

**TO:** Corporate Policy Overview & Scrutiny Committee –  
6th July 2011

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**SUBJECT:** Chief Executive's Department Financial Outturn  
2010/11

**Classification:** Unrestricted

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**Summary:**

This report summarises the 2010/11 financial outturn for each of the service units within the Chief Executive's Department. Previously outturn reports to POSCs have included performance outcome information but this is now covered in the separate Core Monitoring report.

FOR INFORMATION

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**1. Introduction:**

- 1.1 In the March/April cycle of meetings POSCs received a report setting out the latest forecast outturn for the 2010/11 financial year as reported to Cabinet based on the position as at the end of the third quarter. Third quarter performance monitoring against unit business plans was also covered at the same meetings in the Core Monitoring report.
- 1.2 This is the second year we have been able to bring the final outturn reports to the July round of POSC meetings. It is important that committees receive timely information on actual costs in advance of considering options for future years' budgets during the autumn. This report includes the final outturn for each of the service units within the Chief Executive's Department in the same format as reported throughout the year in monitoring reports together with an explanation of any significant variances from the third quarter's monitoring. We are not in a position to report the outturn in the A to Z Service format used for the 2011/12 Budget Book as financial reporting for 2010/11 was not set up to produce information in this format.
- 1.3 At its meeting on 26<sup>th</sup> May Scrutiny Board considered how POSCs can be more engaged in the budget planning process. Scrutiny Board

recommended that each POSC should establish an Informal Member Group of up to 5 members which should meet between July and October in order to report back to the November POSC meeting on options for the forthcoming budget. The 2010/11 outturn report was identified as one of the core pieces of information that IMGs will need for these series of meetings.

## **2. Chief Executive's Department 2010/11 Financial Outturn- Revenue**

### **a) Chief Executive's Department**

- 2.1 The provisional revenue outturn was reported to Cabinet on 20<sup>th</sup> June together with recommendations on rollover for committed projects and contributions to reserves for uncommitted under spends. The overall position for the Chief Executive's Department was an under spend of £1.8m.
  
- 2.2 Table 1 sets out the original budget, final approved cash limit and spending for each service unit within the Chief Executive's Department. The changes between the original budget and final approved cash limit are all within KCC's "virement" rules as set out in Financial Regulations.

Service Unit	F o o t n o t e	Original Budget £000s (Net)	Approved Cash Limit £000s (Net)	Final Outturn £000s (Net)	Variance from Cash Limit £000s (net)
<b>Finance Portfolio</b>					
Finance		1,869.0	2,069.0	2,068.4	-0.6
<b>Portfolio Total</b>		<b>1,869.0</b>	<b>2,069.0</b>	<b>2,068.4</b>	<b>-0.6</b>
<b>Corporate Support Portfolio</b>					
Personnel & Development	1	1,484.1	2,001.6	1,599.5	-402.1
Information Services		1,965.8	1,859.6	1,886.8	27.2
E-Government		150.0	256.2	214.8	-41.4
Property	2	1,323.1	153.0	-193.3	-346.3
Property Enterprise Fund		0.0	0.0	0.0	0.0
Oakwood Trading		0.0	0.0	0.0	0.0
Internal Audit & Procurement		286.0	328.2	340.5	12.3
Legal Services		-960.3	-1,150.3	-1,731.3	-581.0
Corporate Communications	3	1,164.6	1,666.2	1,576.7	-89.5
Strategic Development Unit	4	2,246.9	2,247.4	2,236.4	-11.0
Strategic Management		603.4	430.9	405.2	-25.7
Centrally Managed Budgets	5	3,010.4	1,954.5	2,109.4	154.9
Support Services purchased from CED		4,111.0	4,093.8	4,094.2	0.4
Contact Kent		3,117.0	3,269.2	3,197.0	-72.2
Central Policy		655.9	655.9	645.2	-10.7
Performance, Improvement & Engagement		691.1	691.1	615.6	-75.5
Kent Works		0.0	0.0	10.6	10.6
PFI & Dedicated Schools Grant		-4,894.0	-4,894.0	-4,893.0	1.0
<b>Portfolio Total</b>		<b>14,955.0</b>	<b>13,563.3</b>	<b>12,114.3</b>	<b>-1,449.0</b>
<b>Localism &amp; Partnership Portfolio</b>					
Democratic Services	6	4,299.0	4,908.8	4,720.4	-188.4
International Affairs Group		537.0	537.0	526.4	-10.6
Kent Partnership		366.0	366.0	344.2	-21.8
County Council Elections		255.0	255.0	255.0	0.0
Public Consultation		100.0	100.0	43.7	-56.3
Member Community Grants		840.0	38.3	0.0	-38.3
Local Scheme Spending		400.0	43.4	0.0	-43.4
District Grants		570.0	808.0	807.7	-0.3
<b>Portfolio Total</b>		<b>7,367.0</b>	<b>7,056.5</b>	<b>6,697.4</b>	<b>-359.1</b>
<b>TOTAL CORPORATE POSC</b>					
		<b>24,191.0</b>	<b>22,688.8</b>	<b>20,880.1</b>	<b>-1,808.7</b>
<b>Public Health &amp; Innovation Portfolio</b>					
		<b>561.0</b>	<b>567.0</b>	<b>566.7</b>	<b>-0.3</b>
<b>Total Directorate Controllable</b>					
		<b>24,752.0</b>	<b>23,255.8</b>	<b>21,446.8</b>	<b>-1,809.0</b>

