

To: Customer and Communities Policy Overview and Scrutiny Committee

By: Mike Hill, Cabinet Member for Customer & Communities Services
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Date: 18 November 2011

Subject: Financial Monitoring 2011/12

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 Customer & 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. Three reports are presented to the Committee on a regular basis to inform discussions :

a) Budget Monitoring Reports

Quarterly budget monitoring reports are presented to Cabinet usually in September, December and March. The Customer & Communities' annex to these reports is put on the POSC agenda at the earliest opportunity and keeps Members informed about current trends, pressures and management actions in advance of budget setting.

The approved A-Z of budgets has been realigned for the first quarter's budget monitoring to reflect the new portfolio responsibilities and new directorate structures to give a new starting point for the year.

b) Performance Reports

Reports are 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 It is common practice for the most current full quarterly monitoring statement to be attached to this report as an appendix - the first quarter's full monitoring report was attached for the September meeting.

The full monitoring report for Q2 showing October's position will not be reported to Cabinet until 5 December 2011. Due to the size of the document showing the first quarter's full monitoring it has not been attached a second time as the information is no longer timely.

The salient issues from the last financial monitoring, August's position, were reported to Cabinet on 17 October 2011 and are highlighted and summarised below, together with any movement reported to the September POSC.

3.2 Revenue

- 3.2.1 Members were informed at the September POSC meeting the directorate was forecasting a net overspend - for the first time in recent years - of £0.8m. This is based on July's forecast position and included pressures/overspends of £1.25m and underspends of £0.45m which partly compensated.

The main contributing factors to the overspends were :

- Contact Centre (£0.64m)
- Communications, Media Relations and Engagement (£0.6m)

The underspends were primarily :

- Kent Supported Employment (£0.21m)
- Trading Standards (£0.14m).

- 3.2.2 I am pleased to report the directorate has been able to halve the projected overspend giving a current forecast overspend of £0.42. Management action to part mitigate the initial £0.8m overspend is therefore some £0.38m.

- 3.2.3 The significant movements in the directorate's position are outlined below:
Contact Centre: +£0.64m reduced to +£0.18m : a movement of £0.46m
The service has yet to fully mitigate and deliver the £406k savings required in the current year. A reduction in funding is the primary reason for the overspend and solutions to the remaining £0.18m are being sought.

As far as the other gross pressure of £0.46m related to the significant increase of call volumes is concerned, one-off funding has been secured of £0.3m to increase the establishment to meet the additional demand. The remaining pressure of £0.16m has been mitigated by relaxing the call answer rate slightly for non-critical services.

Solutions to close the gap are being investigated and will be incorporated into the contact centre review which aims to identify whether further services can be incorporated and efficiencies generated.

Local Boards: Balanced position to +£0.12m : a movement of £0.12m

A staff saving in excess of £1m was to be achieved in the Communications, Media Relations and Engagement restructure, part of which related to the

review of the Community Liaison Managers. As this review did not proceed as expected, the per yearly saving of £0.27m will not be achieved. The part year effect of this - net of some vacancies – is the projected overspend of £0.12m.

The net result of the above shows a movement of £0.34m, whereas the total variance in the directorate's forecast outturn was £0.38m. The remaining movement consists of a number of small variances across the directorate.

The directorate will continue to review and curtail non essential spend – wherever it is practical to do so - with the eventual aim of delivering a balanced budget (or better) by the end of the financial year.

Members will be given a verbal update at this meeting about the October forecast outturn which is due to be presented to Cabinet on 5 December 2011.

3.3 Capital

3.3.1 The net movement from the previous month's exception report is a mere £0.07m and was due to a number of minor compensating schemes. Nothing significant to note.

3.3 Saving Plans

Project implementation documents (PIDs) have been drafted by each service which has a saving in the Medium Term Financial Plan but requires a consistency review to ensure they provide a standalone guide about how and when the saving will be delivered.

A summary report aggregating the PIDs was drafted and shared with this Committee at the July meeting. Progress against these PIDs is now included as part of the financial monitoring process. Progress against these savings/PIDs has been referred to and incorporated into the narrative above.

4 Recommendations

4.1 Members of the POSC are asked to note the projected outturn figures for the directorate for 2011/12 based on the latest monitoring report to Cabinet.

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