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**To:** Communities Cabinet Committee

**Date:** 6 July 2012

**SUBJECT:** **Customer & Communities Financial Outturn 2011/12**

**Classification:** Unrestricted

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**Summary:** This report summarises the 2011/12 financial outturn for each of the A-Z budget lines within the Customer & Communities Directorate.

**Recommendation:** Members are asked to NOTE this report

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## **1. Introduction**

- 1.1 This is the first round of financial performance reports to the new Cabinet Committees following the introduction of the new governance arrangements on 1 April 2012.
- 1.2 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, therefore, includes the final outturn for 2011/12 for each of the A-Z budget lines within the Customer & Communities directorate, in the same format as reported throughout the year in monitoring reports, together with an explanation of significant variances from the final cash limit.

## **2. Directorate 2011/12 Financial Outturn - Revenue**

- 2.1 The provisional revenue outturn will be reported to Cabinet on 9 July 2012, together with recommendations on rollover for committed projects and contributions to reserves for uncommitted underspends.

The overall position for Customer & Communities was an underspend of - £1.896m, which is a reduction from the underspend of £5.5m previously reported in Quarter Three. This does not represent an adverse movement but can largely be explained by the early approval of certain roll forward bids – in excess of £4m – which were excluded from the year end outturn.

- 2.2 Table 1 sets out the original budget, final approved cash limit and spending for each A-Z budget line within the Directorate. 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: 2011-12 FINAL OUTURN BY PORTFOLIO**

Portfolio: Customer & Communities					
	2011-12				
	Original Budget £p	Cash Limit £p	Outturn £p	Variance £p	Explanation
<b>TOTAL FOR STRATEGIC MANAGEMENT &amp; SUPPORT</b>					
Net	3,194,000	4,323,100	4,533,169	210,069	See 2.3.1
<b>OTHER SERVICES FOR ADULTS</b>					
<b>Drug &amp; Alcohol Services</b>					
Net	1,550,000	1,524,600	1,509,829	-14,771	Below £100k
<b>Supporting People</b>					
Net	30,082,000	29,796,200	29,796,200	0	Below £100k
<b>TOTAL OTHER SERVICES FOR ADULTS</b>					
Net	31,632,000	31,320,800	31,306,029	-14,771	
<b>COMMUNITY SERVICES</b>					
<b>Archive Service (incl Museum Development)</b>					
Net	911,000	1,010,700	853,394	-157,306	See 2.3.2
<b>Arts Development (incl Turner Contemporary)</b>					
Net	2,104,000	2,284,200	2,216,720	-67,480	Below £100k
<b>Community Learning Services</b>					
Net	-200,000	-339,000	-233,817	105,183	See 2.3.3
<b>Community Safety</b>					
Net	1,818,000	1,650,900	1,649,828	-1,072	Below £100k
<b>Community Wardens</b>					
Net	2,807,000	2,841,500	2,733,090	-108,410	See 2.3.4

	2011-12				
	Original Budget £p	Cash Limit £p	Outturn £p	Variance £p	Explanation
<b>Contact Centre &amp; Consumer Direct</b>					
Net	2,703,000	3,970,900	3,900,008	-70,892	Below £100k
<b>Gateways</b>					
Net	1,875,000	1,905,000	1,841,382	-63,618	Below £100k
<b>Library Services</b>					
Net	14,305,000	14,483,300	14,205,843	-277,457	See 2.3.5
<b>Sports Development</b>					
Net	1,406,000	1,349,100	1,275,191	-73,909	Below £100k
<b>Supporting Independence &amp; Supported Employment</b>					
Net	1,252,000	933,000	544,432	-388,568	See 2.3.6
<b>Big Society</b>					
Net	0	5,000,000	5,000,000	0	See 2.3.7
<b>TOTAL COMMUNITY SERVICES</b>					
Net	29,498,000	35,089,600	33,986,070	-1,103,530	
<b>ENVIRONMENT</b>					
<b>Country Parks</b>					
Net	804,000	776,000	776,237	237	Below £100k
<b>Countryside Access (incl PROW)</b>					
Net	2,088,000	2,098,900	2,089,318	-9,582	Below £100k
<b>TOTAL ENVIRONMENT</b>					
Net	2,892,000	2,874,900	2,865,555	-9,345	