Changes between Original Budget and Approved Cash Limits:

1. Personnel & Development cash limit includes roll-forwards from 2009/10 of £174k and the transfer in of £343k for the Kent Graduate Programme from Strategic Development Unit.

2. Property Group cash limit includes a major change relating to a year-end adjustment to comply with International Financial Reporting Standards (IFRS) for properties which are categorised as finance leases. It has no effect on Property Group overall variance and outturn position. There was also a transfer out of £460k to Strategic Development Unit for Workplace Transformation programme.
  3. £200k savings target originally allocated against Corporate Communications was redistributed to Directorate's communications budgets. Other adjustments include the transfer of a member of staff from EHW and the transfer from funds held in Financing Items for the Digital Kent service.
  4. The Strategic Development Unit's cash limit includes the transfer out of Kent Graduate Scheme to Personnel and the transfer in of the Workplace Transformation programme.
  5. Centrally Managed Budget originally included CED prudential borrowing costs which are transferred to capital financing during the year.
  6. The change to the Democratic Services cash limit reflects the transfer of Members staff officers and support staff from Directorates following the restructure of this function.
- 2.3 The final outturn shows an under spend of £1,809k, this represents a movement of £700k compared to the third quarter's monitoring. The significant variations include the following:
1. Personnel & Development's increased under spend of £126k relates primarily to the Kent Leadership and Coaching and Mentoring Programmes which will now run from March 2011 to November 2011. Due to the late start of the programmes the bulk of the costs will fall in to 2011/12 and the under spend has been rolled forward. There was also an increased under spend on the Wellbeing Health checks but as this was not contractually committed and was not submitted for roll-forward.
  2. Legal Services continued to over-recover costs by a further £128k during the final few months of the year.
  3. Member Grants and Local Scheme Spending showed under spends totalling £82k at the end of the year which had not previously been forecast, of which only £48k related to committed grants requiring roll-forward.
  4. Contact Kent experienced increased call volumes towards the end of the year as a result of other Consumer Direct centres elsewhere in the country closing, this generated additional income for Consumer Direct. They were also awarded a quality bonus. These added £72k to income and increased the under spend.
  6. A cash limit of £100k was set for public consultation on KCC's Budget and to cover a Central Government 'Place' survey. The 'Place' survey was scrapped by Central Government resulting in an under spend of £56k.

Other units returned small under spends of £20k to £40k due to the moratorium on non-essential spending.

- 2.4 The approved budget for 2011/12 was set on the basis of known/forecast activity as at December 2010. Of the above variations, all relate to one-off issues for 2010/11 and should not impact on the 2011/12 budget.
- 2.5 The first exception monitoring for 2011/12 will be reported to Cabinet on 18<sup>th</sup> July and the full monitoring as at the first quarter is scheduled to be reported on 19<sup>th</sup> September. The timing of this Cabinet means reports to the September round of POSCs may have to be despatched late in order to include the latest position considered by Cabinet.
- 2.6 The under spend for 2010/11 includes a number of areas of committed expenditure which Cabinet agreed should be rolled forward into 2011/12 as per table 2 below.

