

TO: Communities Policy Overview Committee – 22nd Sept 2008

BY: Mike Hill, Cabinet Member for Communities
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SUBJECT: 2007/08 Budget Outturn and Outturn Business Plans

Classification: Unrestricted

Summary:

This report summarises the 2007/8 budget outturn, together with additional business plan outturn information, for each of the Service Units within the Communities Directorate.

FOR INFORMATION AND COMMENT

1. Introduction

1.1 Following a 'pilot' report to the Corporate Policy Overview Committee (POC) in June 2008, each Directorate has prepared a unit level budget and performance outturn report for the September cycle of service POC meetings. The report follows central guidance on structure and content and takes account of comments made by members of the Corporate POC in June. It is a new format on which Members views are invited.

2. Communities 2007/8 Financial Outturn- Revenue

2.1 The revenue outturn was reported to Cabinet on 16th June. The overall position for Communities portfolio was a gross overspend of £1.13m. Of this £328k was funded from KCC reserves relating to the ongoing revenue costs associated with the original Turner project, leaving a net overspend of £802k. Of this £873k related to Adult Education and was agreed to be rolled forward into 2008/09 and the remaining £71k under spend was uncommitted.

2.2 At its meeting on 14th July 2008 Cabinet agreed that all uncommitted under spends (£5.111m in total) should be set aside as a contingency in 2008/09 against the worsening economic situation. It has subsequently been agreed that this be allocated to portfolios according to estimated impact of unplanned price increases on energy and contracts over and above that provided in the existing Medium Term Plan.

2.3 Table 1 sets out the original budget, final approved cash limit and spending for each service unit within Communities. The changes between the original budget and final approved cash limit are all within KCC's "virement" rules as set out in Financial Regulations.

Table 1		2007/08 Outturn					Memorandum	
Service	Director	Original Budget £000s (Net)	Approved Cash Limit £000s (Net)	Final Outturn £000s (Net)	Variance £000s	Variance (as % of Gross Spending)	Gross Expenditure £000s	Gross Income £000s
Turner Contemporary	VP	859	803	810	+ 7	0.6%	1,199	-389
Drug and Alcohol Action	AS	1,777	1,727	1,740	+ 13	0.1%	14,994	-13,254
Youth Offending	AS	3,557	3,724	3,796	+ 72	1.1%	6,659	-2,863
Adult Education	DC	-500	-546	327	+ 873	6.4%	13,608	-13,281
Arts Development	DC	1,213	1,209	1,381	+ 172	11.4%	1,512	-131
Libraries and Archives	DC	22,705	22,644	22,383	- 261	-1.0%	25,419	-3,036
Sports, Leisure & Olympics	DC	834	815	791	- 24	-1.1%	2,133	-1,342
Youth Services	DC	7,542	7,467	7,428	- 39	-0.3%	14,179	-6,751
KEY Training	DC		153		- 153	-3.5%	4,398	-4,398
Community Safety	CB	4,539	4,361	4,227	- 134	-3.0%	4,496	-269
Contact Centre	CB	2,844	2,861	2,609	- 252	-5.7%	4,425	-1,816
Coroners	CB	1,742	1,765	2,149	+ 384	15.2%	2,524	-375
Emergency Planning	CB	547	581	527	- 54	-8.1%	670	-143
Kent Scientific Services	CB	-21	-5	-13	- 8	-0.5%	1,701	-1,714
Registration	CB	1,776	1,784	1,588	- 196	-4.7%	4,207	-2,619
Trading Standards	CB	4,023	3,942	3,691	- 251	-5.9%	4,282	-591
Policy	JE	1,401	1,359	1,404	+ 45	2.1%	2,188	-784
Central Departmental	JE	-1,300	369	977	+ 608	40.6%	1,498	-521
Net Controllable		53,538	55,013	55,815	+ 802	0.7%	110,092	-54,277
Turner Settlement				328	+ 328			
Total		53,538	55,013	56,143	+ 1,130			

