

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
BUSINESS STRATEGY AND SUPPORT (EXCL. PUBLIC HEALTH) SUMMARY
JUNE 2013-14 FULL MONITORING REPORT

1. REVENUE

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	Total (£k)	+78,179	-205	-	-205

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

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	G	I	N	N		
	£'000	£'000	£'000	£'000	£'000	
Regeneration & Enterprise portfolio						
Directorate Management & Support	172.2	0.0	172.2	+3		
Development Staff & Projects	5,016.5	-1,426.1	3,590.4	-4		
Total R&E portfolio	5,188.7	-1,426.1	3,762.6	-1		
Finance & Business Support portfolio						
Finance & Procurement	18,749.6	-7,390.1	11,359.5	-343	-525	Appointments to the structure made last year at bottom of grade, budget set at mid-point of grade; the Division is also carrying a number of vacancies.
					+140	Under-recovery of income by Schools Financial Services
					+42	Minor variances
- Transfer to(+)/from(-) DSG reserve				0		

Budget Book Heading	Cash Limit			Variance	Explanation		Management Action/ Impact on MTFP
	G	I	N	N			
	£'000	£'000	£'000	£'000	£'000		
Local Democracy:							
- Grants to District Councils	703.0	0.0	703.0	0			
- Other Local Democracy costs incl. County Council	741.2	0.0	741.2	0			
- Support for Local Council Tax Support Schemes	1,253.0	0.0	1,253.0	-3			
Total F&BS portfolio	21,446.8	-7,390.1	14,056.7	-346			
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	2,980.3	-4,520.0	-1,539.7	0			
Governance & Law	10,310.4	-12,470.0	-2,159.6	0			
Business Strategy	3,126.1	-56.7	3,069.4	-21			
Property & Infrastructure	30,601.8	-5,121.0	25,480.8	+250	+250	New external property opportunities together with the need to protect and respond to the requirements of front line services and new service pressures, have resulted in a revised New Ways of Working programme plan. The revised plan encompasses changes to the previously assumed timelines for moving out of some of our larger leasehold buildings, hence creating a pressure within the Corporate Landlord estate.	Some re-phasing of savings related to the New Ways of Working project may be needed to reflect changes to dates when leases will now be terminated; the Division will know more by the middle of October. The use of DFE capital grant, to fund revenue expenditure which cannot be capitalised, will need to be quantified each year dependent on expected eligible spend. The current year assumes £780k and any expected future variations from this will need to be addressed in the MTFP.

Budget Book Heading	Cash Limit			Variance	Explanation		Management Action/ Impact on MTFP
	G	I	N	N			
	£'000	£'000	£'000	£'000	£'000		
Human Resources	15,950.0	-5,707.5	10,242.5	-66	-101	Additional income generated through providing recruitment services to schools	
					+35	Other minor variances	
Information & Communication Technology	35,386.7	-16,425.8	18,960.9	+50			
- <i>Transfer to(+)/from(-) DSG reserve</i>				0			
Total BSP&HR portfolio	98,355.3	-44,301.0	54,054.3	+213			
Democracy & Partnerships portfolio							
Finance - Internal Audit	1,130.9	-34.0	1,096.9	-12			
Business Strategy - International & Partnerships	948.7	-173.0	775.7	-59			
Democratic & Member Services	3,865.9	-3.0	3,862.9	0			
Local Democracy:				0			
- Other Local Democracy costs: County Council Elections	570.0	0.0	570.0	0			
Total D&P portfolio	6,515.5	-210.0	6,305.5	-71			
Total BSS Controllable (excl. Public Health)	131,506.3	-53,327.2	78,179.1	-205			
Assumed Management Action:							
- R&E portfolio							
- F&BS portfolio							
- BSP&HR portfolio							
- D&P portfolio							
Total Forecast <u>after</u> mgmt action	131,506.3	-53,327.2	78,179.1	-205			

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts

The total forecast receipts expected to come in during 2013-14 is £28.975m. This is broken down between the various “pots” as detailed in the tables below.