Table 2	Amount
Reason for Rollover	£000s
<b>Corporate Support &amp; Performance Management</b>	
Personnel & Development - One-off money provided for changes to TCP in 2010/11. Scope extended to include Kent Scheme staff in Schools which has pushed delivery of some modules in to 2011/12.	87
- Leadership/Coaching/Mentoring qualification Programmes will span 2 financial years from March 2011 to November 2011.	56
E-Government (Kent Connects) - Remaining 8 months of fixed term contract for temporary staff member working on a Kent Connects project.	24
<b>Localism &amp; Partnerships</b>	
Member Community Grants (re-phasing)	6
Local Scheme Spending (re-phasing)	42
<b>Total Committed Rollover</b>	<b>215</b>

- 2.7 The balance of the uncommitted under spend (£2.128m) for the County Council was transferred to the Economic Downturn reserve in accordance with the recommendation agreed by Cabinet.

**b) Financing Items**

- 2.8 The Financing Items outturn is mainly in line with the forecast reported to the last POSC with a final under spend of £6.636m. The only significant movement from the previous forecast relates to the Insurance Fund which ended up overspending by £1.269m (an increase of £669k compared to previous forecast). The movement

resulted from a higher than forecast number of liability claims and has been covered by a drawdown from the insurance reserve.

### 3. Chief Executive's Department 2010/11 Financial Outturn – Capital

3.1 Table 3 identifies the planned and actual spend on all capital projects in 2010/11 and the total approved and forecast spending over the lifetime of these projects.

	2010/11 Spend				Total Scheme Cost		
	Original Budget £000s	Approved Cash Limit £000s	Final Outturn £000s	Variance from Cash Limit £000s	Approved Cash Limit £000s	Forecast Spending £000s	Variance from Cash Limit £000s
<b>Rolling Programmes</b>							
<b>Corporate Support &amp; Performance Management</b>							
Commercial Services Vehicles Plant & Equipment	935	2325	2,012	-313	4,045	3,732	-313
Property Asset Management System	224	55	0	-55	324	324	0
Works to Properties for Disposal	250	250	55	-195	750	555	-195
Management & Modernisation of Assets	722	622	585	-37	6,422	6,524	102
	2,131	3,252	2,652	-600	11,541	11,135	-406
<b>Policy &amp; Performance</b>							
Small Community Projects	503	499	556	57	1,499	1,562	63
<b>Schemes with Approval to Spend</b>							
<b>Corporate Support &amp; External Affairs</b>							
Connecting with Kent - Extending the accessibility of council services through electronic channels	378	153	153	0	2,413	2,413	0
Gateways - Providing Customer focused, cross agency outlets	1,605	297	356	59	6,540	6,540	0
Oracle Self Service Development - Personnel and Development Management Information System to support the Total Contribution Pay process	294	169	110	-59	633	633	0
Connecting Kent - Influencing Broadband agenda and provision across Kent	269	269	265	-4	1,212	1,212	0
Sustaining Kent - Maintaining the Infrastructure	6,226	3,577	3,591	14	10,247	10,247	0
Web Platform	790	277	300	23	1,125	1,139	14
Oracle Release 12 - HR & Finance modules	1,317	867	783	-84	1,733	1,733	0
Gateway Multi-Channel Service Delivery	300	0	0	0	0	0	0
Loan to Canterbury City Council	2,000	2,000	2,000	0	2,000	2,000	0
EIS Generator	0	0	32	32	0	32	32
Better Workplaces	768	1,054	1,030	-24	1,054	1,054	0
	13,947	8,663	8,620	-43	26,957	27,003	46
<b>Schemes with Approval to Plan</b>							
<b>Corporate Support &amp; External Affairs</b>							
Better Workplaces					8,807	8,807	0
	0	0	0	0	8,807	8,807	0

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 2011/13 Medium Term

Financial Plan was approved in February. The variance from approved cash limit represents the latest actual spending for 2010/11 (and forecast spending for future years) since the capital programme was published and includes no significant issues.

#### **4. Recommendations**

4.1 Members of the Corporate POSC are asked to:

- a) NOTE the revenue and capital financial outturn for 2010/11 including rollovers for committed projects and changes to capital programme
- b) NOTE the potential impact of variations since the 2011/12 budget was approved
- c) PROVIDE any comments and guidance to IMG members on potential impact for 2012/13 and future years' budgets

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