

COMMUNITIES DIRECTORATE SUMMARY OCTOBER 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" i.e. 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 including the virement of £75k from the Finance portfolio for a contribution towards the Contemporary Coast marketing campaign, as approved by Cabinet in October.
- The inclusion of a number of 100% grants (i.e. 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	18,520	-16,230	2,290	0	0	0	
Youth Offending Service	6,757	-3,012	3,745	-32	-54	-86	Gross: service restructure resulting in the reduction of a senior post which is being back-filled from within existing resources. Income: Additional funding from YJB for Training Manager seconded to YJB & additional funding for the Summer Arts project from Unitas
Youth Services	11,699	-4,845	6,854	64	-95	-31	Additional expenditure on Outdoor education (£24k); Residual costs for Alternative Curriculum Programme (£10k); remaining £30k covers a multitude of variances. Additional fees from Outdoor Education & income generation from Youth Centres over budgeted target
Supporting People	32,314	-220	32,094	0	0	0	
Adult Education (incl KEY)	17,072	-17,172	-100	5	-5	0	
Arts Unit	2,315	-248	2,067	-15	0	-15	
Libraries, Archives & Museums	22,626	-3,045	19,581	36	-39	-3	Increased gross costs arising from Radio Frequency Identification (RFID) project offset by enhanced vacancy management savings; additional income from Home Office, reduced shortfall in AV income forecasts & back rent.
Sports, Leisure & Olympics	3,201	-1,572	1,629	0	-10	-10	
Supporting Independence	4,058	-3,281	777	-3	-2	-5	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Kent Community Safety Partnership	5,215	-382	4,833	-21	-36	-57	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	266	20	286	Continuation of pressure reported in 2009-10, regarding long inquests and Body removal contract. Income variance relates to Medway Council SLA.
Emergency Planning	828	-199	629	-6	6	0	
Kent Scientific Services	1,271	-780	491	-29	32	3	Reduced staff costs arising from vacancy management, offset by higher than anticipated price increases of chemical & safety equipment. Income variance relates to an income target, which at present is deemed as not achievable.
Registration	3,856	-3,027	829	-88	-15	-103	Reduced staff & premises costs. Increased fees income.
Trading Standards	3,655	-322	3,333	-135	7	-128	Reduced staff costs due to vacancies being held, where possible, for duration of year offset by contributions towards directorate vacancy savings target; reduced spend on staff related, premises and transport costs. Reduced fees income
Policy & Resources	1,669	-361	1,308	-6	-2	-8	
Business Development & Support	699	-228	471	-33	66	33	Reduced costs and income from Regulatory Training Services (RTS) due to lower than anticipated take up of services, combined with reduced income from internal clients.
Strategic Management	929		929	0	0	0	
Centrally Managed directorate budgets	1,296	-1,228	68	279	-279	0	Centrally held vacancy management savings target offset by internal recharge income from Trading Standards & Community Safety
Support Services purchased from CED	4,760		4,760	0	0	0	
Total Communities controllable	145,442	-56,627	88,815	282	-406	-124	
Assumed Management Action						0	
Forecast after Mgmt Action				282	-406	-124	

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 Supporting People

Commitments are in place that will result in gross expenditure being close to £2,916k in excess of the agreed cash limit for floating support. This is a demand led service provided by the unit, to assist customers to remain within their homes. Demand currently exceeds the resources allocated at the time of budget build 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 -£48k, therefore the estimated drawdown from the reserve will be reduced accordingly to give a nil net effect on administration.

Overall therefore, the current estimated drawdown from the reserve is £2,868k (£2,916k - £48k) in order to present a balanced outturn position. This is in addition to the budgeted drawdown of £736k.

1.1.3.2 Libraries: +£36k Gross, -£39k Income, -£3k Net

The service has made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£363k), all of which has been earmarked as a revenue contribution towards capital projects including the Radio Frequency Identification project (RFID) which will provide an electronic check-out service for customers for which no funding was identified in the budget process. Also savings have been realised on premises costs (-£140k) which have been achieved from one-off rates rebates for three libraries and reduced spend on utilities; offset by internal recharges (+£64k), other running costs (+£77k), specialist fees (+£19k) and third party payments (+£17k).

