

To: Communities Policy Overview and Scrutiny Committee

By: Mike Hill, Cabinet Member for Communities Services and
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Date: 5th April 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 – for the first time for the members of this POSC - is the monitoring report for the third quarter in 2010/11 for Communities. The salient points from this are highlighted below.

3.2 Revenue

3.2.1 At our previous POSC we presented a forecast underspend of £0.620m, based on October's outturn, and this underspend increased slightly to £0.774m when November's outturn was presented to Cabinet in January. £108k of this movement can be attributed to the registration service who, similar to the prior year, has received a flurry of short term bookings in the latter stages of the year and the forecast for service income has been updated accordingly.

3.2.1.1 The third quarter's monitoring report, based on December's outturn, has just been presented to Cabinet (see Appendix One) - which is the reason for a slight delay in this report being circulated – and the directorate is now reporting an underspend of £1.115m.

3.2.1.2 This represents a movement of £0.341m and the main variances since November are set out below:

- -£0.068m Supporting Independence Programme – the service had previously reported a balanced position. Gross and income variances have arisen due to increased activity on the Future Jobs Fund programme but the net variance is due to curtailing planned expenditure on promotional events/workshop for Welfare Reform and Apprentices in line with the budget moratorium.
- -£0.043m Libraries – the increase in forecast underspend is due mainly to a continuation of staff resignations as the communication and roll out of Radio Frequency Identification (RFID) technology transpires. These savings represent a one-off benefit as the service has a reduced budget for 2011-12 in line with Medium Term Financial Plan (MTFP) savings.
- -£0.094m Youth Service – the increase in the underspend is due to a revision of the gross expenditure forecasts, mainly through vacancy management and advancement of a planned restructure of the service which was not due to be implemented until 2011-12 and again represents a one-off benefit as the service has a reduced budget for 2011-12.

3.2.2 The main components of the net underspend of £1.115m are outlined below, with 12 of the 18 key budget lines showing a net underspend for the year with the variance of +£0.244m for Coroners being the only significant adverse budget line.

Acceleration of 2011-12 and beyond MTFP savings:

- Libraries, Archives & Museums: - £0.114m underspend
- Trading Standards: - £0.152m underspend

Due to the curtailing and re-profiling of specific project work or increased income generation:

- Youth Service: £0.481m underspend
- Registration: - £0.206m underspend

In response to budget moratorium and prudent management of vacancies:

- Supporting Independence Programme: - £0.068m underspend
- Community Safety: - £0.081m underspend
- Youth Offending Service : - £0.117m underspend

3.3 Capital

3.3.1 The portfolio forecasts a total budget variance of -£0.324m, which represents a movement of -£0.045m from the variance reported to Cabinet in November.

3.3.2 There were aggregate budget revisions of +£0.108m made to various schemes during the year including: Edenbridge (-£0.237m); Ashford Gateway (+£0.465m); The Beaney (-£0.150m) - including £0.1m revenue contribution from Libraries - and Library Modernisation (£0.081m) partner contributions. Grove Green (+£0.175m) was also removed from the programme.

3.3.3 An aggregated re-phasing of budgets of -£0.153m was made during the period including: Modernisation of Assets (-£0.155m); Village Hall grants (+£0.078m); Gravesend (-£0.032m) and Libraries Radio Frequency Identification (-£0.044m).

3.4 Saving Plans

Project implementation documents (PIDs) have been drafted by each service that has a saving within the Medium Term Financial Plan but require a consistency review to ensure that they provide a standalone guide as to how and when the saving will be delivered. A summary report, aggregating the PIDs will be drafted and reported back to this committee at the July meeting.

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 three budget monitoring report to Cabinet in March 2011.