

TO: Communities Cabinet Committee – 14 March 2013

BY: Mike Hill, Cabinet Member for Communities
Amanda Honey, Corporate Director for Customer & Communities

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

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the third quarter's full budget monitoring report for 2012/13 which will be reported to Cabinet on 18 March 2013.

FOR INFORMATION

1. Introduction:

- 1.1 This is a regular report to this Committee on the forecast outturn for Customer & Communities Directorate & 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 third quarter's monitoring report for 2012/13 is attached.

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

- 3.1 A forecast underspend of -£2.34m is included within this Quarter 3 monitoring report, which is an increase of -£1.20m from the -£1.14m reported at the January meeting.

This movement is largely attributable to the following:

- Strategic Management & Directorate Support: -£0.62m movement is due to three elements; firstly part (£0.29m) of a £0.4m roll forward commitment for Communications has not been utilised and has now been declared; secondly the Business Transformation unit experienced a delay to recruiting to a number of new posts and is now declaring a £0.19m underspend (part declared previously).

Thirdly, the early delivery of savings to be delivered in 2013-14 in relation to the diminution of senior management posts across the directorate. These are one-off underspends as the base budget is to be reduced in 2013-14 in light of savings offered as part of the medium term financial plan.

- Commissioned Serviced (Supporting People): -£0.38m movement can be explained in two parts, firstly the re-tendering of contracts has led to an in-year saving of £0.16m and secondly, £0.22m of unrealised credit balances from the prior year have been released.
- Emergency Planning: - £0.15m movement is primarily due to the release of the Oil Boom Reserve (£0.13m) following the effective commissioning of this service, with the responsibility for the Oil Boom discharged as part of the new arrangements. The remainder is achieved through staffing and other underspends.
- Registration: - £0.14m movement is primarily due to a higher than expected number of weddings in the June to October period, resulting in additional income from ceremonies and associated licences.
- The above four variances amount to -£1.29m and there are other compensating movements (see 1.1.3 below) across the directorate to arrive back at the overall variance of -£1.20m.

3.2 There are no exceptional revenue changes since the writing of the attached quarter 3 report.

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

4.1 A forecast variance of +£0.32m is included within this Quarter 3 report, of which £0.17m has been explained in previous reports. A cash limit change has not been enacted as the variances are funded from revenue contributions.

4.2 Of the remaining variance (of £0.15m), the largest element is additional spend on Public Rights of Way (PROW) of £0.09m, which is funded through a combination of revenue contributions, external funding and member grants. This is not an overspend as such, more that additional funding has been secured and gross expenditure on specific projects has increased accordingly.

4.3 There are no exceptional capital movements since the writing of the attached quarter 3 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 third quarter's full monitoring report to Cabinet.

Contact officer:

Kevin Tilson

Finance Business Partner - Customer& Communities

Tel: 01622 696136

Email: kevin.tilson@kent.gov.uk

CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY

DECEMBER 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" i.e. 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 quarter 2 monitoring report to reflect a number of technical adjustments to budget including the centralisation of ICT budgets and further centralisation of property budgets to Corporate Landlord.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget:

