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To: Communities Cabinet Committee

Date: 19 September 2012

SUBJECT: **Customer & Communities Directorate & Portfolio Financial Monitoring 2012/13**

Classification: Unrestricted

Summary: This is a regular report on the forecast outturn for the Customer & Communities Directorate and Portfolio.

Recommendation: Members of the Cabinet Committee are asked to note the first quarter's full budget monitoring report for 2012/13 reported to Cabinet on 17 September 2012.

1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn for Customer & Communities Directorate and Portfolio.

2. Background:

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. The Customer & Communities annex from the first quarter's monitoring report for 2012/13 is attached.

3. Customer & Communities Directorate & Portfolio 2012/13 Financial Forecast - Revenue

3.1 There are no exceptional revenue changes since the writing of the attached quarter 1 report.

4. Customer & Communities Directorate & Portfolio 2012/13 Financial Forecast - Capital

4.1 There are no exceptional capital changes since the writing of the attached quarter 1 report.

5. Recommendations

- 5.1 Members of the Communities Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Customer & Communities Portfolio based on the first quarter's full monitoring to Cabinet.

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CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the budget was set to reflect the addition of £1m of roll forward from 2011-12 relating to Big Society as approved by Cabinet on 14 May 2012, and a further £0.576m of roll forward from 2011-12 as approved by Cabinet on 9 July 2012, together with a number of other technical adjustments to budget.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary of the 17th September Cabinet report.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Customer & Communities portfolio							
C&C Strategic Management & Directorate Support Budgets	9,832	-3,976	5,856	0	0	0	
<u>Other Services for Adults & Older People:</u>							
- Drug & Alcohol Services	15,987	-14,609	1,378	0	0	0	
- Supporting People	25,609	0	25,609	-15	0	-15	
	41,596	-14,609	26,987	-15	0	-15	
<u>Children's Services</u>							
<u>Education & Personal:</u>							
- Youth Service	9,315	-2,686	6,629	0	0	0	
- Youth Offending Service	5,581	-2,409	3,172	0	0	0	
	14,896	-5,095	9,801	0	0	0	
<u>Community Services:</u>							
- Archive Service (incl Museum Development)	1,329	-329	1,000	0	0	0	
- Arts Development (incl Turner Contemporary)	1,643	0	1,643	-2	-1	-3	
- Big Society	1,000	0	1,000	0	0	0	
- Community Learning Services	16,412	-16,765	-353	0	0	0	
- Community Safety	1,204	-226	978	-15	1	-14	
- Community Wardens	2,896	0	2,896	-137	0	-137	Reduced costs from vacancy management
- Contact Centre & Consumer Direct	6,713	-2,421	4,292	-438	438	0	Consumer Direct: reduction in income & staffing costs due to reduced call volumes
- Gateways	3,071	-1,037	2,034	-177	12	-165	Re-phasing of Gateway programme/opening dates
- Library Services	15,467	-1,844	13,623	0	0	0	
- Sports Development	2,358	-1,373	985	0	0	0	
- Supporting Independence & Supported Employment	1,372	-484	888	-62	62	0	KSE - Reduced staff costs. Loss of income from reduced number of referrals from Job Centre Plus
	53,465	-24,479	28,986	-831	512	-319	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment:							
- Country Parks	1,591	-948	643	0	40	40	Reduced income due to wet weather
- Countryside Access (incl PROW)	2,906	-1,023	1,883	0	0	0	
	4,497	-1,971	2,526	0	40	40	
Local Democracy:							
- Community Engagement	720	0	720	0	0	0	
- Member Grants	1,266	0	1,266	0	0	0	
	1,986	0	1,986	0	0	0	
Regulatory Services:							
- Coroners	2,987	-475	2,512	-14		-14	
- Emergency Planning	860	-199	661	-36	-8	-44	Reduced costs from vacancy management
- Registration	2,751	-3,135	-384	0	0	0	
- Trading Standards	4,003	-735	3,268	-197	87	-110	Reduced costs from vacancy management
	10,601	-4,544	6,057	-247	79	-168	
Total controllable	136,873	-54,674	82,199	-1,093	631	-462	
Assumed Management Action						0	
Forecast after Mgmt Action				-1,093	631	-462	

1.1.3 Major Reasons for Variance:

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Customer & Communities portfolio:

1.1.3.1 **Community Services:**

a. **Community Wardens: Gross -£137k, Income nil, Net -£137k**

There are currently a number of vacancies within the service, including six wardens, a management post and an administration officer. These vacancies account for the current forecast gross underspend of -£137k. The budget has a built in vacancy management target as otherwise the projected underspend would be in excess of this.

b. **Contact Centre & Consumer Direct: Gross -£438k, Income +£438k, Net Nil**

There is a -£412k underspend for Consumer Direct, which relates to reduced staff numbers in line with a reduction in call volumes, together with Contact Centre minor underspends of -£26k.