Libraries are forecasting a reduction in their Audio Visual and merchandising income streams of £126k, due to activity below target in Quarter 2, as illustrated in section 2.2 below. 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.

Income targets set for Kent on Canvas and the Centre for Kentish Studies (CKS) shop are no longer achievable which results in a shortfall of £22k and £16k respectively. This is being partly offset by various one-off income contributions from internal and external partners totalling -£192k, which is part of the reason for adverse variances on certain lines of gross expenditure.

1.1.3.3 Supporting Independence (-£3k gross, -£2k income, -£5k net)

a) Vulnerable Workers

The Vulnerable worker's programme supports young offenders, young parents, care leavers and young people with physical or mental health issues into apprenticeships. The project seeks to engage employers across the private sector in offering vulnerable workers short term placements of six-months by making a contribution towards their salaries. A target of 20 young people will be recruited by KCC to undertake a variety of apprenticeships supported by KCC and partners throughout the project.

The programme will be funded by a drawdown from reserves of up to £496k. The drawdown will be phased over two years, as a consequence of the late start to the project; £144k in 2010-2011 and £352k in 2011-12. The cost of employment is offset by the drawdown, so a nil net effect.

b) Margate Taskforce

The main focus of the project is to seek agreement with Thanet District Council to set-up a selective licensing scheme for private landlords in Margate Central and Cliftonville West wards to be funded from KCC's share of the Local Area Agreement Performance Reward Grant, which is held in reserves. To date we have spent £500k of an earmarked £750k, which will be matched by a drawdown from reserves.

1.1.3.4 Community Safety: -£21k Gross, -£36k Income, -£57k Net

The service has made savings of £162k on gross expenditure, mainly through enhanced vacancy management and targeted savings on running costs but these are largely offset by a £129k internal recharge to contribute towards directorate pressures. The income variance is mainly due to additional internal income from the Future Jobs Fund for funding and training of support wardens.

1.1.3.5 Coroners: +£266k Gross, +£20k Income, +£286k Net

The pressures affecting the service, and our inability to control Coroners' expenditure, have been fully documented in recent 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 and subsequently referred.

The main existing pressures arise from specialist fees and premises costs associated with long inquests +£158k. This is being offset by various minor over/underspends which total -£22k.

The specialist fees pressure is being exacerbated by one of the coroners continuing to use an external provider for toxicology and other laboratory services, instead of using Kent Scientific Services. Negotiation remains ongoing in this respect to ensure that our in-house laboratory is used.

The service has recently been notified of an increase in Post Mortem and Body Storage charges from Dartford & Gravesham NHS Trust in the region of £150k, which follows changes to the methodology employed in calculating service income. The Head of Service and the Head of Finance have met with the Trust and negotiations are ongoing but the forecast reflects the full year effect on the in-year increase to the service level agreement.

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

1.1.3.6 Trading Standards: -£135k Gross, +£7k Income, -£128k Net

The service has made savings on gross expenditure, mainly through enhanced vacancy management and advancement of staff restructuring of £245k, offset by £150k internal recharge to contribute towards directorate pressures. A minor shortfall in fees income accounts for the income variance.

1.1.3.7 Centrally Managed Budgets

Within the directorates centrally managed budget, is an in-year pressure of £279k which relates to a vacancy management target. This pressure is being met by contributions from the Trading Standards and Community Safety units through vacancy management and advancement of staff restructuring.

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	+2,868	CMY	Drawdown from Supporting People reserve.	-2,868
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
CMY	Libraries: revenue contribution to capital programme	+363	CMY	Libraries: vacancy management & advancement of planned restructuring	-363
CMY	Centrally Managed Budgets: centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
CMY	Coroners: long inquest costs	+158	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-245
CMY	Coroners: increase in post mortem & body storage charges	+150	CMY	Libraries: one-off income contributions from internal and external partners.	-192
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CMY	Community Safety: Vacancy management & targeted savings on running costs	-162
CMY	Supporting Independence: Forecast spend on Vulnerable Learners funded by drawdown from reserves.	+144	CMY	Supporting Independence: Drawdown from reserves to match spend on Vulnerable Learners.	-144
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	CMY	Libraries: Reduced spend on utilities and one off rates rebates.	-140
CMY	Libraries: reduced forecast on audio visual income stream due to reduction in activity compared with Q2 in 09-10 and anticipated shortfall in merchandising income.	+126			
		+4,867			-4,893

1.1.4 Actions required to achieve this position:

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. (This was reported in the last full monitoring report to Cabinet in September and cash limits were amended to reflect this grant reduction, hence no variance reflected in this report).