	2011-12				
	Original Budget £p	Cash Limit £p	Outturn £p	Variance £p	Explanation
<b>LOCAL DEMOCRACY</b>					
<b>Local Boards</b>					
Net	816,000	701,900	717,721	15,821	Below £100k
<b>Member Grants</b>					
Net	1,943,000	1,303,000	1,263,902	-39,099	Below £100k
<b>TOTAL LOCAL DEMOCRACY</b>					
Net	2,759,000	2,004,900	1,981,622	-23,278	
<b>REGULATORY SERVICES</b>					
<b>Coroners</b>					
Net	2,440,000	2,365,000	2,209,007	-155,993	See 2.3.8
<b>Emergency Planning</b>					
Net	631,000	724,300	692,773	-31,527	Below £100k
<b>Registration</b>					
Net	-233,000	-135,600	-198,389	-62,789	See 2.3.9
<b>Trading Standards</b>					
Net	3,413,000	3,599,300	3,415,197	-184,103	See 2.3.10
<b>TOTAL REGULATORY SERVICES</b>					
Net	6,251,000	6,553,000	6,118,588	-434,412	

<b>SUPPORT FOR INDIVIDUAL CHILDREN</b>					
<b>Youth Service</b>					
Net	5,737,000	6,092,700	5,888,505	<b>-204,195</b>	<b>See 2.3.11</b>
<b>Youth Offending Service</b>					
Net	3,506,000	3,367,300	3,050,591	<b>-316,709</b>	<b>See 2.3.12</b>
<b>TOTAL SUPPORT FOR INDIVIDUAL CHILDREN</b>					
Net	9,243,000	9,460,000	8,939,096	<b>-520,904</b>	
<b>PORTFOLIO TOTAL (CONTROLLABLE)</b>					
Net	<b>85,469,000</b>	<b>91,626,300</b>	<b>89,730,129</b>	<b>-1,896,171</b>	

2.3 The significant variations from the approved cash limits, those exceeding £100k, are as follows:

2.3.1 Strategic Management & Support: +£210,069

This line in the A-Z is an amalgam of Directorate support services budgets but the overspend relates to a savings target within the Communications & Engagement division that could not be fully achieved in-year. This was reported throughout the year and compensating underspends were made elsewhere.

2.3.2 Archive Service: -£157,306

This budget line needs to be reviewed in line with 'Library Services' as a significant saving was achieved through the integration of front-of-house staff now the services have been co-located within the Kent History & Library Centre. This represents a proportion of that saving and of other synergies e.g. management.

2.3.3 Community Learning Services: +£105,183

This line in the A-Z represents Community Learning & Skills, previously Adult Education and Key Training. This pressure was reported towards the end of the year and relates to an in-year funding reduction, the third consecutive year this has occurred, that the service was unable to fully mitigate with management action due to the late nature of the reduction.

This was compensated by underspends elsewhere in the directorate and the service has developed management action to secure a viable budget for 2012/13 but remains sensitive to further fluctuations.

2.3.4 Community Wardens: -£108,140

This saving was achieved through extended vacancy management and a decision not to recruit to a number of vacant posts to offset the pressures facing the directorate.

2.3.5 Library Services: -£277,457

The service started to introduce Radio Frequency Identification (RFID) technology - "self service" - in 2010/11 and the net £1m saving was predicated over the 2011/12 and 2012/13 budgets being reduced by £500k each year.

As a result of successfully implementing RFID and fully delivering this the saving, the service was able to accelerate this and other savings, e.g. management, during 2011/12 in order to deliver a one-off underspend to offset the pressures facing the directorate.

2.3.6 Supporting Independence & Supporting Employment: -£388,568

This budget line comprises two services, the Supporting Independence Programme (SIP) and Kent Supported Employment (KSE).

Throughout the year, KSE was able to manage its vacancies and not appoint to certain posts whilst still delivering its contracts and so delivered a significant underspend.

The Supporting Independence Programme consisted of three parts, namely Apprenticeships, Community Services and Welfare Reform. Apprenticeships now resides with Education Learning & Skills but this, together with the other two blocks, was able to contribute to the underspend via staff savings and in relation to certain community budget related expenditure that was not possible in-year and is being undertaken in 2012/13 as part of the Troubled Families agenda.

