

TO: Customer and Communities Policy Overview & Scrutiny Committee (“POSC”) – 8th July 2011

**BY: Mike Hill, Cabinet Member for Communities Services
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SUBJECT: Communities Services Portfolio Financial Outturn 2010/11

Classification: Unrestricted

Summary:

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

FOR INFORMATION

1. Introduction:

- 1.1 In the April meeting, 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 these 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 Communities Directorate (interchangeable with the Communities Services Portfolio) 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 it's meeting on 26th 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 (“IMG”) of up to 5 members which should meet (on up to three occasions) between July and October in order to report back to the November POSC meeting on options and priorities 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. Directorate 2010/11 Financial Outturn - Revenue

- 2.1 The provisional revenue outturn was reported to Cabinet on 20th June, together with recommendations on rollover for committed projects and contributions to reserves for uncommitted under spends. The overall position for the Communities Directorate was an under spend of £1.451m.
- 2.2 Table 1 sets out the original budget, final approved cash limit and spending for each service unit within the Communities Services Portfolio. The changes between the original budget and final approved cash limit are all within KCC’s “virement” rules as set out in Financial Regulations.

Portfolio: Communities Services					
Table 1	2010-11				
	Original Budget £000s	Cash Limit £000s	Outturn £000s	Variance £000s	Variance %
Kent Drug & Alcohol Action Team					
Gross	17,096	18,519	16,939	-1,580	-8.53
Income	-14,933	-16,229	-14,722	1,507	-9.29
Net	2,163	2,290	2,217	-72	-3.16
Youth Offending Service					
Gross	6,757	6,865	7,070	204	2.97
Income	-3,012	-3,012	-3,236	-224	7.44
Net	3,745	3,854	3,834	-20	-0.52
Youth Services					
Gross	12,740	12,622	12,218	-404	-3.20
Income	-5,768	-5,652	-5,688	-36	0.63
Net	6,972	6,971	6,531	-440	-6.31
Supporting People					
Gross	32,830	32,314	32,314	0	0.00
Income	0	-220	-220	0	0.00
Net	32,830	32,094	32,094	0	0.00
Community Learning Service					
Gross	17,541	17,072	16,819	-253	-1.48
Income	-17,641	-17,172	-16,912	260	-1.51
Net	-100	-100	-93	7	-7.03
Arts Unit					
Gross	2,277	2,038	1,944	-93	-4.58
Income	-285	35	26	-8	-23.80
Net	1,992	2,072	1,971	-102	-4.90
Libraries, Archives & Museums					
Gross	22,284	22,748	22,657	-92	-0.40
Income	-2,727	-3,045	-3,177	-133	4.35
Net	19,557	19,704	19,480	-224	-1.14

