced grant income from internal and external partners. In all cases, management actions has been enacted to contain expenditure and to deliver a balanced budget position.

Supporting People

The service expects to drawdown £3.459m from its reserve to address costs required to service their contracts. The level of drawdown required, has been exacerbated by the removal of the Admin grant.

1.1.5 Implications for MTP:

The base budget implications of issues identified in this monitoring report will be a call on the amounts identified in the 2010/13 MTP as emerging pressures in 2011/12 and 2012/13. The details of individual amounts will be included when the revised plan is published for consultation in January 2011 together with any new pressures forecast for 2011/12 and 2012/13. There are no significant issues for the Communities portfolio arising from 2010/11 budget monitoring.

The revised MTP will include proposals on how the in-year cuts in Government grants will be accommodated in base budgets once it has been confirmed that these reductions are permanent, following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in late November/Early December. The revised plan will also include the strategy to address the likely reductions in funding over the lifetime of the current parliament following the Chancellor's emergency budget statement on 22nd June in which he outlined his plans to address the national budget deficit.

1.1.6 Details of re-phasing of revenue projects:

None

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

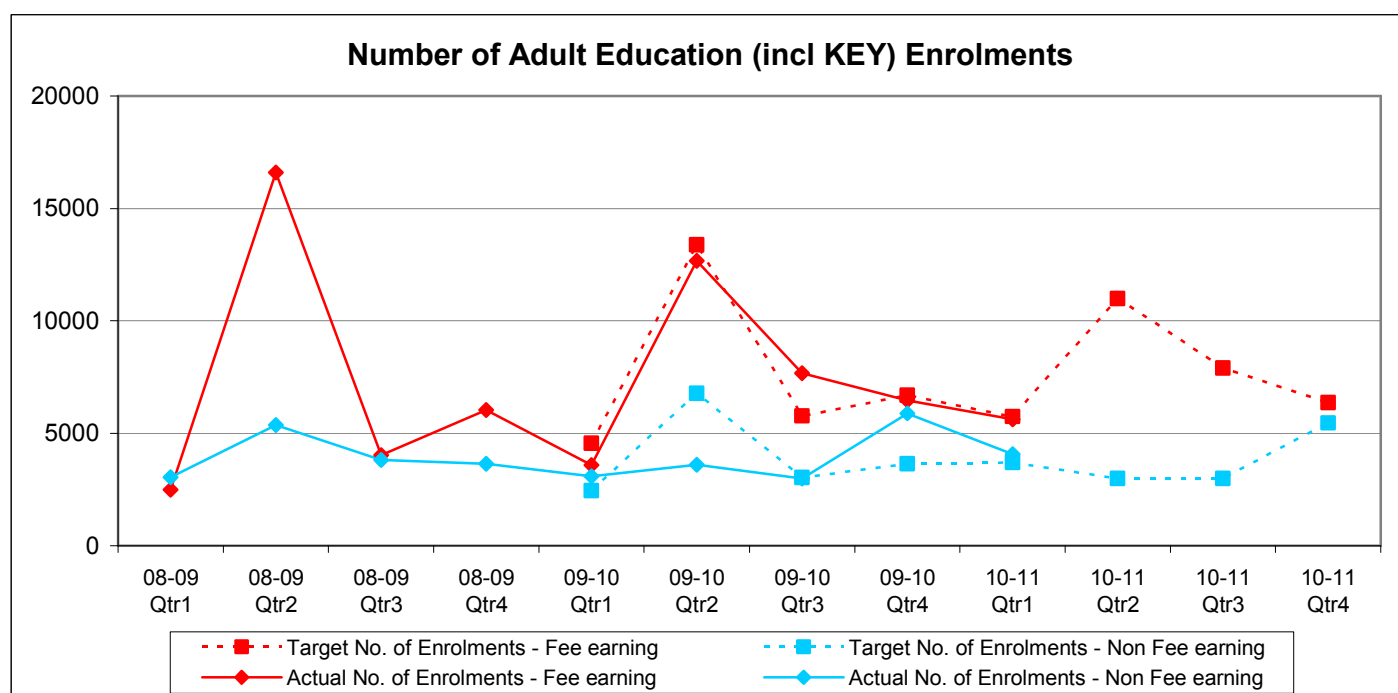
N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Number of Adult Education & KEY enrolments:

	2008-09			2009-10					
	ACTUALS			TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	2,496	3,049	5,545	4,560	2,456	7,016	3,589	3,087	6,676
Jul - Sept	16,590	5,360	21,950	13,377	6,774	20,151	12,667	3,598	16,265
Oct - Dec	4,024	3,816	7,840	5,776	3,029	8,805	7,680	2,986	10,666
Jan - Mar	6,039	3,639	9,678	6,689	3,651	10,340	6,474	5,880	12,354
TOTAL	29,149	15,864	45,013	30,402	15,910	46,312	30,410	15,551	45,961