| 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 | 10,139 | -4,114 | 6,025 | -655 | -2 | -657 | Staffing vacancies offset by directorate and invest to save priorities |
| <u>Other Services for Adults & Older People:</u> | | | | | | | |
| - Drug & Alcohol Services | 15,971 | -14,609 | 1,362 | 0 | 0 | 0 | |
| - Supporting People | 25,605 | 0 | 25,605 | -384 | 0 | -384 | unrealised creditors from prior years; re-tendering of contracts and variations during 12-13 |
| | 41,576 | -14,609 | 26,967 | -384 | 0 | -384 | |
| <u>Children's Services</u> | | | | | | | |
| <u>Education & Personal:</u> | | | | | | | |
| - Youth Service | 8,643 | -2,154 | 6,489 | 162 | -37 | 125 | increased activities in Youth centres & hubs offset by increased income. Costs of global camp at Swattenden Centre during Olympics offset by draw down from Big Events Fund reserve. Reduced income for Outdoor Education |
| - Youth Offending Service | 5,539 | -2,409 | 3,130 | -357 | -19 | -376 | Reduction in activity levels/placements. Staffing vacancies |
| | 14,182 | -4,563 | 9,619 | -195 | -56 | -251 | |
| <u>Community Services:</u> | | | | | | | |
| - Archive Service (incl Museum Development) | 754 | -187 | 567 | -7 | -30 | -37 | |
| - Arts Development (incl Turner Contemporary) | 2,035 | -103 | 1,932 | 13 | -19 | -6 | |
| - Big Society | 1,000 | 0 | 1,000 | 0 | 0 | 0 | |
| - Community Learning & Skills | 15,002 | -15,355 | -353 | -121 | 121 | 0 | Reduced income from course fees offset by savings against non staffing |

| Budget Book Heading | Cash Limit | | | Variance | | | Comment |
|--|----------------|----------------|---------------|---------------|------------|---------------|--|
| | G | I | N | G | I | N | |
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | |
| - Community Safety | 1,199 | -226 | 973 | -1 | 2 | 1 | |
| - Community Wardens | 2,884 | 0 | 2,884 | -49 | 0 | -49 | Staff vacancies offset by contribution to IDVA fund |
| - Contact Centre & Consumer Direct | 5,180 | -1,859 | 3,321 | -515 | 513 | -2 | CDSE - reduced staff numbers & impact of cost cutting exercise, offset by reduced income as a result of reduced activity |
| - Gateways | 2,750 | -635 | 2,115 | -129 | 69 | -60 | Rephasing of Gateways opening, offset by replacement of furniture/equipment at existing gateways. Reduction of one staff post |
| - Library Services | 16,154 | -2,151 | 14,003 | -216 | 224 | 8 | Underrecovery of income offset against managed underspend |
| - Sports Development | 2,600 | -1,621 | 979 | 0 | -4 | -4 | |
| - Supporting Independence & Supported Employment | 1,361 | -484 | 877 | -206 | 98 | -108 | Reduction in staffing; increase in SIP programmes related to Neighbourhood Community projects |
| | 50,919 | -22,621 | 28,298 | -1,231 | 974 | -257 | |
| <u>Environment:</u> | | | | | | | |
| - Country Parks | 1,478 | -911 | 567 | 23 | -25 | -2 | |
| - Countryside Access (incl PROW) | 2,876 | -1,023 | 1,853 | 0 | 0 | 0 | |
| | 4,354 | -1,934 | 2,420 | 23 | -25 | -2 | |
| <u>Local Democracy:</u> | | | | | | | |
| - Community Engagement | 710 | 0 | 710 | 9 | 0 | 9 | |
| - Member Grants | 1,266 | 0 | 1,266 | 0 | 1 | 1 | |
| | 1,976 | 0 | 1,976 | 9 | 1 | 10 | |
| <u>Regulatory Services:</u> | | | | | | | |
| - Coroners | 2,980 | -475 | 2,505 | -27 | 0 | -27 | |
| - Emergency Planning | 841 | -199 | 642 | -222 | -2 | -224 | Release of oil pollution boom reserve & staff vacancies |
| - Registration | 2,738 | -3,135 | -397 | 267 | -582 | -315 | Staffing vacancies; increased expenditure on software licences & equipment; increased income from ceremonies & associated licences |
| - Trading Standards | 4,047 | -735 | 3,312 | -151 | -85 | -236 | staffing vacancies |
| | 10,606 | -4,544 | 6,062 | -133 | -669 | -802 | |
| Total controllable | 133,752 | -52,385 | 81,367 | -2,566 | 223 | -2,343 | |
| Assumed Management Action | | | | | | 0 | |
| Forecast after Mgmt Action | | | | -2,566 | 223 | -2,343 | |

1.1.3 **Major Reasons for Variance:** *[provides an explanation of the 'headings' in table 2]*

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 **C&C Strategic Management & Directorate Support Budgets: Gross -£655k, Income -£2k, Net -£657k**

There is a forecast underspend of -£189k against staffing in Business Transformation following a restructure of the unit as recruitment is taking longer than anticipated.

