

To: Communities Policy Overview and Scrutiny Committee

By: Mike Hill, Cabinet Member for Communities Services and
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Date: 11th January 2011

Subject: Financial Monitoring 2010/11

Classification: Unrestricted

For Information and Comment

1. Introduction

1.1 This is a regular report to this Committee on the forecast outturn against budget for the Communities portfolio.

2. Background

2.1 Policy Overview and Scrutiny Committees (POSCs) consider priorities for the Medium Term Plan (MTP) at their November meetings and the draft MTP and annual budget at their January meetings. To inform discussion, three reports are presented to the Committee on a regular basis:

a) Budget Monitoring reports

A quarterly budget monitoring report is presented to Cabinet, usually in September, December and March and the Communities' annex to those reports is on the agenda of this Committee at the next available meeting. This keeps Members informed about current trends, pressures and management actions in advance of budget setting.

b) Performance reports

Reports are also brought to POSCs throughout the year advising Members of performance against national indicators, KCC priorities, operational business activity and any external inspection reports.

c) Outturn report

The outturn report in July summarises financial and performance information for the preceding year.

3 Quarterly monitoring report

3.1 Attached is the monitoring report for the second quarter in 2010/11 for Communities. The salient points from this, and any subsequent exception reports, are highlighted below.

3.2 Revenue

3.2.1 The latest available forecast for Communities, based on October's outturn, is a forecast underspend of £0.620m (as reported in December's monitoring report to Cabinet). At our previous POSC we presented a forecast underspend of £0.076m, based on September's outturn, and the reasons for the £0.544m net movement are given below.

Coroner Service - £0.100m

3.2.2 A £0.150m pressure arising from an increase to post mortem and body storage charges from Dartford & Gravesham NHS Trust was reported in full in previous monitoring submissions.

3.2.3 Negotiations with the Trust have been ongoing in the intervening months and without a viable alternative, this increase in costs has been reluctantly accepted by the authority. However, as this is an unfunded pressure, positive negotiations with the Trust have led to a phased increase in pricing over a 3-year period, meaning the 2010-11 pressure has reduced from £0.150m to £0.050m - accounting for the entirety of the forecast reduction of £0.100m.

3.2.4 This is a temporary reduction as a further £50k cost – and ultimately a pressure - will be added in each of the next two years. The service is examining capacity within other Trust's mortuary facilities, where charges are significantly less, as well as continuing to explore the possibility of an invest-to-save scheme to build a purpose built KCC mortuary. This is, however, a mid to long term aspiration.

Libraries & Archives -£0.040m

3.2.5 The service has achieved underspends during the year by accelerating planned saving programmes and managing staff vacancies including some arising during the Radio Frequency Identification (RFID - self service) project consultation.

3.2.6 The underspend of £0.040m that is being reported is the net effect of the above savings, offset by contributions being made to capital in relation to anticipated additional costs on the Beaney project, as referred to in previous months.

Youth Service -£0.368m

3.2.7 The Youth Service was previously forecasting an underspend of £0.031m, achieved by acceleration of programmed management action and savings.

3.2.8 The underspend has now increased as the previous forecast included a number of projects that had not yet commenced but were expected to be completed prior to the year-end. One of these projects related to apprentices and expenditure

was forecast to be fully spent by the year-end but circumstances have prevented the commencement of the project until quarter 4 of 2010-11 or quarter 1 of 2011-12.

3.2.9 Part of the funding has been diverted to other projects within the Youth Service where expenditure and scope can be expanded whilst still securing value for money. The remainder is being reported as an underspend.

3.3 Capital

3.3.1 The portfolio forecasts an underlying budget variance of £0.166m, which represents a movement of £0.103m from the variance reported to Cabinet in November.

3.3.2 The Beaney Centre +£0.150m:

Additional funding is being sought from the Heritage Lottery Fund (HLF) and other grant funding to cover issues regarding the roof and façade of the building that has previously been reported to this committee. Until the additional funding has been achieved, a prudent decision was made to identify funding in case the HLF monies were not forthcoming.

To achieve this, £0.050m has been identified within the Modernisation of Assets budget together with a £0.100m revenue contribution from Libraries following the acceleration of planned revenue savings. If HLF and other grant monies are secured then this prudent funding will be reallocated to its original intention or reported as an underspend.

3.3.3 Modernisation of Assets (-£0.050m): See above

4 Recommendations

4.1 Members of the POSC are asked to note the projected outturn figures for the directorate for 2010/11 based on the latest monitoring report to Cabinet.

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Appendix:

The Communities annex to the 2010/11 quarter two budget monitoring report to Cabinet in November 2010.