	2010-11					
	TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	5,750	3,700	9,450	5,619	4,075	9,694
Jul - Sept	11,000	3,000	14,000			
Oct - Dec	7,900	3,000	10,900			
Jan - Mar	6,368	5,462	11,830			
TOTAL	31,018	15,162	46,180	5,619	4,075	9,694



Comments:

- The Skills Funding Agency (SFA) grants depend partly on enrolments to courses and are subject to a contract agreement with SFA. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year. Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.
- All enrolments (fee and non fee paying) have exceeded the target by 2.6% for the periods April – June. Enrolments on fee paying courses have increased by 56.6% over that achieved for similar

period last year, but are below target by 2.2%. Enrolments for courses where fees are not payable have increased by 32% over that achieved for similar period in 2009-10, and are 10.1% above target enrolments for 2010-2011.

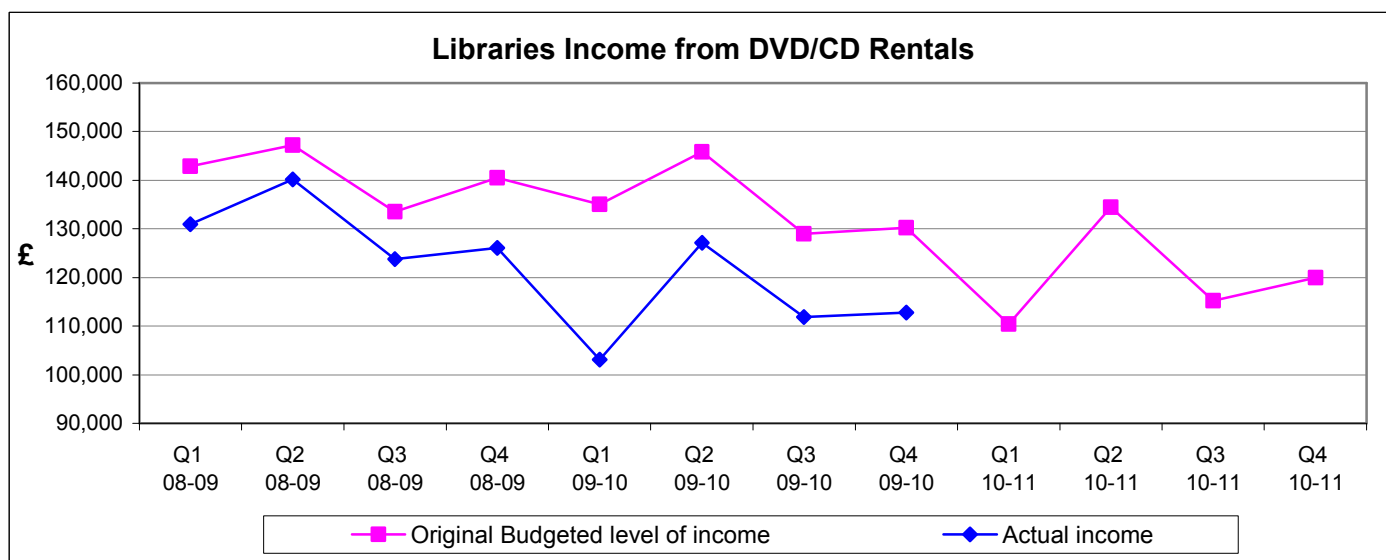
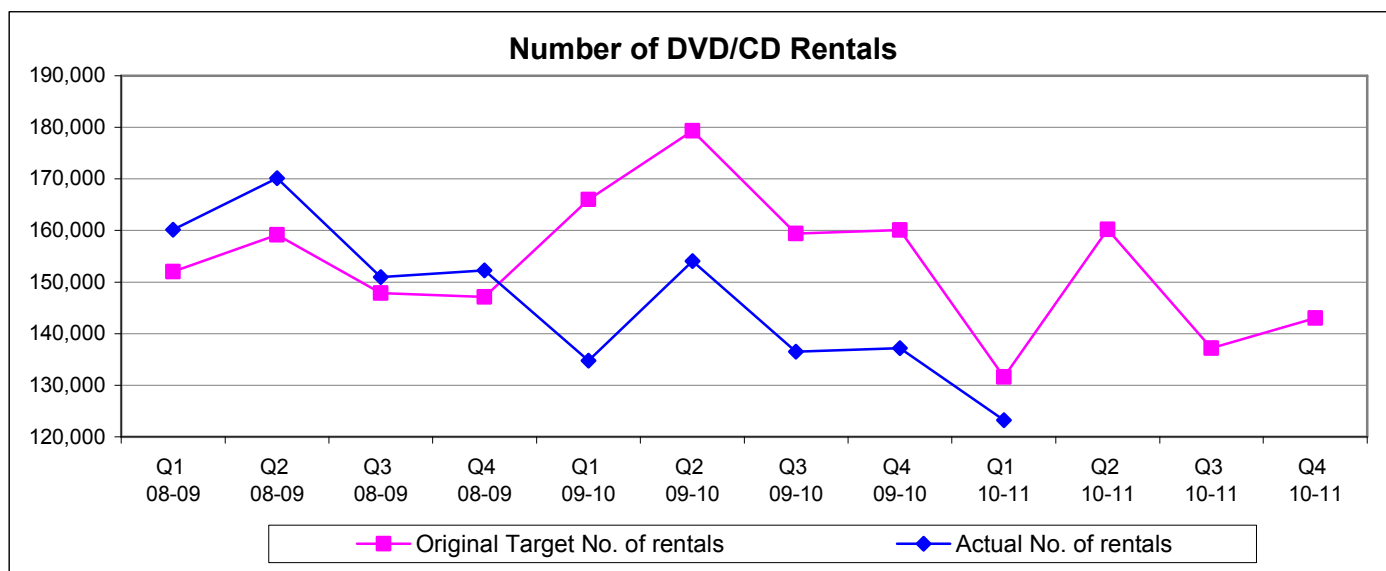
The majority of these enrolments are for family learning and skills for life programmes, which are wholly funded by Skills Funding Agency (SFA) contracts. Performance on the contracts is regularly monitored to ensure the services will drawdown the total contract values for the academic year.