Sports, Leisure & Olympics					
Gross	3,074	3,214	2,855	-359	-11.17
Income	-1,445	-1,586	-1,232	353	-22.28
Net	1,629	1,628	1,623	-6	-0.35
Supporting Independence					
Gross	4,887	4,057	4,376	319	7.87
Income	-4,160	-3,280	-3,648	-368	11.22
Net	727	777	728	-49	-6.28
Kent Community Safety Partnership					
Gross	3,979	5,225	5,061	-164	-3.15
Income	-318	-382	-395	-13	3.39
Net	3,661	4,843	4,666	-177	-3.66
Coroners					
Gross	2,702	2,702	2,873	171	6.32
Income	-475	-475	-439	36	-7.64
Net	2,227	2,227	2,434	207	9.30
Emergency Planning					
Gross	828	828	844	16	1.97
Income	-199	-199	-203	-4	2.24
Net	629	629	641	12	1.89
Kent Scientific Services					
Gross	1,271	1,271	1,236	-36	-2.79
Income	-780	-780	-732	49	-6.24
Net	491	491	504	13	2.69
Registration Service					
Gross	3,899	3,862	3,727	-135	-3.50
Income	-3,027	-3,027	-3,211	-184	6.08
Net	872	836	516	-319	-38.21
Trading Standards					
Gross	3,583	3,689	3,484	-204	-5.54
Income	-322	-322	-319	3	-0.80
Net	3,261	3,367	3,165	-202	-5.99
Policy & Resources					
Gross	1,272	1,681	1,607	-74	-4.40
Income	-73	-361	-350	12	-3.24
Net	1,199	1,320	1,258	-62	-4.72
Business Development & Support					
Gross	579	733	647	-85	-11.65
Income	-228	-228	-138	90	-39.49
Net	351	505	509	5	0.93
Strategic Management					
Gross	1,007	1,086	1,052	-34	-3.13
Income	0	0	0	0	0
Net	1,007	1,086	1,052	-34	-3.13
Centrally Managed Directorate Budgets					
Gross	1,226	2,360	2,750	390	16.53
Income	-1,293	-1,228	-1,605	-377	30.68
Net	-67	1,132	1,145	13	1.17
Support Services purchased from CED					
Gross	4,780	4,760	4,759	-1	-0.02
Income	0	0	0	0	0
Net	4,780	4,760	4,759	-1	-0.02
PORTFOLIO TOTAL (CONTROLLABLE)					
Gross	144,612	147,647	145,233	-2,414	-1.64
Income	-56,686	-57,162	-56,199	963	-1.69
Net	87,926	90,485	89,034	-1,451	-1.60

2.3 This represents a movement of £0.336m compared to the third quarter's monitoring. The significant variations include the following:

- 2.3.1 **Youth Service:** an adverse movement of **£0.041m**, predominantly in relation to unanticipated costs surrounding their restructure plans. The approved MTFP reflects the roll forward of £0.387m underspend – which is within the outturn figure of £0.440m – and relates to the Youth Opportunities Fund (YOF) which was originally earmarked to an apprenticeship programme in 2011-12 but which was not fully operational by the year-end so the earmarked funding was not utilised.
- 2.3.2 **Kent Drugs & Alcohol Team (KDAAT):** The service reported a balanced position until the final month of the year. A Care Management review that did not proceed as planned and increased internal charges are the causes of the **£0.072m** movement.
- 2.3.3 **Youth Offending Service:** an adverse movement of **£0.097m**, in relation to increased activity in placements, a social networking project and training resources for Young People in the final quarter.
- 2.3.4 **Arts Unit:** Vacancies held to year-end, as well as a reduction in the level of grants distributed, is the main cause of the **£0.088m** movement.
- 2.3.5 **Libraries & Archives:** profiled expenditure on AV purchases, Bookfund and systems support did not proceed as anticipated and this caused the **£0.110m** movement.
- 2.3.6 **Community Safety:** The allocation of Stronger, Safer Communities Fund, as part of the Area Based Grant, was not fully utilised in 2010-11 and accounts for the **£0.096m** movement. A committed roll forward bid has been made to utilise the underspend to support the funding of Independent Domestic Violence Advocates (IDVA) in 2011-12.
- 2.3.7 **Registration:** Further reductions in gross expenditure, due mainly to a lower service charge than anticipated, combined with an increase in “walk-in” ceremonies income, accounts for the movement of **£0.113m**.
- 2.3.8 **Trading Standards:** a movement of **£0.050m** due mainly to reduced staff costs achieved through vacancy management, advancement of staff restructuring and a tightening of non essential spend.
- 2.3.9 **Central Budgets:** an adverse variance of **£0.072m** was reported by the unit, due mainly to additional building maintenance costs and ad hoc additional support costs, which are allocated, based upon activity and this activity increased in the final quarter, reducing our ability to apply management action elsewhere to mitigate this pressure.
- 2.4 The approved budget for 2011/12 was set on the basis of known/forecast activity as at December 2010.

Of the year-end outturn of £1.451m, the vast majority related to the advancement of future year’s savings targets – for which cash limits

have been reduced in the 2011/12 budget build process – and can therefore not be repeated in the current year.