Following the Heads of Service and senior management reviews within the service there is a -£434k underspend on staffing. This is offset by anticipated spend on directorate and invest to save priorities totalling +£154k.

The current year's Corporate Communications budget included a roll forward sum of £400k, of which £250k was for staffing, and this has not been fully utilised. This, together with an underspend on staffing due to a delay in recruitment of certain posts following a restructure of the unit, has resulted in a forecast underspend on staffing of -£287k. There are other small variances totalling +£101k on gross and -£2k on income.

1.1.3.2 **Other Services for Adults & Older People:**

a. **Supporting People: Gross -£384k, Income Nil, Net -£384k**

Following a thorough review of the Supporting People year to date expenditure and the balance sheet, a number of unrealised creditors relating to prior years have been identified which are no longer deemed necessary and have been released accordingly, contributing -£224k to the forecast underspend. The remaining -£160k forecast gross variance is due to the impact of savings from re-tendering of contracts effective from 1 October 2012, which is the part year effect of the savings to be fully delivered in 2013/14.

1.1.3.3 **Children's Services – Education & Personal:**

a. **Youth Service: Gross +£162k, Income -£37k, Net +£125k**

There is a forecast pressure on activities in Youth Centres & Youth Hubs of +£212k, which is partially offset by an increase in income from those centres of -£170k. The Outdoor Education centres have suffered a decrease in income of +£141k as a result of reduced use of facilities by external clients largely due to the inclement weather over the summer. The service has part mitigated this pressure by reducing costs where possible, albeit a large majority of costs are fixed in nature, and a £90k part compensating reduction is forecast. Spend of £119k on a global camp at the Swattenden Centre providing activities for children during the Olympics, including trips to the Olympic park, is largely being met by a draw down from the Big Events Fund reserve. There are further under and over spends which are individually below £100k.

b. **Youth Offending Service: Gross -£357k, Income -£19k, Net -£376k**

During the year there has been lower than expected activity in secure accommodation placements which has led to a forecast underspend of -£131k. There has been a similar reduction in remand fostering placements, accompanying young offenders to court and youth offending activities which together total an underspend of -£68k. The notification for the 2013-14 funding from Youth Justice Board is yet to be finalised and pending the notification of future funding levels, the service is prudently holding a number of vacancies with a gross staffing underspend of -£158k being reported.

1.1.3.4 **Community Services:**

a. **Community Learning & Skills: Gross -£121k, Income +£121k, Net nil**

Tuition fee income from course fees is below expected levels for the 2012/13 academic year (Sept 2012 – March 2013), with a forecast under-recovery of +£321k. However, better than expected performance against the summer term of 2011/12 (April 2012 – August 2012) Adults Skills contract is partly offsetting this risk with additional income of -£200k anticipated from the Skills Funding Agency. There are mitigating gross underspends totalling -£121k across a range of budgets as a result of management action taken to offset this income shortfall.

b. **Community Wardens: Gross -£49k, Income Nil, Net -£49k**

There are two additional leavers since the last quarterly report and this has increased the staffing underspend to -£166k. The budget includes a built in vacancy management target, otherwise the projected underspend would be in excess of this. A one off contribution of £110k has been committed towards a multi-agency project aimed at setting up an Independent Domestic Violence Advocate fund.

c. **Contact Centre & Consumer Direct: Gross -£515k, Income +£513k, Net -£2k**

There has been a reduction in Consumer Direct call volumes that has led to a reduction in income, as the contract is based on a price per call, of +£520k. However this is offset by a -£470k gross underspend on staffing as a result of reduced staff numbers in line with the reduction in call volumes. A cost cutting exercise has identified further savings to offset the fall in income and this is currently forecast as -£45k. In addition there is a minor income variance relating to services which are no longer provided by the contact centre.