- The estimated profile of 2010-11 enrolment targets provided in the 2009-10 outturn report has been adjusted as the unit moves towards 'continual' curriculum planning. The 2010-2011 brochure was published 3-4 weeks earlier than 2009-10 (2% down against target - peak enrolment period Qtr 2 & Qtr 3). The increase in enrolments for courses without fees is due to a profile of enrolments on Family Learning courses. Generally, enrolment targets have been revised to reflect changes in the minimum contract value.

2.2 Number of Library DVD/CD rentals together with income raised:

	2008-09				2009-10			
	No of rentals		Income (£)		No of rentals		Income (£)	
	Budgeted target	actual	budget	actual	Budgeted target	actual	Budget	actual
April – Jun	152,059	160,162	142,865	130,920	166,000	134,781	135,000	103,135
July – Sep	159,149	170,180	147,232	140,163	179,300	154,044	145,800	127,156
Oct – Dec	147,859	150,968	133,505	123,812	159,400	136,516	129,000	111,827
Jan – Mar	147,156	152,249	140,533	126,058	160,100	137,172	130,200	112,775
TOTAL	606,223	633,559	564,135	520,953	664,800	562,513	540,000	454,893

	2010-11			
	No of rentals		Income (£)	
	Budgeted target	actual	Budget	actual
April – Jun	131,600	123,201	110,400	89,866
July – Sep	160,200		134,400	
Oct – Dec	137,200		115,200	
Jan – Mar	143,000		120,000	
TOTAL	572,000	123,201	480,000	89,866



Comments:

- Rentals of audio visual materials (especially videos and CDs) continue to decline as videos become more obsolete and alternative sources for music become more widely available, which has resulted in a reduction in AV income of £111k. Demand for spoken word materials and DVDs has remained reasonably stable.
- Research undertaken by the service in order to mitigate this actual and forecast decline, indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.
- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service increased income budgets from other merchandising to offset the loss of income from AV issues, but is also now falling short on this. Issues and income achieved in 2009-10 were below target, partly due to the impact on loans in the first quarter as the new computer system was being rolled-out, and visitor numbers declined; as customers stayed away, wary that things may go wrong with the new system. The position was exacerbated further by half day closures, the unavailability of the web catalogue and the facility to renew items, which resulted in a loss of income as DVD's could not be renewed.
- The service is currently working on an exit strategy for the audio visual rental service, in acknowledgment of the continual decline in demand and that merchandising income is no longer sufficient to plug the gap. It is expected that the outcomes of this will be reflected in the 2011-14 MTP.
- The actual number of rentals includes those from visits to lending libraries, postal loans and reference materials.
- To enable better comparison of AV issues and income data, the actual income reported for the previous quarter is changed from the figure previously reported, to reflect the late banking of income which has taken place during the current quarter but relates to rentals issued within the previous quarter. The number of rentals reported previously remains unchanged. It is likely that this adjustment will be required in each report.