For example, Trading Standard held a number of posts vacant during 2010/11 in the knowledge that savings of £0.5m had to be delivered in the 2011-13 MTFP. The 2011/12 element of this saving (£0.25m) has been reflected in the budget build process and therefore that opportunistic vacancy management cannot be replicated.

Another example is the library service who have built on previous efficiency and management reviews to contribute a further saving in excess of £1m, therefore their outturn underspend of £0.2m has been fully absorbed by this reduction in their cash limit for 2011/12.

To further clarify and explain the inability to replicate these savings, the directorate had £9.4m of savings to achieve in the 2011/12 budget build process.

Similarly, in-year grant reductions (or de-ring-fencing of grants) meant that certain monies were not committed or expended in the year but now that the funding positions have been confirmed, this is not expected to recur as the funds are either no longer available or the distribution route has now been clarified.

The impact of any ongoing variations into 2011/12 will be reported as part of the in-year budget monitoring, together with progress on delivering the savings needed to balance the budget.

Subsequent to the approval of the budget in February, we have been notified of a number of grant reductions which will impact on 2011-12 and will be mitigated by management action. The most significant are:

- Stronger, Safer Communities and the Young People Substance Misuse Partnership faced a reduction of £0.279m, for which management action will need to be identified and/or particular outputs revised accordingly.
- The Youth Offending Service was impacted by a reduction to the Youth Justice Board (YJB) Grant of £0.578m. Communication of this reduction was made subsequent to the approval of the budgets for 2011-12 but the management action to accommodate this funding reduction has been reflected in the unit business plan and the pressure will be mitigated by staff reductions.

2.5 The first exception monitoring for 2011/12 will be reported to Cabinet on 18th July and the full monitoring, for the first quarter, is scheduled to be reported on 19th 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, for which Cabinet agreed should be rolled forward into 2011/12 as per table 2 below.

Table 2	Amount
Reason for Rollover	£000s
Youth Service – Underspend of Youth Opportunities Fund.	387
Community Safety–Underspend on Stronger, Safer, Communities Area Based Grant to fund Independent Domestic Violence Advocates in 2011-12	95
Total Rollover of Committed Spends for 2011/12	482

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

3. Directorate/Portfolio 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.

Table 3

	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
<u>Rolling Programmes</u>							
Library Modernisation Programme	894	1,051	815	-236	3,088	3,377	289
Modernisation of assets	1,951	2,438	2,438	0	10,861	10,876	15
Public Sports Facilities Improvements – Capital Grants	94	98	98	0	498	498	0
Village Halls & Community Centres	227	205	205	0	1,083	1,083	0
<u>Schemes with Approval to Spend</u>							
The Beaney, Canterbury- Library, Museum & Gallery modernisation	944	789	789	0	3,251	3,291	40
Turner Contemporary	6,601	8,727	8,726	-1	17,400	17,399	-1
Ashford Gateway Trust	5,350	4,985	4,955	-30	7,606	7,606	0
Dover Big Screen	0	13	10	-3	205	202	-1
Cobtree Trust	0	57	0	-57	100	100	0
Tunbridge Wells Library	0	0	3	3	334	334	0
New Library at Grove Green	175	0	0	0	0	0	0
Kent History & Library Centre	3,744	3,791	3,834	43	10,262	10,262	0
Gravesend Library	1,606	1,320	1,248	-72	2,500	2,500	0
Contribution to the Marlowe Theatre	1,000	1,000	1,000	0	2,000	2,000	0
Maidstone Museum	0	100	100	0	100	100	0
New Community Facility at Edenbridge	1,721	75	75	0	2,825	2,531	-294
Grant to St. Gregorys	0	0	50	50	0	50	50
<u>Schemes with Approval to Plan</u>							
New Library & Community Centre – Cheeseman Green	0	0	0	0	350	350	0
	24,407	25,230	24,890	-340	64,007	64,139	132

