

COMMUNITIES DIRECTORATE SUMMARY JANUARY 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.
- The inclusion of new 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	16	-133	-117	Reduced staff costs due to advancement of planned restructuring, offset by increased training, running costs and a revision to previous forecast for secure accommodation. Additional income from CFE to fund training programme and increased income from YJB to fund various projects.
Youth Services	12,506	-5,652	6,854	-486	5	-481	Reduced staff costs from vacancy management and advancement of planned restructure, offset by increased premises and running costs. Underspend on youth opportunities fund which is part of 11-13 MTFP roll forward.
Supporting People	32,314	-220	32,094	0	0	0	
Community Learning & Skills (Adult Education (incl KEY))	17,072	-17,172	-100	-419	419	0	Reduced fees income arising from fall in fee paying learner numbers & reduction in granton Train to Gain (TTG) and Apprentices contracts, plus various other variances; mitigated by management action (vacancy management & reduced running costs).
Arts Unit	2,035	37	2,072	14	-28	-14	Additional costs associated with Arts Council England NI11 project offset by reduced internal recharges; Income from (ACE) NI11 project.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Libraries, Archives & Museums	22,626	-3,045	19,581	-46	-68	-114	Reduced gross costs arising from enhanced vacancy management, offset by contributions towards capital projects, increased running costs and internal recharges. Additional internal & external income, offset by shortfall in AV and merchandise income.
Sports, Leisure & Olympics	3,214	-1,585	1,629	9	-19	-10	
Supporting Independence	4,058	-3,281	777	-13	-55	-68	+£74k on Future Jobs Fund based on current intake, match funded by income from DWP; -£19k fewer apprentices than anticipated matched by reduced income; -£50k underspend on Community Programme; -£85k Planned promotions for Apprentice Workshops/Employer Events did not occur
Kent Community Safety Partnership	5,215	-382	4,833	-64	-17	-81	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	198	26	224	Continuation of pressure reported in 2009-10, regarding long inquests and Body storage contract. Income variance relates to Medway Council SLA.
Emergency Planning	828	-199	629	15	0	15	
Kent Scientific Services	1,271	-780	491	-48	58	10	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	3,840	-3,027	813	-55	-151	-206	Reduced staff & running costs. Increased fees and internal income.
Trading Standards	3,655	-322	3,333	-155	3	-152	Reduced staff costs due to vacancies being held, where possible, offset by contributions towards directorate vacancy savings target; reduced spend on staff related, premises & transport costs. Reduced fees income
Policy & Resources	1,669	-361	1,308	-42	12	-30	Reduced staff costs arising from vacancy management, offset by one-off contribution towards directorate pressures.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Development & Support	715	-228	487	-81	89	8	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	-40	0	-40	Reduced staff costs due to vacancy management, offset by a recharge of graduate fee and contribution towards directorate pressures.
Centrally Managed directorate budgets	1,266	-1,228	38	50	-109	-59	Centrally held vacancy management savings target offset by internal recharge income from Trading Standards & Community Safety and contribution from Libraries towards dilapidation costs.
Support Services purchased from CED	4,760		4,760	0	0	0	
Total Communities controllable	145,952	-57,162	88,790	-1,147	32	-1,115	
Assumed Management Action						0	
Forecast after Mgmt Action				-1,147	32	-1,115	

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 Youth Service: -£486k Gross, £5k Income, -£481k Net

The variance is largely due to the unspent Youth Opportunities Fund (YOF) (£387k), formerly a government grant, which has now been un-ringfenced

The recently approved 2011-2013 MTFP reflects the roll forward of this £387k underspend relating to YOF to fund the apprenticeship programme in 2011-12.

The service has also made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£195k). This is being offset by increased premises and other running costs.

1.1.3.2 Supporting People

Commitments are in place that will result in gross expenditure being close to £2,913k 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 -£43k, 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 £2,870k (£2,913k - £43k) in order to present a balanced outturn position. This is in addition to the budgeted drawdown of £736k.