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, as well as bring forward any planned restructures, 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 action has been enacted to contain expenditure and to deliver a balanced budget position.

Supporting People

The service expects to drawdown £3.604m from its reserve (£2.868m + £0.736m as reported in section 1.1.3.1 above), to address costs required to service existing contracts. The level of drawdown required, has been exacerbated by the removal of the administration grant in-year.

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.

The significant issues for the Communities portfolio arising from 2010/11 budget monitoring are noted in the above report and will feed into the MTP process as emerging pressures.

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. Confirmation will be following the announcement of the provisional local government finance settlement for 2011/12 which we anticipate will be in 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, and the Spending Review announcement on 20 October.

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

1.1 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 11th October 2010, 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 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
Communities Portfolio						
Budget	14,891	26,808	12,398	3,060	350	57,507
Adjustments:						
- re-phasing August monitoring		-332		332		
Revised Budget	14,891	26,476	12,398	3,392	350	57,507
Variance	0	+125	+457	0	0	+582
split:						
- real variance		-9	591			582
- re-phasing		134	-134			

Real Variance	0	-9	591			582
Re-phasing	0	134	-134			

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
Overspends/Projects ahead of schedule						
CMY	Libraries Invest to Save Project	Phasing			+550	
CMY	Turner Contemporary	Phasing		+286		
			+0	+286	+550	+0
Underspends/Projects behind schedule						
CMY	Gravesend Library	Phasing		-774		
			-0	-774	-0	-0
				-488	+550	-0

1.2.4 Projects rephasing by over £1m:

None

1.2.5 Projects with real variances, including resourcing implications:

There is a real variance of +£0.582m (-£0.009m in 2010-11 and +£0.591m in 2011-12) which is detailed as follows:

Library Modernisation Programme +£0.061m (in 2010-11): Cost of additional works over and above the original programme matched with funding from other sources.

Modernisation of Assets -£0.134m (-£0.065m in 2010-11 and -£0.069m in 2011-12): There are increased costs of +£0.063m reflecting the capitalisation of additional assets funded from revenue contributions. The underspend of £0.197m reflects a switch of costs to revenue that cannot be capitalised and with the capital funding being transferred to the Kent History & Library Centre to reduce the prudential/revenue borrowing.

Edenbridge Centre +£0.830m (+£0.237m in 2010-11 and +£0.593m in 2011-12): No change since the last report (Quarter 1). This represents the change in specifications, all of which are funded by partner contributions.

Grove Green Library -£0.175m (in 2010-11): Following a review of library provision in East Maidstone, this project has been withdrawn from the programme.

The underlying real budget variance is nil in 2010-11.

1.2.6 General Overview of capital programme:

(a) Risks (mitigations in section b below):

Library Modernisation Programme – consists of several large individual projects, which if delayed could result in significant re-phasing of costs into 2011-12. As this programme is linked to the Modernisation of Assets budget, delays in relation to DDA and planned maintenance would also ensue.

The Beaney – The existing building needs significant restoration to the façade and roof, the cost of which may not be covered by the project contingency. The contingency has already been depleted and subsequently boosted in relation to archaeology costs. The delayed start could also lead to further weather related delays next winter.

Turner Contemporary– the external funding target of £2.9m, underwritten by KCC, may not be reached, therefore causing a potential funding shortfall.

Ashford Gateway Plus – the specification of the build was enhanced to incorporate partner requests, which were fully funded by the partners, however further changes to specification or schedule could result in additional costs.

Ramsgate Library – final agreement with the administrator is ongoing. It is anticipated that the settlement should be in line with the project budget; however there is small risk that this position may alter.

Kent History & Library Centre – project funding could be affected by both the state of the property market, by virtue of reduced capital receipts/land value, and rising costs.

Gravesend Library – delays to the programme could result in additional costs if the schedule cannot be adhered to.

New community facilities at Edenbridge – the project is partially dependent upon external partner funding and without this in place the KCC share of the project costs will rise.