2.4 The significant over spends are considered below. To compensate a number of services have delivered under spends including:

- Over £400k set by Communities SMT as a target to make savings from slowing down expenditure on non essential non staffing budgets
- A number of services have exceeded the expectations set out in the Medium Term Plan at the start of the year to make savings from managing vacancies following the natural turnover of staff
- Generation of additional income in a number of services

2.5 We have been reporting a small over spend on Youth Offending Service throughout the year. The level of over spend is consistent with the over spend in 2006/07 and has arisen following a review of all budget headings since the transfer of the service into the Communities portfolio. The over spend in 2007/08 has been covered by under spends on other services.

- 2.6 We identified in the first quarter's monitoring that the AE service would not be able to make the £500k repayment of the loan from the Finance portfolio to cover part of the 2006/07 deficit. Later in the year we identified that enrolments had been lower than planned in the budget with a consequential loss of tuition fee income which could not be matched with reductions in spending. As a result we were forecasting an over spend of £830k. The final outturn shows an over spend of £873k (slightly higher than predicted earlier in the year) due to unforeseen premises and staff restructuring costs. As indicated in paragraph 2.1 this has been rolled forward into 2008/09.
- 2.7 We have consistently been reporting an over spend on the Arts Unit budget in excess of £100k. In the main this was because the unit could not support its full staff structure since the termination of EU INTERREG grants. The trading unit producing materials for schools (Kent Superior Pictures) has also been running at a loss. The unit has now been restructured and KSP transferred to a local school. The over spend in 2007/08 has been covered by under spends on other services.
- 2.8 We have been reporting an over spend on the Coroners budget throughout the year. This arose as a result of additional mortuary fees due to above inflation increases and more cases being referred, above budget pay award for coroners and additional costs of the transfer of bodies to Medway hospital following the closure of the mortuary at Maidstone hospital. Initially we had been forecasting an over spend of £300k. We are able to reduce this through renegotiating the contribution from Medway Council to cover their share of the increases. The final outturn shows an increased over spend due to late claims from Coroners for the additional cost of long inquests. We have taken this matter up with the Coroners so that in future we will know which claims are outstanding to include in forecasts to prevent a late surge.
- 2.9 There are a number of budgets which are held centrally and not devolved to individual services. We had previously identified that we intended to cover deficit rollovers from 2006/07 and a number of one-off issues which arose during the year (e.g. unbudgeted redundancy/retirement costs) from draw down on reserves. In the end the level of under spends in other services (as identified in paragraph 2.4) meant this draw down was not necessary resulting in an over spend on the central budgets.

3. Communities 2007/8 Outturn – Capital

- 3.1 Table 2 identifies the planned and actual spend on all capital projects in 2007/08 and the total approved and forecast spending over the lifetime of these projects.

Table 2	2007/08 Expenditure				Total Project to 2011/12		
	Original Budget £000s	Approved Cash Limit £000s	Actual Spending £000s	Variance £000s	Approved Cash Limit £000s	Forecast Spending £000s	Variance £000s
Rolling Programmes							
Management & Modernisation of Assets	1,007	945	1,408	+ 463	10,606	11,174	+ 568
Library Upgrade Programme	305	92	71	- 21	2,517	2,517	
Village Halls & Community Centres	450	173	169	- 4	1,902	1,902	
Public Sports Facilities	100	66	62	- 4	566	566	
Projects with Approval to Spend							
Hextable Dance		31	25	- 6	3,225	3,225	
Archives Development	198	100	93	- 7	658	658	
Canterbury AEC		15		- 15	3,535	3,520	- 15
Big Lottery Fund for PE & Sports	37	96	-355	- 451	10,431	10,105	- 326
Folkestone Museum		58	12	- 46	70	70	
Library ICT Systems Development	250	75	33	- 42	295	295	
Sevenoaks Kaleidoscope		10	116	+ 106	2,297	2,403	+ 106
Ramsgate Library	200	200		- 200	449	449	
Margate Library and Gateway	325	704	649	- 55	840	840	
Herne Bay Youth Centre	680	250	85	- 165	714	714	
Folkestone AEC	308	308	397	+ 89	308	397	+ 89
Mortuary Refurbishment	738	738	512	- 226	738	674	- 64
Outdoor Education Facilities		100	100		100	100	
Projects with Approval to Plan							
The Beaney, Canterbury	200	233	14	- 219	2,150	2,150	
Edenbridge Community Centre	1,521	100	132	+ 32	1,820	1,820	
Gravesend Library	1,442	60		- 60	2,500	2,500	
Ashford Gateway Plus	1,027	60	81	+ 21	4,068	4,068	
Turner Contemporary	8,880	1,207	989	- 218	17,400	17,400	
The Hub, Southborough	3,225						
Grove Green Library	175						
Dover Discovery Centre Car Park	200						
Tunbridge Wells Library	250						
Total	21,518	5,621	4,593	- 1,028	67,189	67,547	+ 358