1.1.3.3 Community Learning & Skills: -£419k Gross, +£419k Income, £0k Net

A shortfall in fees income (£119k) has arisen due to contributions from employers on Train to Gain courses not being realised. Fees were planned for these courses to test the market in readiness for Government changes, but market forces have meant this target has not been realised and a majority of employers continue to engage without contributing fees. This is illustrated by the activity in section 2.1 where non fee earning enrolments are above target, whereas fee earning enrolments are below target.

The remainder of the shortfall is due to a reduction in grant income predominantly in the Train to Gain scheme (£287k). There has been a marginal reduction in learner numbers, but the majority of the grant reduction is due to changes made by the Skills Funding Agency (SFA) resulting in the average grant per learner reducing by as much as 50% in many cases.

This pressure is being mitigated through management action, including vacancy management, targeted savings on running costs and by one-off reductions, together with reducing the number and frequency of courses. The service remains confident that a balanced budget will be delivered at the end of the year, despite this pressure and the in-year grant reductions that the service has had to absorb.

1.1.3.4 Libraries: -£46k Gross, -£68k Income, -£114k Net

The service has made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£609k), £494k 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 and the Beaney, Canterbury.

Also, savings have been made on premises costs (-£203k) which have been achieved from one-off rates rebates for three libraries and reduced spend on utilities, savings have been realised on staff related costs (-£39k), due to early retirement costs for the mobile library & Kent School Library Advisory Team (KSLAT) reviews not being charged until October 2011. This is being partly offset by internal recharges (+£96k), other running costs (+£94k), grants to voluntary organisations (+£49k) as a one-off contribution to Kent Cultural Trading; specialist fees (+£49k) and third party payments (£18k)

Libraries are forecasting a reduction in their Audio Visual and merchandising income streams of £129k, due to activity below target in Quarter 3, 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 £20k and £12k respectively. This is being partly offset by increased external contributions (£104k), mainly from recharges to various organisations and increased internal income (£120k).

1.1.3.5 Supporting Independence (-£13k gross, -£55k income, -£68k net)

- a) An increased intake of the long term unemployed on the Future Jobs Fund has led to increased gross and income of £74k as cost are matched-funded by the Department of Works and Pensions (DWP). This has been off-set by reduced activity on the Apprenticeship Scheme reducing both gross and

income by £19k. Planned expenditure on promotional events/workshops for Welfare reform and Apprentices will not go ahead in 2011, which will realise further savings of -£85k.

There has been a reduction in the Community Programme (-£50k) as suitable projects/providers could not be identified.

b) 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 80 young people will be recruited by KCC to undertake a variety of apprenticeships supported by KCC and partners throughout the project. Due to delays in the project 15 apprentices are currently in placements with a further 4 due to start imminently.

The programme will be funded by a drawdown from reserves of up to £482k, phased over two years, as a consequence of the late start to the project. Expenditure of £92k is being forecast for 2010-2011, which will be met in part, from a drawdown from reserves of £46k, with the remaining costs met by, underspends elsewhere within the Supporting Independence service. The balance of £436k is expected to be drawn down in 2011-12.

c) 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 has been matched by a drawdown from reserves.

1.1.3.6 Community Safety: -£64k Gross, -£17k Income, -£81k Net

The service has made savings of -£64k on gross expenditure, mainly through enhanced vacancy management (-£135k); targeted savings on running costs (-£55k) and savings on grants paid to voluntary organisations (-£13k) mainly due to the restorative justice and positive ticketing projects not proceeding, but these are largely offset by a £129k internal recharge to contribute towards directorate pressures and other minor variances. The income variance is mainly due to additional internal income from the Future Jobs Fund for funding and training of support wardens.

1.1.3.7 Coroners: +£198k Gross, +£26k Income, +£224k 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 +£171k.

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 have brokered an agreement, whereby the increase charges will be phased incrementally over the next three years, with only £50k of the increase charged to 2010-2011.