d. **Gateways: Gross -£129k, Income +£69k, Net -£60k**

The quarter 2 monitoring report included an underspend of -£159k as a result of the re-phasing of the opening of two multi-agency Gateways to 2013-14 (Herne Bay & Swanley). This saving is now partially offset by costs of £75k associated with the opening, in January 2013, of the Eden Centre, a new Gateway in Edenbridge, together with the costs of promoting services and the replacement of furniture, equipment and staff uniforms at existing gateways. A staffing saving of -£45k is now reported following the reduction of one post. The income shortfall results primarily from reduced funding from Gateway partners pending agreement on cost allocations.

e. **Library Services: Gross -£216k, Income +£224k, Net +£8k**

The income shortfall of +£224k relates to an under-recovery of income from a company that was commissioned to undertake certain merchandising activities and which is now in the process of going into liquidation. When the service became aware of the potential for this loss of income, management action was put in place with a resultant reduction in non staffing costs of -£302k forecast. However, there are some small offsetting gross pressures including an increase in merchandising purchases and additional costs at the Beaney Centre, totalling +£86k.

f. **Supporting Independence & Supported Employment: Gross -£206k, Income +£98k, Net -£108k**

The forecast income shortfall of +£98k is within Kent Supported Employment (KSE) and relates to the Department for Work & Pensions funded Work programme contract where referrals are below anticipated levels.

There is a -£252k gross variance relating to a reduction in staffing in KSE which has been achieved through improved performance, holding vacancies, as well as reduced activity to programmes such as the DWP contract referred to above.

Within the Supporting Independence Service there is a pressure related to grants to external providers of +£165k to support the Neighbourhood Community Projects, which is offset by underspending on staffing within these projects of -£90k, together with other small variances totalling -£29k.

1.1.3.5 **Regulatory Services:**

a. Coroners: Gross -£27k, Income NIL, Net -£27k

A roll forward of £150k was approved from 2011-12 for a backlog of long inquests, however £60k is forecast to fall into 2013-14 and so as not to place undue pressure on the 2013-14 budget, roll forward will be required to fund this re-phasing. This £60k underspend in the current year is partially offset by a pressure on staffing for long inquests.

b. Emergency Planning: Gross -£222k, Income -£2k, Net -£224k

There is a forecast underspend against staffing of -£71k as vacancies continue to be held following a restructure of the service during the year. In addition, the Oil Pollution Boom renewals reserve is no longer required following the effective commissioning of alternative arrangements, which transfers the responsibility for the boom to an external provider. Therefore, the balance on the reserve of -£136k has been drawn down and released back to revenue. Other minor variances totalling -£15k contribute to the overall -£222k gross variance.

c. Registration: Gross, +£267k, Income -£582k, Net -£315k

The Registration Service is predicting an underspend on staffing of -£182k arising from vacancies which have been held during the restructure and integration of Registration with the Libraries and Archives services. However, this is offset by some one-off costs relating to the purchase of additional software licences (+£220k) and equipment (+£200k). The income variance of -£562k follows a full reconciliation of income received to date, with amounts relating to the current and future years separately analysed. As the year end approaches, income is initially assumed to relate to deposits for future year ceremonies but this reconciliation has highlighted additional income relating to the current year. In addition, there has been a higher than expected number of weddings in the June to October period resulting in additional income from ceremonies and associated licences.

d. Trading Standards (including Kent Scientific Services): Gross -£151k, Income -£85k, Net -£236k

The combined service is forecasting an underspend on staffing of -£150k as there are a number of posts which have been held vacant during the year pending the restructure of the service. The income variance, as mentioned in the quarter 2 report, consists of an over recovery of income from the Olympic Delivery Authority (-£26k), an improved income forecast for Kent Scientific Services of (-£22k), and additional income from the sale of a van as well as funding from the National Trading Standards Board to cover the costs of agency staff, which together total -£28k.