- 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 the following significant issues:

- 3.2.1 **Turner Contemporary Gallery:** A £17.4m project in Margate, involving the development of an Art Gallery on a prominent seafront location. The Turner centre gallery was completed on schedule, and handed over to the Turner Contemporary Trust, in December 2010. The building was successfully opened to the public in April 2011, with various events planned throughout the coming months
- 3.2.2 **Kent History & Library Centre:** A £12m project in Maidstone, which forms part of an innovative development in partnership with the second largest developer in the world - Bouygues - providing a planned mix of residential homes and extra care flats, in addition to our building which will include the Kent Archive facility.

Work has progressed ahead of schedule since commencing on site in March 2010 and the new building is anticipated to open in summer 2012.

- 3.2.3 **The Beaney in Canterbury:** A £3.2m innovative joint project with Canterbury City Council to bring together the library, museum and gallery in an extended and refurbished Grade II listed building. The project is jointly funded at a combined cost of some £13.2m, with funding support from the Heritage Lottery Fund (HLF) and SEEDA.

The project commenced in May 2010 following a short delay due to additional archaeology costs/investigations. Since then a number of unforeseen essential repairs to the roof and façade have also led to some delays and increased costs, when compared to the initial budget. Subsequently, HLF have now approved additional funding to be allocated to the project and we anticipate completion of the building works by Christmas 2011.

Handover is expected at the end of January 2012 and with the new building anticipated to open in late spring of the same year.

- 3.2.4 **Gravesend Library:** A £2.5m project in Gravesend, where a Carnegie building is being refurbished - and partly rebuilt - with the adjacent shop unit also being completely rebuilt as part of the redevelopment.

Work began on site in March 2010 and is progressing well, despite some initial delays, and the new building will be completed by June 2011 and it is anticipated will re-open during August 2011.

- 3.2.5 Libraries Modernisation Programme:** Further capital investment has continued to benefit both existing customers, as well as attract new customers, through the improved aesthetic environment as part of this modernisation programme.

Improved footfall in libraries refurbished in 2010-11 has led to an increase in issues, for example, by 15% at Cranbrook as well as an increase in visitor numbers e.g. in Folkestone of 9%.

The ongoing projects at Deal and Dover are to be completed in spring 2011 and comparative figures will be available later in the year, with full year effect being reported in 2012.

The modernisation programme will continue in 2011-12, with planning already underway for Broadstairs – working in partnership with Community Learning and Skills regarding a shared facility – and joint projects (with Gateway) to develop at Sheerness and Swanley.

- 3.2.6 Edenbridge Community Centre:** A £2.5m project to provide a community facility on the former Eden Valley school site. This innovative development is being funded from an on-site housing development and contributions from external and KCC partners.

Services to be provided from this centre include a library, Gateway, a youth centre, Social Services, Citizens Advice Bureau, Eden Church, YMCA and other smaller community groups.

The demolition commenced in quarter 1 of 2011-2012 and the new building is anticipated to be completed and subsequently opened in the summer of 2012.

- 3.2.6 Libraries Self-issue (RFID) project:** A project of £1.58m to introduce self-issue terminals (using Radio Frequency Identification, 'RFID', technology) in 35 libraries across Kent. This will enable the service to operate more efficiently by taking advantage of technological advances in this area and could allow (where possible) flexibility surrounding out of hours provision.

The project roll-out has already commenced, on a district by district basis, with a significant number of books already tagged, and the project is anticipated to be complete in quarter 4 of 2011-12 with the full year effect of the savings scheduled for 2012-13.

- 3.3** Any variances relating to the above will be included in the budget monitoring reports to Cabinet in July and September, together with any other issues affecting capital projects, which have arisen during 2011/12.

4. Recommendations

- 4.1 Members of the Communities Services POSC are asked to:
- a) NOTE the revenue and capital financial outturn for 2010/11, including rollover of funding 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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