3.2 The movements from the original budget and the approved cash limit have been reported in monitoring during the year and the cash limits were changed when the capital programme in 2008/11 medium term plan was approved in February. The main variations since the approval of the medium term plan are outlined below.

3.3 The management and modernisation of assets programme has an underlying under spend from delaying the purchase of mobile library to fund the Sevenoaks Kaleidoscope and an over spend as a result of the

- transfer of expenditure on plant and equipment and ICT systems from revenue to capital. The additional spend has been funded from revenue contributions to the capital programme.
- 3.4 The Sevenoaks Kaleidoscope has overspent as a result of undertaking plant room repairs and external redecoration not included in the original project plan, the cost of an extension of the main contract, and additional design fees. This overspend has been funded from virement of under spends on the management and modernisation of assets and the mortuary refurbishment projects.
 - 3.5 The Folkestone AEC (The Cube) has overspent as a result of the transfer of expenditure on fitting out from revenue to capital. The additional expenditure has been met from revenue contributions to the capital programme.
 - 3.6 The Big Lottery Fund for PE and Sports shows an under spend because expenditure has been transferred to school and CFE budgets. The programme remains on target, but the reduction in expenditure shown in Communities Capital Budget will be matched with reduced external funding.
 - 3.7 The mortuary refurbishment has under spent because works at Medway hospital have cost less than the originally planned works at Maidstone hospital which could not go ahead. The under spend will be transferred into the Sevenoaks Kaleidoscope.
 - 3.8 All the other variations represent rephrasing of expenditure into future years.

4. Communities 2007/8 Unit Performance Outturn

- 4.1 A performance return has been made by the Head of Service for each of the Units within the Communities Directorate. These returns are appended to this report (Appendix One).
- 4.2 They follow corporate guidelines on structure and content and include performance against key performance indicators as approved in the 2007/08 unit plans together with an explanation for any targets not met and any new projects and developments not completed. There is also a section on customer feedback and external evaluation or inspection of performance.

- 4.3 It is very pleasing to note that the significant majority of key performance targets have been met and that performance against developments / key actions has been generally strong across the board. Where targets / actions have not been achieved, satisfactory explanations are given.
- 4.4 Members are reminded that 2007/08 was the last year for which Best Value Performance Indicators (BVPIs) will be monitored nationally. A new suite of 198 National Indicators is being introduced and those relevant to Communities have been incorporated into the 2008/09 unit plans. In some cases the definition and methodology for measurement has not been finalised nationally so for these there are therefore as yet no base lines and targets. It is expected that this will be resolved in time for inclusion in the 2009/10 unit plans.

5 Recommendations

- 5.1 Members of the Communities POC are asked to:
- a) NOTE the financial outturn for 2007/8
 - b) NOTE the performance outturn for 2007/8
 - c) COMMENT on the evolving process of reporting of delivery against Unit plans.

Contact

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