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 | Contact Centre & Consumer Direct: reduction in income linked to reduced call volumes for Consumer Direct | +520 | C&C | Registration Service: additional income from ceremonies & associated licences | -582 |
| C&C | Community Learning & Skills: reduced tuition fee income from course fees for 2012-13 academic year | +321 | C&C | Contact Centre & Consumer Direct: reduction in staff numbers in line with reduced call volumes for Consumer Direct | -470 |
| C&C | Library Service: underrecovery of income from a company which is in the process of going into liquidation | +224 | C&C | Strategic Management & Directorate Support: Staff savings following Heads of Service & senior management reviews | -434 |

| Pressures (+) | | | Underspends (-) | | |
|---------------|---|--------|-----------------|---|--------|
| portfolio | | £000's | portfolio | | £000's |
| C&C | Registration Service: purchase of additional software licences | +220 | C&C | Library Service: managed underspend to offset unrecovered income from a company facing liquidation | -302 |
| C&C | Youth Service: Increased activities at Youth centres/hubs | +212 | C&C | Corporate Communications: staff savings from restructure & unspent roll forward | -287 |
| C&C | Registration Service: purchase of equipment | +200 | C&C | Supported Independence & Supported Employment: staffing underspend within KSE | -252 |
| C&C | Supporting Independence: increase in grants to external providers to support the Neighbourhood Community Projects | +165 | C&C | Supporting People: release of unrealised creditors from prior years | -224 |
| C&C | Strategic Management & Directorate Support: expenditure on directorate priorities & Invest to Save Projects | +154 | C&C | Community Learning & Skills: better than expected performance against Adult Skills contract in summer term resulting in increased income from Skills Funding Agency | -200 |
| C&C | Youth Service: Outdoor Education reduction in use by external clients due to inclement weather | +141 | C&C | Strategic Management & Directorate Support: staff savings from delay in recruiting to posts following Business Transformation restructure | -189 |
| C&C | Youth Service: costs of global camp at Swattenden Centre during the Olympics | +119 | C&C | Registration Service: staffing savings due to holding vacancies during restructure & integration with Libraries & Archives services | -182 |
| C&C | Community Wardens: One-off contribution to Independent Domestic Violence Advocate Fund | +110 | C&C | Youth Service: increased income at Youth Centres/hubs | -170 |
| | | | C&C | Community Wardens: staff vacancies | -166 |
| | | | C&C | Supporting People: savings from re-tendering of contracts effective from October 2013 | -160 |
| | | | C&C | Gateways: re-phasing of opening and change in specification of Swanley & Herne Bay gateways | -159 |
| | | | C&C | Youth Offending Service: staff vacancy savings pending notification of future funding levels from Youth Justice Board | -158 |
| | | | C&C | Trading Standards (including KSS): staffing vacancies | -150 |
| | | | C&C | Emergency Planning: release of Oil Pollution Boom reserve | -136 |
| | | | C&C | Youth Offending service: lower activity levels than expected in secure accommodation placements | -131 |
| | | | C&C | Community Learning & Skills: effects of management action taken to offset income shortfall | -121 |
| | | | C&C | Youth Service: costs of global camp at Swattenden Centre during the Olympics part funded by draw down from Big Events Fund reserve | -106 |
| | | | | | |
| | | +2,386 | | | -4,579 |

1.1.4 Actions required to achieve this position:

The directorate is forecasting a significant underspend in order to contribute towards the authority's current and future year funding demands. This is being achieved by accelerating future year's savings, wherever possible, and by holding vacancies wherever this can be done without impacting on front line service delivery and only appointing to business critical posts, which results in savings on both staffing and the associated non-staffing costs.

1.1.5 Implications for MTFP:

To try and minimise the impact of enforced redundancies, a number of the underspends reported in the sections above are where vacancies were being held and where consultation occurred or is ongoing in the current year, in order to achieve the significant budget savings approved by County Council on 14 February 2013.