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.

1.1.3.8 Registration: -£55k Gross, -£151k Income, -£206k Net

The service has made savings on gross through vacancy management (-£107k) and targeted savings on running costs (-£28k). These are being offset largely by increased premises costs, mainly due to an increase in rent and rates for the Archbishop's Palace, Maidstone (£11k); increased internal recharges due to electrical and IT maintenance work for the Old Town Hall, Dartford (£28k); staff related costs (£14k); transport costs (£7k) and a reduction in the planned drawdown from reserves to cover the cost of the software development of the Ceremonies and Registration Appointments (CARA) booking system (+£20k).

The income variance of -£151k is mainly due to an expected increase in the level of income for ceremonies, as well as a modest increase in income derived from the registration of births and deaths and income from Area Offices for sale of advertising space.

1.1.3.9 Trading Standards: -£155k Gross, +£3k Income, -£152k Net

The service has made savings on gross expenditure, mainly through enhanced vacancy management and advancement of staff restructuring of £278k, offset by £150k internal recharge to contribute towards directorate pressures and reduced spend on staff related, premises and transport costs. A minor shortfall in fees income accounts for the income variance.

1.1.3.10 Centrally Managed Budgets: +£50k Gross, -£109k Income, -£59k Net

Within the directorate's centrally managed budget, is an in-year pressure of £279k which relates to a centrally held vacancy management savings target. This is being offset by contributions (internal recharge income) from the Trading Standards (£150k) and Community Safety (£129k) units, which have achieved savings through vacancy management and advancement of staff restructuring.

An underspend of -£100k is being reported on the Secure Accommodation contingency held within centrally managed budgets to address the volatility in demand for young offenders being held in remand. Reduced in-year activity has meant this contingency will not be required and can now contribute towards offsetting an unachievable income target of £229k also held within centrally managed budgets.

In addition, there is reduced spend on the property budget of -£120k, together with further underspends of -£119k on property pay as you go activities, as part of the contribution towards the moratorium on non essential expenditure.

The correction of an error in the 2010-2013 MTFP has resulted in a base pressure of £57k which is being mitigated by contributions (internal recharge income) from Policy and Resources £40k and Strategic Management £17k.

There are other small pressures amounting to +£53k.

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	+2,870	CMY	Drawdown from Supporting People reserve.	-2,870
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	CMY	Libraries: vacancy management & advancement of planned restructuring	-609
CMY	Libraries: revenue contributions to capital programme	+494	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
CMY	CLS: reduction in grant for Train to Gain following changes in funding levels per learner imposed by Skills funding Agency	+287	CMY	CLS: Vacancy management and targeted savings on running costs	-406
CMY	Centrally Managed Budgets: centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	CMY	Youth Service: Unspent YOF funding to roll forward to 2011-12 to fund apprenticeship programme.	-387
CMY	Centrally Managed Budgets: Unachievable Income Targets	+229	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
CMY	Coroners: long inquest costs	+171	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-278
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CMY	Libraries: income contributions from internal and external partners.	-224
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	CMY	Libraries: reduced spend on utilities and one-off rates rebates	-203
CMY	Libraries: reduced forecast on audio visual income stream and anticipated shortfall in merchandising income.	+129	CMY	Youth Service: Vacancy Management and restructure of the Service	-195
CMY	CLS: shortfall in contributions from employers for Train to Gain courses	+119	CMY	Registration: increased income from ceremonies & registration of births & deaths.	-146
			CMY	Community Safety: Vacancy management & targeted savings on running costs	-135
			CMY	Centrally Managed Budgets - Reduced spend on Property budget.	-120
			CMY	Centrally Managed Budgets: Property Pay as You Go Services - reduced spend on commissioned work.	-119
			CMY	Registration: Staff savings achieved though vacancy management.	-107
			CMY	Centrally Managed Budgets - Unused contingency for Secure Accommodation costs.	-100
		+5,357			-6,678

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 first 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 been notified of reduced grant income from internal and external partners during the year. 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 £2.870m from its reserve, as reported in section 1.1.3.2 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.