2.3.7 Big Society: £nil

The 'Big Society' budget of £5m comprised two parts, namely £2m for the Kent Jobs for Kent Young People programme and £3m for the Big Society Loan fund.

The Big Society Fund is being managed on KCC's behalf by Kent Community Foundation and £1m was donated in 2011/12, with further £1m donations due in 2012/13 and 2013/14 following Cabinet approval. A £2m "underspend" was reported in 2011/12 but will be spent during the next two years.

Kent Jobs for Kent Young People was launched in April 2012 and therefore the £2m remained untouched in 2011/12 so a £2m underspend was reported. The combination of these two underspends was the £4m reported in Q3's monitoring report to Cabinet but this was transferred into a reserve and will be available to spend during the next 2 years.

2.3.8 Coroners: -£155,993

For the first time in recent years this budget underspent although it is linked with a roll forward request later in this report.

The underspend comprises two parts – both associated with a re-phasing of long inquests. The first component was a significant long inquest, in terms of both cost and duration, from Q4 which was delayed until Q1 in 2012/13. The second relates to a backlog of inquests that could not be progressed in 2011/12 for a number of reasons, including lack of expert witnesses or specialist evidence.

The backlog is being reduced but it was felt it could not be absorbed in the 2012/13 allocation for long inquests and so a roll forward request is being made to alleviate a financial burden on the current year's budget.

#### 2.3.9 Registration: -£62,789

Income for 2011/12 surpassed expectation/budget given a surge in ceremonies towards the end of the year. The outturn would actually have been higher but for £279 (and £154 came from the Contact Centre itself) of the projected underspend – subsequent to what was reported at Q3 - being transferred to a reserve to part fund a roll forward bid for the Contact Centre (see Table 2).

The roll forward request was required to enable a Contact Centre saving of £433 to be re-phased into 2013/14 and to ensure the review of the Contact Centre (and the services it provides on behalf of KCC and partners) can be aligned to that of the Customer Service Strategy.

#### 2.3.10 Trading Standards: -£184,103

The service was tasked with achieving a saving of £500k over two years: £250 in 2011/12 and a further £250k to be removed in the budget build process for 2012/13. The service was able to accelerate these savings by not appointing to vacant posts to ease the financial burden on the directorate and to follow the drive to bring forward savings wherever possible. This is a one-off saving as the budget has now been reduced by the £250k.

#### 2.3.11 Youth Service: -£204,195

This budget line and service need to be reviewed in conjunction with the Youth Offending Service as the two services amalgamated into the Integrated Youth Service during the year.

The integration led to savings in both budget lines including management, running costs and accommodation costs. This underspend relates primarily to that integration, with the base budgets for these savings now removed as part of the 2012/13 budget build so again, a one-off saving in 2011/12.

#### 2.3.12 Youth Offending Service: -£316,709

Now integrated with the Youth Service, this service was able to accelerate savings tasked to it in relation to management and other expenditure.

In addition, the service was able to release and therefore report as an underspend, an allocation of its budget relating to both remand management

and secure accommodation due to the successful implementation of a preventative strategy to reduce demand in these areas.

It was reported in the latter stages of the year that demand had fallen and, therefore, cost had reduced – this was a great success for the service as costs have reduced whilst outcomes have improved. It is hoped this will continue into 2012/13, although the budget for 2012/13 is still subject to variations which may mean in-year management action.

#### 2.3.13 Summary: -£1.9m underspend

In summary, the directorate delivered a significant part of the Authority's underspend for 2011/12 which was achieved mainly through the acceleration of 2012/13 savings and through the early implementation of a moratorium on non-essential spend in order to ensure the directorate – and Authority - could spend within its means and deliver an underspend to ease the burden of the significant financial restrictions placed on the Authority through the spending review.

- 2.4 The approved budget for 2012/13 was set on the basis of known/forecast activity as at December 2011. The vast majority of pressures and underspends reported above relate to one-off and opportunistic issues for 2011/12 and should not impact on the 2012/13 budget.

The impact of any ongoing variations into 2012/13, such as changes in funding or sensitivity to income or demand led pressures, will be reported as part of the in-year budget monitoring, together with progress on delivering the savings needed to balance the budget.