Also, there remains a lack of clarity around funding allocations for future years which may well yet impact on future year budgets e.g. Youth Justice Board grant for 2013/14. In addition, the directorate is particularly sensitive to changes in income as close to 40% of the directorate's gross expenditure is funded by income and external grants. The final amounts for funding/grants may not be known for some time but any changes in assumptions will be included within future monitoring reports.

1.1.6 Details of re-phasing of revenue projects:

Towards the end of 2011/12, £1m from the Big Society budget was provided to the Kent Community Foundation to establish a loan fund to award loans/grants to social enterprises that are perhaps unable to secure loans through other routes. A further £2m was set aside for further donations of £1m in each of 2012/13 and 2013/14 subject to an annual review by KCC of, among other things, the demand within the market.

It is currently forecast that a further £1m will be donated in 2012/13. The approved budget for 2013/14 assumes that the 2013/14 contribution will be delayed until 2014/15 and this one-off saving is to be used as part of the budget measures for delivering a balanced 2013/14 budget.

Within the Coroners Service, there is a £60k re-phasing of the long inquests backlog into 2013-14, as explained in section 1.1.3.5a above.

1.1.7 Details of proposals for residual variance: *[e.g. roll forward proposals; mgmt action outstanding]*

The forecast underspend for the directorate is -£2,343k as shown in table 1. After adjusting for the roll forward requirement of £60k for the re-phasing of the back log of Coroners long inquests referred to in section 1.1.6 above, there is an underspend of -£2,283k which is contributing towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February 2013.

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 £13.687m (see table 1 below). The forecast outturn against this budget is £14.011m, giving a variance of +£0.324m. After adjustments for funded variances and reductions in funding, the revised variance comes to - £0.005 (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 | 13.551 | |
| Approvals made since last reported to Cabinet | 0.136 | Virement from Modernisation of Assets budget held within Corporate Landlord |
| Revised approved budget | 13.687 | |

1.2.5 Table 2 – Funded and revenue funded variances

| Scheme | Portfolio | Amount £m | Reason |
|--|-----------|--------------|---|
| Cabinet to approve cash limit changes | | | |
| Modernisation of Assets - Youth Vehicles | C&C | 0.041 | To be funded from developer contributions |
| No cash limit changes to be made | | | |
| Public Rights of Way | C&C | 0.085 | To be funded from revenue (£0.063), external partner funding (£0.007) and Members Highways Fund within E&E (£0.015) |
| Country Parks | C&C | 0.015 | To be funded from revenue |
| Modernisation of Assets - Youth Vehicles * | C&C | 0.146 | To be funded from revenue |
| Trading Standards Vehicles | C&C | 0.017 | To be funded from revenue |
| Tonbridge Youth Facility * | C&C | 0.025 | To be funded from revenue |
| Total | | 0.329 | |

*The above variances were contained within a previous monitoring report and are only included here as cash limit changes are not made when variances are funded by revenue, hence this represents an accumulation of variance funded by revenue.

1.2.5 Table 3 – Summary of Variance

| | Amount £m |
|------------------------------------|--------------|
| Unfunded variance | 0.000 |
| Funded variance (from table 2) | 0.063 |
| Variance to be funded from revenue | 0.266 |
| Project underspend | -0.005 |
| Rephasing (beyond 2012-15) | 0.000 |
| Total variance | 0.324 |

1.2.7 Scheme Progress

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.