(b) Details of action being taken to alleviate risks:

Library Modernisation Programme – the Library Modernisation Advisory Group, including support from the Property Group, is overseeing this programme and co-ordinating appropriate project management, design development, estates and financial advice and

linking into the Modernisation of Assets programme as appropriate. Expenditure has been profiled over the coming year for each of the key locations.

The Beaney – a full assessment of the existing building by specialist consultants is now underway and further value engineering will follow if the allocated budget and contingency is insufficient to cover remedial works. The potential for securing additional grant funding from HLF and others is urgently being explored. Any weather related delays will be a call on the contingency, which was recently increased as a prudent measure.

KCC are working closely with the specialist consultants and Canterbury City Council – the lead partner in this venture – to ensure that this risk is mitigated and that the project is kept on schedule with regards to timing and cost.

Turner Contemporary– Turner Contemporary Art Trust has been established to raise funds to meet the funding target and a number of donations have been made in recent months, although the funding target has still to be fully mitigated.

Ashford Gateway Plus – with the steel frame and roof decking now in place the building is expected to be water tight in November. This will allow prompt progress for the remainder of the build. Specification changes are being strictly controlled and where approved will require either further value engineering or to be fully funded to ensure that there is no financial liability to the authority.

Ramsgate Library – the outstanding defects liability has been costed by the Quantity Surveyor and formed part of the settlement negotiations. Therefore it is considered that sufficient funds will be available to complete the works. Negotiations are ongoing but are at an advanced stage.

Kent History and Library Centre – Following a fall in the residential property market a revised funding strategy has been devised, which still relies on income from the sale of Springfield, where negotiations are continuing, to present a balance budget.

The borrowing funded from the revenue budget is being reduced by £300k to £2,262k, thereby reducing future pressure for revenue savings. This will be achieved by using one-off revenue savings from this year.

Gravesend Library – a number of unavoidable delays have occurred in the last month leading to a delayed completion now expected in early July. The QS is advising that this should not result in any additional costs to the project

New community facilities at Edenbridge – Heads of Terms and the Developer Agreement have been completed with a number of potential partners and with most funding being confirmed as available, thus alleviating the risk to the authority that funding will not be in place at the required juncture. This significantly reduces the risk associated with this project.