Moratorium on non essential expenditure

In order to deliver a balanced budget outturn, the directorate had, very early in the year, imposed a moratorium of non essential expenditure which has contributed largely to current reported levels of underspends.

To maximise the level of savings, and to ensure the delivery of a balanced budget, the directorate has brought forward, wherever possible, planned savings proposals that were not due for commencement until next year.

In addition, the directorate has attempted to increase its levels of underspending without there being an adverse impact on frontline activities and without setting units targets based on headroom or specific expenditure lines.

1.1.5 Implications for MTFP:

All current year pressures have been fully addressed in the 2011-2013 MTFP.

1.1.6 Details of re-phasing of revenue projects:

*(Details of any **committed** projects included in the forecast as underspending, for which roll forward will be required)*

The Youth Opportunities Fund, a grant from GOSE, was un-ringfenced during the year, and the Youth Service communicated the end of YOF as it stood, with some £487k unallocated, until the authority decided how the funding would be best spent.

It was agreed by the Leader and the Director of Finance that internal restrictions were placed on these funds and it was to be used to fund an apprenticeship scheme. This has not been possible in the current financial year for a variety of reasons. The service will endeavour to commence this in 2011-2012.

The provisional plan is to continue with YOF, albeit on a reduced scale, with the view of appointing some apprentices to work alongside Youth workers which will incur expenditure in the region of £100k in 2010-11.

The service, therefore, requires the roll forward of the balance of unspent YOF funding of £387k to fund the apprenticeship scheme in 2011-12 and this roll forward is already built into the recently approved 2011-12 budget.

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

N/A

1.2 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 to reflect the position in the 2011-14 MTFP as agreed by county council on 17 February 2011, any further adjustments are 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	14,051	27,204	12,946	3,392	6,038	63,631
Adjustments:						
- December re-phasing		-465	465			
- Virement from KASS for Library Modernisation		47				47
- Library Modernisation		20				20
Revised Budget	14,051	26,806	13,411	3,392	6,038	63,698
Variance	0	-324	+613	0	0	+289
split:						
- real variance		-4	293			289
- re-phasing		-320	320			0
Real Variance	0	-4	293			289
Re-phasing	0	-320	320			0

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	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
	None					
			+0	+0	+0	+0
Underspends/Projects behind schedule						
	None					
			0	-0	-0	-0
				-0		-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 +£0.289m (-£0.004m in 2010-11 and +£0.293m in 2011-12) which is detailed as follows:

Modernisation of Assets -£0.004m (in 2010-11): The reduction reflects adjustments to contributions from the revenue budget.

The Beaney +£0.290m (in 2011-12): The additional costs have arisen due to recently identified essential additional works to the façade and roof. Revenue savings of £0.040m at the temporary library have been earmarked to help fund these costs. Bids for funding are being submitted to the Heritage Lottery Fund (HLF) and Viridor Credits to cover £0.250m. A virement from revenue underspend in the Finance portfolio is requested as a standby facility in case the bids are unsuccessful as detailed in Annex 6.

Edenbridge Centre +£0.003m (in 2011-12): The revised total project cost is now approved and the cash limit need to be adjusted. The project funding is in place and there are no outstanding funding matters.

The underlying real budget variance is £0.250m in 2011-12.

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. Any delay in repairing the façade and roof will have an impact on the programme and add to the project costs. Any weather related delays will be an additional call on the contingency. **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 – Delays from changes to specification or as a result of inclement winter weather could lead to additional costs.

Ramsgate Library – the Administrator has now agreed that final snagging can be undertaken and it is anticipated that this will be possible 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 – weather related 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 – Following a full assessment of all risks by the project managers a schedule of associated costs has been produced. Additional funding is being sought to increase the contingency and a bid for additional HLF grant funding has been submitted, with a further bid to Viridor Credits now being prepared. Further value engineering will follow to ensure the allocated budget and contingency is sufficient to cover the remaining risks.