Table 4 - Scheme Progress

| | Total Cost | Previous Spend | 2012-15 Approved Budget | Later Years Approved Budget | 2012-15 Forecast Spend | Later Years Forecast Spend | 2012-15 Variance | Total Project Variance | Status (Red / Amber / Green) |
|--|------------|----------------|-------------------------|-----------------------------|------------------------|----------------------------|------------------|------------------------|------------------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) = (e - c) | (h) = (b+e+f)-a | |
| Public Rights of Way - Structural Maintenance | 2.422 | 0.000 | 2.422 | 0.000 | 2.507 | 0.000 | 0.085 | 0.085 | Green |
| Country Parks Access and Development | 0.510 | 0.000 | 0.510 | 0.000 | 0.525 | 0.000 | 0.015 | 0.015 | Amber - Delayed |
| Small Community Projects | 2.510 | 0.000 | 1.510 | 1.000 | 1.510 | 1.000 | 0.000 | 0.000 | Green |
| Library Modernisation Programme | 3.113 | 0.295 | 1.898 | 0.920 | 1.898 | 0.920 | 0.000 | 0.000 | Green |
| Modernisation of Assets | 0.727 | 0.000 | 0.457 | 0.270 | 0.661 | 0.270 | 0.204 | 0.204 | Green |
| Public Sports Facilities Improvements - Capital Grants | 0.500 | 0.000 | 0.300 | 0.200 | 0.300 | 0.200 | 0.000 | 0.000 | Green |
| Village Halls and Community Centres - Capital Grants | 1.111 | 0.000 | 0.711 | 0.400 | 0.711 | 0.400 | 0.000 | 0.000 | Green |
| The Beaney, Canterbury | 3.756 | 3.365 | 0.391 | 0.000 | 0.391 | 0.000 | 0.000 | 0.000 | Green |
| Turner Contemporary | 17.400 | 17.400 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | Green |
| Gateways | 6.924 | 4.824 | 2.100 | 0.000 | 2.100 | 0.000 | 0.000 | 0.000 | Amber - Delayed |
| Ashford Gateway Plus | 7.606 | 7.539 | 0.067 | 0.000 | 0.067 | 0.000 | 0.000 | 0.000 | Green |
| Grant to Cobtree Trust | 0.100 | 0.043 | 0.057 | 0.000 | 0.057 | 0.000 | 0.000 | 0.000 | Green |
| Tunbridge Wells Library | 0.469 | 0.028 | 0.441 | 0.000 | 0.441 | 0.000 | 0.000 | 0.000 | Amber - Delayed |
| Kent History and Library Centre | 10.981 | 10.625 | 0.356 | 0.000 | 0.356 | 0.000 | 0.000 | 0.000 | Green |
| Gravesend Library | 2.500 | 2.404 | 0.096 | 0.000 | 0.096 | 0.000 | 0.000 | 0.000 | Green |
| Libraries Invest to Save | 1.730 | 1.528 | 0.202 | 0.000 | 0.197 | 0.000 | -0.005 | -0.005 | Green |
| New Community Facilities at Edenbridge | 1.009 | 0.337 | 0.672 | 0.000 | 0.672 | 0.000 | 0.000 | 0.000 | Amber - Delayed |
| Web Platform | 1.139 | 0.810 | 0.329 | 0.000 | 0.329 | 0.000 | 0.000 | 0.000 | Green |
| Youth Service Recognition | 0.058 | 0.000 | 0.058 | 0.000 | 0.083 | 0.000 | 0.025 | 0.025 | Green |
| CLS Service re-provision | 0.482 | 0.000 | 0.482 | 0.000 | 0.482 | 0.000 | 0.000 | 0.000 | Green |
| New Library and Community Centre, Cheeseman's Green | 0.350 | 0.000 | 0.350 | 0.000 | 0.350 | 0.000 | 0.000 | 0.000 | Green |
| Gateway phase 2 completion | 0.150 | 0.000 | 0.150 | 0.000 | 0.150 | 0.000 | 0.000 | 0.000 | Green |
| Dartford & Gravesham NHS trust Capital Contribution | 0.128 | 0.000 | 0.128 | 0.000 | 0.128 | 0.000 | | 0.000 | Green |
| TOTAL | 65.675 | 49.198 | 13.687 | 2.790 | 14.011 | 2.790 | 0.324 | 0.324 | |

- 1.2.8 Status:
Green – Projects on time and budget
Amber – Projects either delayed or over budget
Red – Projects both delayed and over budget

1.2.9 **Assignment of Green/Amber/Red Status**

- 1.2.10 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.
- 1.2.11 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.