1.2.7 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

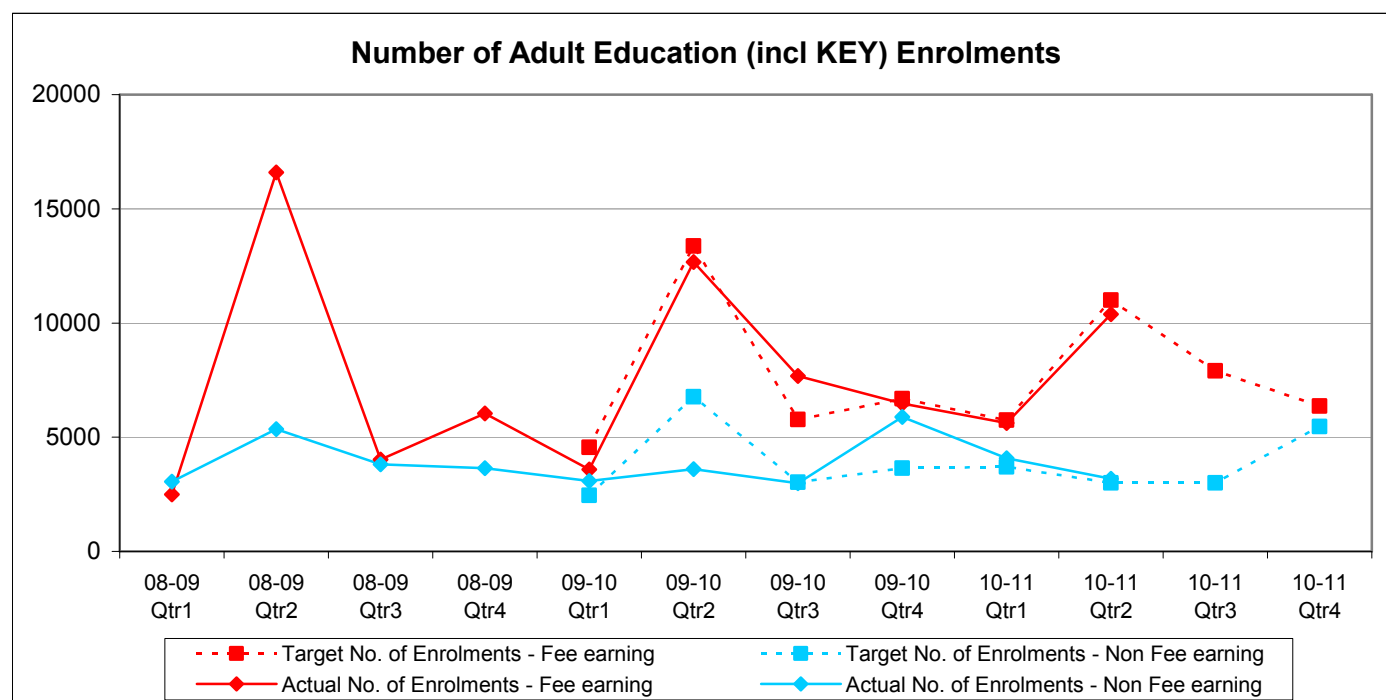
	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
Turner Contemporary					
Amended total cash limits	+8,441	+286			+8,727
re-phasing	+286	-286			0
Revised project phasing	+8,727	0	0	0	+8,727
Gravesend Library					
Amended total cash limits	+2,094	+147			+2,241
re-phasing	-774	+774			0
Revised project phasing	+1,320	+921	0	0	+2,241
Libraries Invest to Save Project					
Amended total cash limits	+100	+1,400			+1,500
re-phasing	+550	-550			0
Revised project phasing	+650	+850	0	0	+1,500
Total re-phasing >£100k	+62	-62	0	0	0
Other re-phased Projects below £100k	+72	-72	0		0
TOTAL RE-PHASING	+134	-134	0	0	0

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	10,382	3,186	13,568
Oct - Dec	7,900	3,000	10,900			
Jan - Mar	6,368	5,462	11,830			
TOTAL	31,018	15,162	46,180	16,001	7,261	23,262



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.

- Enrolments (fee and non fee paying) are below the target set for 2010-2011 by 0.8% for the periods April – September. Enrolments on fee paying courses have reduced by 1.6% over that achieved for similar period last year, and are below target by 4.5%. Income remains unaffected, as the profile of courses with higher fees means there are more courses paid by learners, rather than grant income as in previous years. Forecast tuition income therefore exceeds target based on actual income received to date, profiled for the remainder of the year.