The reduction in Consumer Direct call volumes has impacted upon their income, with a forecast shortfall of £438k as income is calculated on a price per call basis.

c. **Gateways: Gross -£177k, Income +£12k, Net -£165k**

The main contributor to the underspend is the re-phasing and change in specification of two multi agency Gateways. Swanley and Herne Bay Gateways are not now expected to open until 2013-14, with Herne Bay on a reduced scale from original plans. This has resulted in a one off underspend of -£139k as there will be no running costs in this financial year. There are other minor underspends of -£26k

1.1.3.2 **Regulatory Services:**a. Trading Standards (Including Kent Scientific Services) : Gross -£197k, Income +£87k, Net -£110k

The combined service has achieved gross savings of -£197k as there are a number of vacant posts within both Trading Standards and Kent Scientific Services.

The income variance relates almost entirely to Kent Scientific Services with reduced income forecast from external customers.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
C&C	Consumer Direct: Reduction in income linked to lower call volumes	+438	C&C	Consumer Direct: Reduced staff numbers in line with reduced call volumes	-412
			C&C	Trading Standards & KSS: Staff Vacancies	-197
			C&C	Gateways: rephasing of Gateway programme/ opening dates of Herne Bay & Swanley	-139
			C&C	Community Wardens: Staff vacancies	-137
		+438			-885

1.1.4 **Actions required to achieve this position:**

None

1.1.5 **Implications for MTFP:**

Revisions to Gross and Income levels will need to be considered in the 2013-14 budget build process if the reduction in call volumes continues within Consumer Direct.

1.1.6 **Details of re-phasing of revenue projects:**

None

1.1.7 **Details of proposals for residual variance:**

None

1.2 **CAPITAL**

- 1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.
- 1.2.2 The Customer and Communities portfolio has an approved budget of £13.245m (see table 1 below). The forecast outturn against this budget is £13.564m, giving a variance of +£0.319m. After adjustments for funded variances and reductions in funding, the revised variance comes to nil (see table 3).
- 1.2.3 Tables 1 to 3 summaries the portfolio's approved budget and forecast.
- 1.2.4 Table 1 – Revised approved budget

	£m	
Approved budget last reported to Cabinet	18.815	
Approvals made since last reported to Cabinet	-5.570	Includes £5.962m for modernisation of assets moved to BSS Directorate
Revised approved budget	13.245	

- 1.2.5 Table 2 – Further changes to budget for Cabinet to approve

Scheme	Portfolio	Amount £m	Reason
Public Rights of Way	C&C	0.070	Additional grant
Public Rights of Way	C&C	0.120	Additional external funding
Public Rights of Way	C&C	0.035	Additional developer contributions
Tunbridge Wells Library	C&C	0.025	Additional external funding
Community Facilities - Edenbridge	C&C	0.006	Additional capital receipt, external funding
Total		0.256	

- 1.2.6 Table 3 – Summary of Variance

	Amount £m
Unfunded variance	0.000
Funded variance (from table 2)	0.256
Variance to be funded from revenue	0.063
Rephasing (beyond 2012-15)	0.000
Total variance	0.319