- 1.2.12 **Country Park Access & Development (Re-phasing)** – The improvements to the car park at Manor Park is now expected to be completed by September 2013. Initially the works were due to be completed by the year end but the bedding in of the new grasscrete surface is going to take longer than expected, which would mean the car park being closed over the busiest summer months, so the commencement date has been rescheduled accordingly.
- 1.2.13 **Tunbridge Wells Library (Re-phasing)** - Practical completion is now scheduled to occur in the next financial year due to a combination of issues including protracted procurement and contractual processes as well as changes to specification. Contracts have now been signed.
- 1.2.14 **Edenbridge Community Centre – (Re-phasing)** - The contractor submitted an extension of time request in relation to the construction of the Edenbridge Centre and the associated housing development. The impact of this was that the opening of the centre was delayed. The facility is being opened in phases with the Church and the Library opening their doors on the 2 January 2013. The remaining partners will be moving in over the coming months. The official opening event will be held on the 6 March 2013.
- 1.2.15 **Gateways (Re-phasing)** – The ICT Multi-Channel project has been re-aligned to run in parallel with the ICT Infrastructure investment (within the BSS portfolio) and the requirements of the single customer account as the various projects are dependent on one another.

Other Significant Variances

- 1.2.16 None to report.

Key issues and Risks

- 1.2.17 **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.
- 1.2.18 **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 1.2.21 below). Funds are also required at Folkestone, for the library element of Edenbridge Community Centre and some Modernisation costs at Tunbridge Wells.

- 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 to the Administrator.

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.

- 1.2.20 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 and these considerations will be updated as part of future monitoring reports.

- 1.2.21 Tunbridge Wells Library - As this is a listed building there is a potential risk that once work commences, issues could be encountered which may increase the scope and costs of works. The project will be regularly reviewed as part of the project management in an attempt to mitigate any risks. Any increase in scope or costs will be reported as part of the monitoring process.

- 1.2.22 Libraries Invest to Save – The project is now complete, with 42 of the self service radio frequency identification (RFID) terminals now installed and fully operational at sites across the county. A small underspend is anticipated. The only residual risk pertinent to this project is that the funds being set aside to replenish/replace the current technology at the end of its useful economic life is insufficient but this will be reviewed on a regular basis.

- 1.2.23 Web Platform – It was reported previously that there was no rolling programme to fund improvements/enhancements to kent.gov once this fixed term project expires. As opposed to updating the current system, a project is now underway – in conjunction with the Customer Service 'Channel Shift' strategy – to replace the current web platform in order to increase its functionality and improve the user experience as the current system will be unsupported come March 2013 and has insufficient capacity to fully enable channel shift. Delivery of the programme is dependent on appropriate ICT resources being available.

Previously, a risk was highlighted that the existing budget of £0.329m might be insufficient to fully fund the replacement. This potential risk has materialised and further funding of £0.455m has been secured in the 2013/14 Medium Term Financial Plan that was approved by County Council in February 2013.

- 1.2.24 Youth Service Vehicles – the Integrated Youth Service has purchased a total of 6 vehicles in order to replenish and replace an ageing fleet in anticipation of the launch of the new youth transformation which occurred in January 2013. An additional 1 vehicle is to be purchased, funded mainly from developer contributions, since the last report. The above investment, along with the existing renewals programme, will achieve the intended outcome of at least one vehicle per district in the new model.

- 1.2.25 Post mortem facility - this is a capital contribution to a much larger project led by Dartford & Gravesham NHS Trust, of which the post mortem facility is just a part of, so there is a risk that the overall cost, specification and timing is not in line with expectation. This is outside of the direct control of the authority but will be mitigated by regular dialogue with the Trust.

- 1.2.26 Kent History and Library Centre – The Centre was officially opened by HRH The Duke of Kent on 11 December 2012. There have been no additional costs recorded on this project since the last report, with the slightly higher spend on fit out compensated by a compensating underspend on the public realm.

The remainder of the tree works and signage will be completed in the spring. The Gormley sculptures will be installed once the necessary groundwork has been undertaken and progress will be updated in future reports.

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A