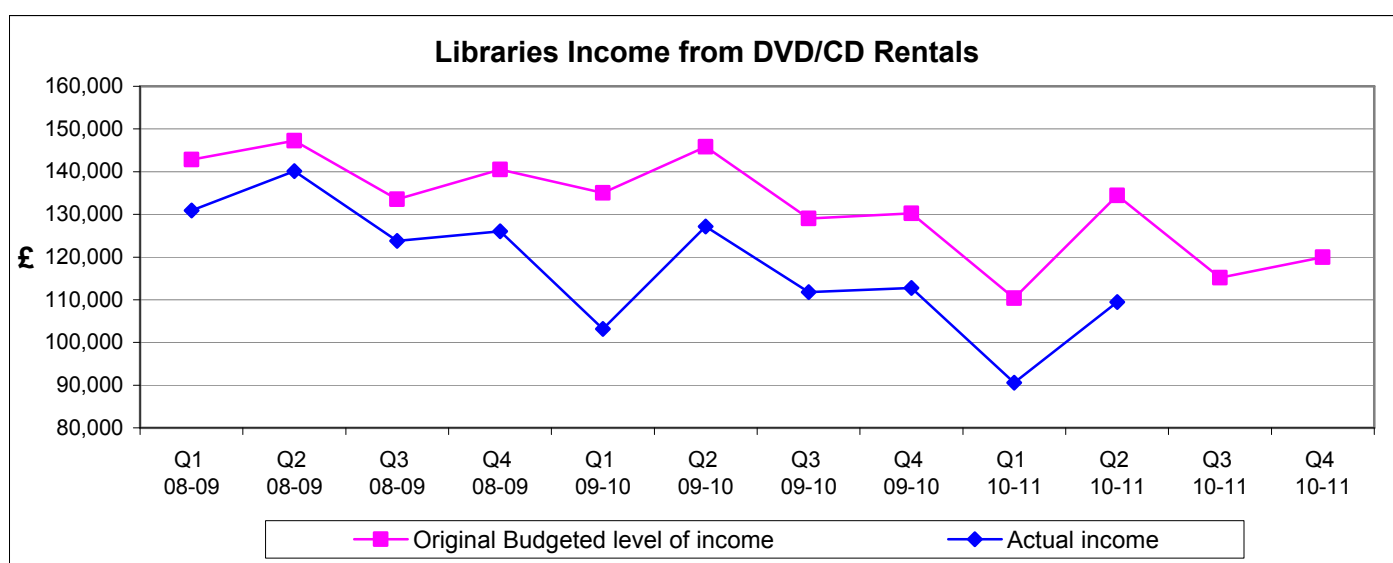
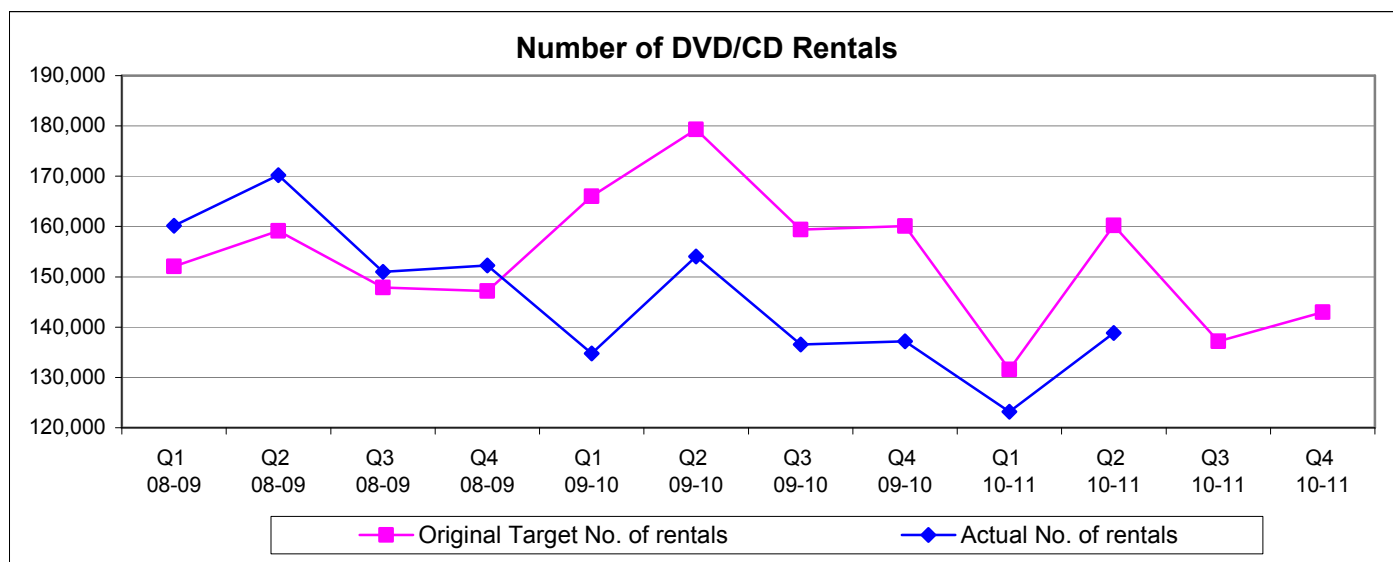
Enrolments for courses where fees are not payable have increased by 8.6% over that achieved for similar period in 2009-10, and are 8.4% above target enrolments for 2010-2011.

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.

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	90,569
July – Sep	160,200	138,853	134,400	109,462
Oct – Dec	137,200		115,200	
Jan – Mar	143,000		120,000	
TOTAL	572,000	262,054	480,000	200,031



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 forecast reduction in AV income of £78k. Demand for spoken word materials and DVDs has remained reasonably stable despite the introduction of downloadable books on issues of spoken word material.
- 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.