Main reasons for variance

- 1.2.7 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

1.2.8 Table 4 - Scheme Progress									
Scheme Name	Total Cost £m	Previous Spend £m	2012-15 Approved Budget £m	Later Years Approved Budget £m	2012-15 Forecast Spend £m	Later Years Forecast Spend £m	2012-15 Variance £m	Total Project Variance £m	Status Red / Green / Amber
	(a) = b+c+d	(b)	(c)	(d)	(e)	(f)	(g) = (e-c)	(h)= (b+e+f-a)	
Rolling Programme									
Public Rights of Way - Structural Maintenance	3.076	0.929	2.147	0.000	2.435	0.000	0.288	0.288	
Country Park Access & Development	1.464	0.954	0.510	0.000	0.510	0.000	0.000	0.000	
Small Community Projects	3.004	0.494	1.510	1.000	1.510	1.000	0.000	0.000	
Library Modernisation Programme	3.259	0.441	1.898	0.920	1.898	0.920	0.000	0.000	
Modernisation of Assets	2.22	1.493	0.457	0.270	0.457	0.270	0.000	0.000	
Public Sports Facilities Improvement - Capital Grants	0.6	0.100	0.300	0.200	0.300	0.200	0.000	0.000	
Village Halls & Community Centres - Capital Grants	1.278	0.167	0.711	0.400	0.711	0.400	0.000	0.000	
Individual Projects									
The Beaney, Canterbury	3.620	3.365	0.255	0.000	0.255	0.000	0.000	0.000	
Turner Contemporary	17.400	17.400	0.000	0.000	0.000	0.000	0.000	0.000	
Gateways	7.202	4.824	2.378	0.000	2.378	0.000	0.000	0.000	
Ashford Gateway Plus	7.606	7.539	0.067	0.000	0.067	0.000	0.000	0.000	
Grant to Cobtree Trust	0.100	0.043	0.057	0.000	0.057	0.000	0.000	0.000	
Tunbridge Wells Library	0.444	0.028	0.416	0.000	0.441	0.000	0.025	0.025	
Kent History & Library Centre	10.981	10.625	0.356	0.000	0.356	0.000	0.000	0.000	
Gravesend Library	2.500	2.404	0.096	0.000	0.096	0.000	0.000	0.000	
Libraries Invest to Save	1.730	1.528	0.202	0.000	0.202	0.000	0.000	0.000	
New Community Facilities at Edenbridge	1.003	0.337	0.666	0.000	0.672	0.000	0.006	0.006	
Web Platform	1.139	0.810	0.329	0.000	0.329	0.000	0.000	0.000	
Youth Service Reconfiguration	0.156	0.098	0.058	0.000	0.058	0.000	0.000	0.000	
CLS service re-provision	0.482	0.000	0.482	0.000	0.482	0.000	0.000	0.000	
New Library & Community Centre Cheeseman's Green	0.350	0.000	0.350	0.000	0.350	0.000	0.000	0.000	
TOTAL CUSTOMER & COMMUNITIES	69.614	53.579	13.245	2.790	13.564	2.790	0.319	0.319	

1.2.9 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

1.2.10 Assignment of Green/Amber/Red Status

1.2.11 As this is the first of the new capital monitoring formats, the red/amber/green statuses are assigned from the current position. A project will not show as amber or red if they have been delayed or over budget in the past but this has now been resolved. Any such issues would have been reported on in previous monitoring reports to Cabinet.

1.2.12 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.13 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

Amber and Red Projects – variances to cost/delivery date and why.

Edenbridge Community Centre

1.2.14 The contractor has submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. This has had the impact of a delay to the opening of the centre from October 2012 to January 2013. The fixed price Design and Build contract means that there are no financial risks to KCC but as the estimated completion date has been elongated, an AMBER status has been applied.

Key issues and Risks

- 1.2.15 **Public Rights of Way** - The Countryside Access Programme includes a number of surfacing schemes which can involve access across difficult terrain or along unsurfaced rights of way. Some of the access can be weather dependent with landowners refusing access in poor weather conditions hence there is a potential risk that projects are not completed as scheduled.
- 1.2.16 **Library Modernisation** – Within the cash limit funds have been set aside for the Library element of the Herne Bay and Swanley Gateways, therefore this budget is intrinsically linked to that programme (see below).
- 1.2.17 **The Beaney** – Unfortunately, the Viridor bid for £133k external funding was unsuccessful and we are now looking into an alternative solution to bridge this gap in funding. There is also the risk that there will be additional costs outside of the fixed price contract but these will be reported throughout future monitoring reports.
- 1.2.18 **Gateways** – The Gateway programme was to be delivered over a number of years and anticipated opening dates were scheduled. However, due to the number of agencies involved, differing funding requirements and planning approval processes, there is an inherent risk around timing, funding and future delivery. Business cases are presented for each gateway where these considerations will be updated as part of future monitoring reports.
- 1.2.19 **Ramsgate Library** – The refurbishment is almost complete and there is a small risk that the residual budget is insufficient to meet the costs of the final snagging works. Conversely, if a surplus is delivered then this may need to be returned.
- 1.2.20 The outstanding defects liability was costed by the Quantity Surveyor and formed part of the settlement negotiations. The programme of work has been tendered and will be monitored against the funds available.
- 1.2.21 **Tunbridge Wells Library**– there is a risk that planning approval will not be agreed by the Secretary of State. Also, as this is a listed building there is a risk that once work starts issues could be found which increase the scope and cost of works.
- 1.2.22 **Edenbridge Community Centre** – The project is now due to complete early 2013 but any further delay could impact further on the opening. This is a design and build contract signed at a fixed price, limiting KCC's exposure to increased costs.
- 1.2.23 **Web Platform** – There is no annual budget to fund improvements/enhancements to kent.gov once this fixed term project expires.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A