KCC are working closely with the specialist consultants and Canterbury City Council – our partners 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 – although a 5 week extension of time has been granted, this has not added any additional cost. The snow in December has delayed the external works, but the internal programme remains on target with the partition walls, flooring, glazing and M&E works progressing to plan. 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. The programme of work is now being put in place and the costs monitored against the QS report to ensure they do not exceed the funds available.

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.

Gravesend Library – extension of time was granted with the completion now expected in late June. In December a number of unavoidable delays have occurred, but currently the contractors are reporting that these weather related delays can be recovered later in the project and should not result in any additional costs. It is anticipated that the building will be watertight by mid February allowing the contractor to recover lost time.

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.

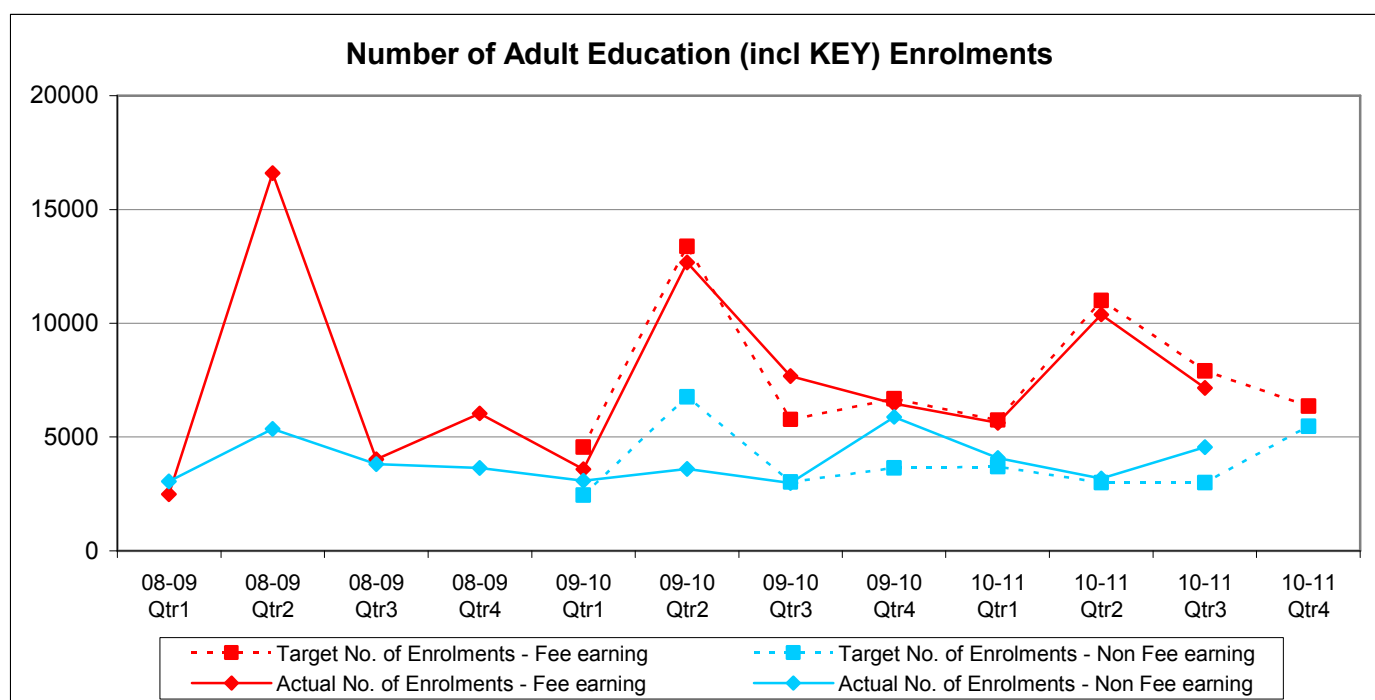
	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Modernisation of Assets					
Amended total cash limits	+2,631	+1,748	+2,084	+4,168	+10,631
re-phasing	-224	+224			0
Revised project phasing	+2,407	+1,972	+2,084	+4,168	+10,631
Total re-phasing >£100k	-224	+224	0	0	0
Other re-phased Projects below £100k	-96	+96			
TOTAL RE-PHASING	-320	+320	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	7,155	4,550	11,705
Jan - Mar	6,368	5,462	11,830			
TOTAL	31,018	15,162	46,180	23,156	11,811	34,967



