

To: CABINET – 11 June 2012

By: John Simmonds, Cabinet Member – Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

UPDATE ON 2011-12 REVENUE BUDGET OUTTURN

1. Introduction:

The financial monitoring report to Cabinet in May reported a forecast revenue underspend, excluding schools, of £12.5m. The closedown of accounts process is continuing but initial indications are that this underspend is likely to increase to approximately £16.2m. This position could change during the final stages of the closing of accounts process, but is unlikely to change significantly.

2. Main Reasons for Movement in Position:

This provisional increase in underspend of £3.7m since the last report relates mainly to:

- £1.1m increase in the underspend within the Environment, Highways & Waste portfolio, mainly within the Highways and Transportation Division. This movement is made up of several smaller movements on individual budgets including Freedom Pass, Concessionary Fares, Sustainable Transport, Road Safety, Streetlight Energy & Maintenance and Traffic Management.
- £0.8m increase in the underspend within the Customer & Communities portfolio. Once again this is made up of several smaller movements mainly within Libraries, Strategic Management & Directorate Support, Registration, Youth, YOS, Gateways and Local Boards.
- £1.3m increase in the underspend within the Finance & Business Support portfolio largely to do with our recovery of Icelandic monies and reduced ICT charges within the Finance & Procurement Unit.
- £0.6m of underspending within Families & Social Care (both Specialist Children's Services and Adult Social Care & Public Health portfolios), which relates to KCC's share of the underspending on the Kent Safeguarding Children Board, the Integrated Community Equipment Store, the Kent & Medway Safeguarding Vulnerable Adults Committee and the Excellent Homes for All project, where roll forward is required to fund our obligation to these partnership agreements.

3. Proposals:

In light of a provisional £16.2m underspend, it is proposed that:

- a. Due to the recent prolonged spell of wet weather, we should look to protect our recent investment in Kent highways. The Director of Highways' opinion is that if we spend £6m, this would stop the asset maintenance backlog growing; therefore **Cabinet is asked to agree to contribute £6m to the rolling budget reserve to be spent on highways maintenance** subject to the approval of the Cabinet Member for Environment, Highways & Waste. If agreed, this funding will be added to the Highways revenue maintenance cash limit in 2012-13, to be funded by a drawdown from the rolling budget reserve.
- b. It has been identified that the Customer Service Strategy has the potential to realise very significant savings from how we engage with our customers and residents, with only a modest investment in technology and communications. Very early indications are that a £2m investment would be sufficient to deliver significant savings from a radical change to a more cost effective means of communication with the people of Kent. **Cabinet is asked to agree to contribute £2m to the rolling budget reserve for investment in technology and communications**, on the understanding that this should only be released upon the production and agreement of a robust business case.

4. Conclusion:

Should Cabinet agree to the contributions to reserves detailed above, then the provisional revenue outturn position for 2011-12, is expected to be in the region of an underspend of £8.2m.

5. Recommendations:

Cabinet is asked to:

- a. **Note** the provisional revenue outturn position for 2011-12
- b. **Agree** the transfer of £6m to the rolling budget reserve for highways maintenance, to be drawn down in consultation with the Cabinet Member for Environment, Highways & Waste.
- c. **Agree** the transfer of £2m to the rolling budget reserve for investment in technology and communications, to be drawn down upon agreement of a robust business case.