- 2.5 The first exception report for 2012/13 budget monitoring is being reported to Cabinet on 9 July 2012. This report shows there are no revenue or capital issues coming out of the 2011/12 outturn which will impact in 2012/13, hence no variance is currently reported for the directorate.

As many members of the Committee are new to the directorate, one thing I would like to point out is the significant proportion of income - just under 40% - that is generated by the directorate to fund its gross expenditure.

In recent years the directorate has faced significant in-year reductions and given the current financial environment, such reductions may continue. Therefore the directorate remains exposed to further sensitivity or changes in grant reductions, partner contributions or income raised through sales, fees and charges.

- 2.6 The full monitoring for the first quarter is scheduled to be reported to Cabinet on 17 September 2012. The timing of this Cabinet means reports to the September round of Cabinet Committees may be dispatched late in order to include the latest position considered by Cabinet, in a similar way to the papers for the July Cabinet Committees.



- 2.7 The underspend for the authority in 2011/12 of -£8.242m and includes a number of areas of committed expenditure which Cabinet is asked to agree to roll forward into 2012/13.

Roll forward proposals affecting this directorate are shown in Table 2 below and represent the first two requests. The third request is not committed but is an initiative that Cabinet is asked to consider to support the Authority's need for a dedicated central communications and engagement budget.

**Table 2: 2011-12 REVENUE BUDGET ROLL FORWARD PROPOSALS**

<b>Reason for Rollover</b>	<b>Amount £000s</b>
<p><u>Coroners Service</u> A backlog of long inquests will now fall into 2012-13 and not to place undue pressure on the 2012-13 budget, roll forward is required to fund this re-phasing.</p>	150
<p><u>Member Grants</u> Grants which have been committed in 2011-12 for projects internal to KCC, but work was not completed by 31 March 2012. This relates to both the Member Community Grants Scheme and the Local Scheme Grants.</p>	26
<p><u>Dedicated central communications and engagement budget</u> It has become apparent to maintain levels of income and partnership funding in future years, a dedicated central communications and engagement budget needs to be established in order to focus on funding and the Authority's strategic priorities. As part of the centralisation of Communications &amp; Engagement, only staff budgets were transferred into the new Communication &amp; Engagement division in C&amp;C directorate, with activity budgets remaining in the service units.</p> <p>The Programme Managers are visiting each service in KCC to understand their required outcomes and priorities for future years. The Communication &amp; Engagement division is reviewing all activity spend and ensuring it represents best value for money. This roll forward request is to provide a central staffing and activity budget for 2012/13, with future years' budgets to be created from the review of existing communications spend.</p>	400

In addition to the rollover requests above, three other requests were approved by Cabinet in 2011/12 which will allow funds to be available in 2012/13. These were explained in section 2.3 above but include:

- Kent Jobs for Kent Young People – £2m
- Big Society Fund – £2m

- Contact Centre – £433k

2.8 The balance of the uncommitted underspend of £5.316m - assuming all commitments and bids are honoured - will be transferred to the Economic Downturn reserve in accordance with the recommendation to be agreed by Cabinet on 9 July 2012.

### 3. Customer & Communities Directorate 2011/12 Financial Outturn – Capital

3.1 Table 3 identifies the planned and actual spend on all capital projects in 2011/12 and the total approved and forecast spending over the lifetime of these projects.

During the year, or shortly afterwards, a number of capital projects were completed, handed over and in many cases were re-opened and include: the Turner Gallery, Kent History & Library Centre, Ashford Gateway Plus, Gravesend Library and the successful implementation of Radio Frequency Identification (RFID) technology in 34 of our most popular libraries.