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 with fees have reduced by 6% against target, leading to a shortfall in fee income of £119k (3.2%) as a result of Train to Gain fees due from employers not being realised. Adult Learning provision

fees are not affected by the downturn in learners, due to a change in profile of courses with higher fees, in line with government direction, which means there are more courses with higher fees.

The increase in enrolment for courses without fees is due to:

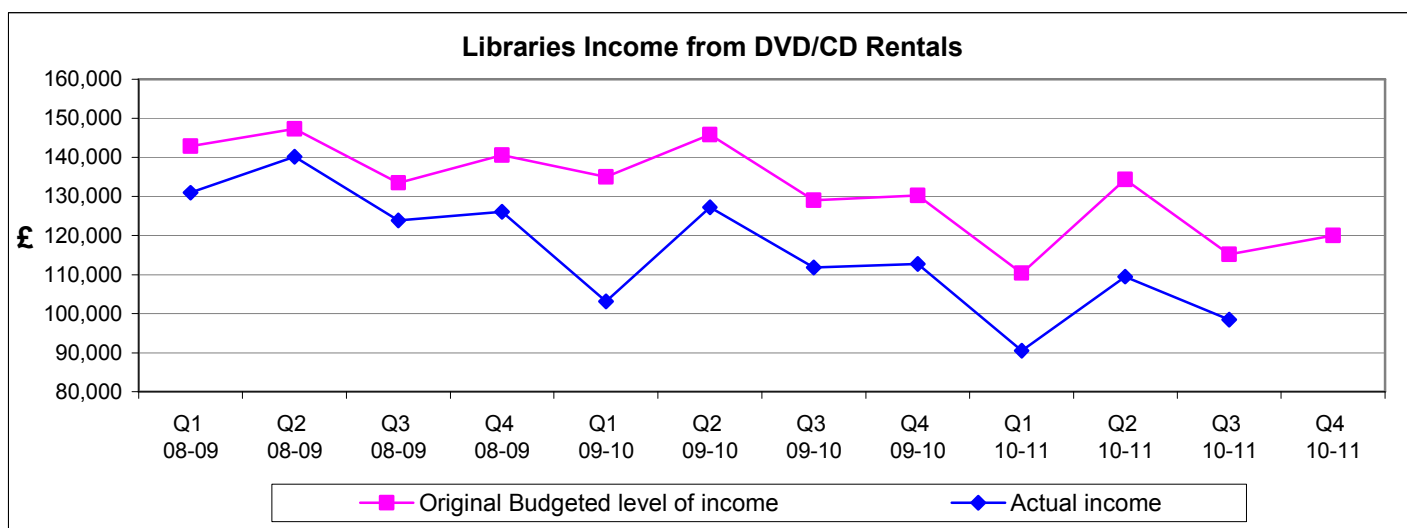
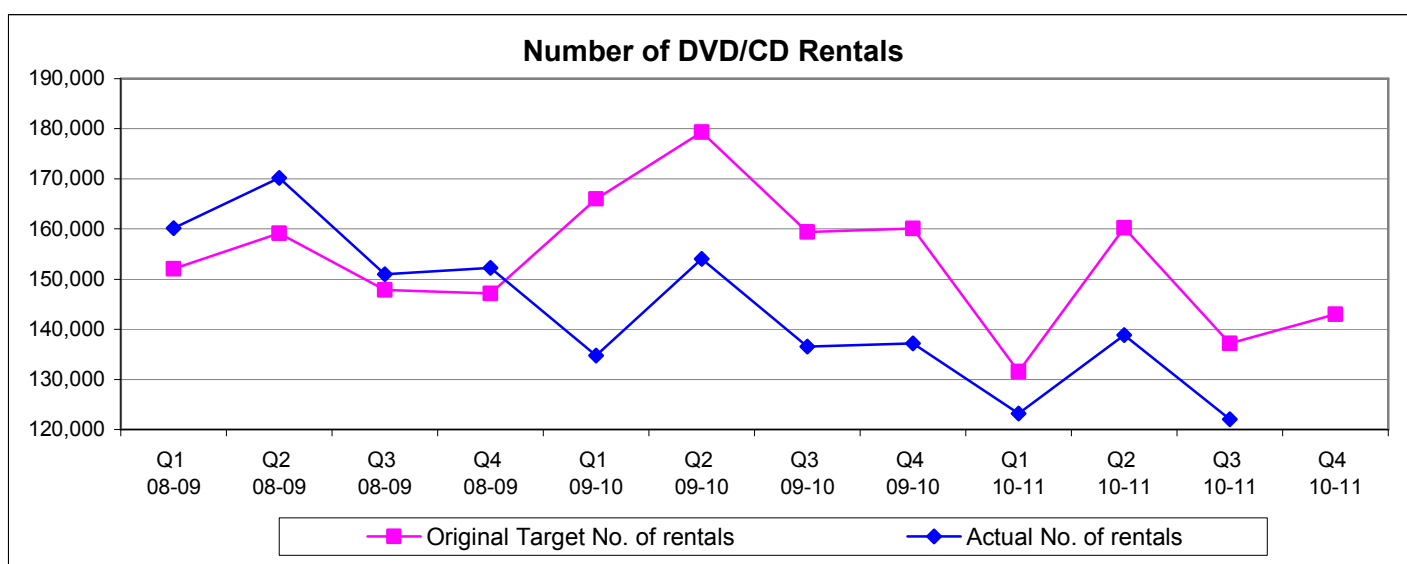
- a) increased enrolments on Family Learning courses whereby courses are being offered/delivered earlier in the academic year to secure grant funding,
- b) Train to Gain courses offered to employers, where fees were planned to test the market in readiness for Government changes, but market forces have meant this target has not been realised and a majority of employers continue to engage without contributing fees.
- c) Additionally a small project called "aiming high" has funded additional non paying fee learners.

Grant income is down against target predominantly in the Train to Gain funding stream with the forecast effect of £287k shortfall. There has been a marginal reduction in learner numbers on this programme and this is due to uncertainties related to the Comprehensive Spending Review and the subsequent announcement of the cessation of the Train to Gain scheme. However, the significant impact on financial drawdown of the grant is as a result of changes to funding imposed by the Skills Funding Agency which has reduced the average financial drawdown per learner in many cases by as much as 50%.

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	122,036	115,200	98,429
Jan – Mar	143,000		120,000	
TOTAL	572,000	384,090	480,000	298,460



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 £87k. Demand for spoken word materials and DVDs has remained reasonably stable despite the introduction of downloadable books.
- 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 during 2010-2011 are significantly below target levels, partly due to adverse weather condition culminating in the closure of several Libraries. The snow closures had a significant impact on fines and charges; and a fines amnesty was offered to customers as a gesture of goodwill on the days libraries had to close due to weather conditions. Despite the adverse weather conditions and the impact of library closures, income from the sale of merchandise increased during the period, but is still below the planned target.
- 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. In the budget build for 2011-2012, the service has reduced planned expenditure on AV materials and also revised the expected income target as part of a strategy to move towards reducing reliance on this form of income.
- 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.