**Table 3: Directorate outturn for 2011/12 expenditure and scheme total cost**

	2011/12 Expenditure				Total Scheme Cost		
	Original Budget	Approved Cash Limit	Final Outturn	Variance from Cash Limit	Approved Cash Limit	Forecast Expenditure	Variance from Cash Limit
	£000	£000	£000	£000	£000	£000	£000
<u>Rolling Programmes</u>							
Public Rights of Way - Structural Maintenance	716	826	929	103	2,963	3,076	113
Country Park Access and Development	900	988	954	-34	1,305	1,464	159
Small Community Projects	500	506	493	-13	3,006	3,003	-3
Library Modernisation programme	460	451	441	-10	3,258	3,259	1
Modernisation of Assets	1,748	1,641	1,493	-148	11,070	11,412	342
Public Sports Facilities Improvement - Capital Grants	100	100	100	0	600	600	0
Village Halls & Community Centres - Capital Grants	278	168	167	-1	1,278	1,278	0
<b>Subtotal</b>	<b>4,702</b>	<b>4,680</b>	<b>4,576</b>	<b>-104</b>	<b>23,480</b>	<b>24,092</b>	<b>612</b>
<u>Schemes with Approval to Spend</u>							
The Beaney, Canterbury	874	1,644	1,644	0	3,620	3,620	0

Turner Contemporary	0	0	0	0	17,400	17,400	0
Gateways	820	1,380	1,407	27	7,052	7,052	0
Ashford Gateway Plus	892	1,874	1,807	-67	7,606	7,606	0
Grant to Cobtree Trust	0	57	0	-57	100	100	0
Tunbridge Wells Library	0	25	23	-2	444	444	0
Kent History & Library Centre	4,313	4,863	4,848	-15	10,650	10,981	331
Gravesend Library	921	993	897	-96	2,500	2,500	0
Libraries Invest to save project	0	1,016	984	-32	1,730	1,730	0
New Community Facilities at Edenbridge	0	33	29	-4	1,006	1,006	0
Web Platform	0	200	175	-25	1,139	1,139	0
Youth Service Reconfiguration	0	98	98	0	98	98	0
<b>Subtotal</b>	<b>7,820</b>	<b>12,183</b>	<b>11,914</b>	<b>-269</b>	<b>53,345</b>	<b>53,676</b>	<b>331</b>
<b>TOTAL</b>	<b>12,522</b>	<b>16,863</b>	<b>16,491</b>	<b>-372</b>	<b>76,825</b>	<b>77,768</b>	<b>943</b>

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 the 2012/15 Medium Term Financial Plan was approved in February 2012.

The variance from approved cash limit represents the final actual spending for 2011/12 (and forecast spending for future years) since the capital programme was published.

The variance for expenditure in 2011/12 totals -£273k and the vast majority of this will be re-phased into 2012/13 and cash limits will be adjusted accordingly.

Therefore the analysis of significant variations will concentrate on the total scheme cost variances in the far right column that exceed £100k.

### 3.2.1 Public Rights of Way: +£113k.

The service manages its revenue and capital budgets as one, albeit funding is separate, and this represents more spend of a capital nature than first envisaged.

### 3.2.2 Country Parks: +£159k.

The service, as part of an income generation drive, is keen to improve (or build for the first time) the state of its play areas in a small number of its prominent parks. A revenue underspend in 2011/12 allowed the service to increase the total funding available to maintain and modernise its parks and this work has since commenced.

### 3.2.3 Modernisation of Assets: +£342k.

This fund supports the modernisation of the 200 plus buildings within the remit of this directorate, as well as the replacement of costly plant, machinery and

equipment. The overspend relates to revenue contributions made to enhance the total scheme spend to ease the burden on the existing budget.

3.2.4 Kent History and Library Centre: +£331k.

It was documented during the year that the planned sale of the Springfield site, which part funded the new build, did not proceed as anticipated. Part of the agreement meant the Authority's share of the planning fees (£207k) would be covered by the developer but should the transaction not be completed then KCC would be liable. This expense was not reflected in the total scheme cost as it was expected the sale would proceed. It did not and, therefore, there is a variance in the total scheme cost which reflects this change in circumstance, as well as specification changes where the original plans were no longer feasible or permitted as part of planning consent. The building opened to the public in April 2012 and will be officially unveiled in the Autumn.

- 3.3 Re-phasings from 2011/12 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 2012/13 so far, so a large proportion of the variances noted above will not be visible in future reports as the cash limits will be adjusted accordingly.

**4. Recommendation**

- 4.1 Members of the Communities Cabinet Committee are asked to note the revenue and capital financial outturn for 2011/12 including rollovers for committed projects and changes to the capital programme due to re-phasings.

Background Documents : None

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