2.2 Capital Receipts Funding Capital Programme

	2013-14
	£'000
Capital receipt funding required for capital programme	27,204
Banked in previous years and available for use	-30,786
Receipts from other sources*	-2,786
Requiring to be sold this year	0
Forecast receipts for 2013-14	-15,929
Potential (Surplus) / Deficit	<u>-22,297</u>

2.2.1 The total capital receipt funding required to fund projects in the capital programme per the latest forecasts for 2013-14 totals £27.204m. Taking into account receipts banked in previous years which are available for use and receipts from other sources* (such as loan repayments from the Empty Property Initiative), there is already enough in the bank to fund the requirement from this year's capital programme.

2.2.2 Current forecasts show receipts expected in during 2013-14 will total £15.929m, which leaves a potential surplus on capital receipt funding in the capital programme of £22.297m. This will continue to be monitored over the remainder of the year. The three year capital programme is reliant on £71m of capital receipt funding, therefore any “surplus” receipts achieved in 2013-14 will be needed to fund projects in the future years capital programme.

PEF1

2.2.3 County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:

- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
- the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

2.2.4 Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

2.2.5 Forecast 2013-14 position

	2013-14
	£000
Opening deficit balance 1 April 2013	5,560
Planned receipts	-5,595
Costs	210
Planned acquisitions	0
Reimbursement - Eurokent Access	-5,092
Closing surplus balance	<u>-4,917</u>

2.2.6 The previous table shows the opening balance on the fund as being £5,560.4k deficit. With forecast PEF1 receipts of £5,595k, reimbursement re Eurokent Access of £5,092k and associated costs of £209.7k, this results in a forecast closing surplus balance of £4,916.9k.

Revenue Position

2.2.7 The deficit balance brought forward at the 1st April 2013 was £3,285.2k. The anticipated net income from managing the properties held within the fund is estimated at -£44.7k, revenue receipts forecast at -£1.9k, but with the need to fund costs of borrowing of £269.1k against the overdraft facility, the PEF1 is forecasting a £3,507.7k deficit on revenue, which will be rolled to be met from future income streams.

PEF2

2.2.8 County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

2.2.9 Overall Forecast Position on the Fund:

	2013-14
<u>Capital</u>	£000
Opening deficit balance	6,159
Properties to be agreed into PEF2	0
Purchase of properties	0
Forecast sale of PEF2 properties	-7,451
Disposal costs	171
Closing surplus balance	<u>-1,121</u>
<u>Revenue</u>	
Opening deficit balance	4,787
Net interest payments on borrowing	241
Holding costs	66
Closing deficit balance	<u>5,094</u>
Overall deficit closing balance	<u><u>3,973</u></u>

2.2.10 The forecast closing deficit balance on the fund is £3.973m, which is within the overdraft limit of £85m.

2.2.11 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.

3. CAPITAL

3.1 The working budget for 2013-14 is £71,740k. The forecast outturn against the 2013-14 budget is £70,758k giving a variance of - £982k.

3.2 **Table 2a** below details the BSS Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status ¹	Explanation of Project Status	Actions
Rolling Programmes									
Corporate Property Strategic Capital	7,950	2,650	0				Green		
Disposal Costs	910	250	0				Green		
Modernisation of Assets	9,521	4,888	0				Green		
Individual Projects									
Connecting with Kent	532	361	0				Green		
HR Recruitment Management System	125	125	0				Green		
HR System Development	226	113	0				Green		
Innovative Schemes Fund	3,000	1,000	0				Green		
New Ways of Working	24,000	19,934	0				Green		
Sustaining Kent - Maintaining the Infrastructure	270	1,917	0				Green		

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status ¹	Explanation of Project Status	Actions
ORACLE Release 12	0	230	0				Amber	Completion date now estimated 31/12/13. Delay in the Server refresh project means the purchase of the Oracle Licences has been delayed.	
ORACLE Self Service Development	0	44	0				Amber	Additional requirements placed on the OBS team have resulted in a revised completion date for this project	
Property Asset Management System	0	297	0				Amber	A business analysis has been undertaken to double check suitability of the preferred system and to ensure that Atrium delivers what is required. This has delayed implementation from March 2013 to December 2013.	
Enterprise Resource Programme	0	877	0				Amber	Synchronised sign on and (elements of) remote access work streams cannot be delivered until server refresh has completed.	

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status ¹	Explanation of Project Status	Actions
Integrated Children's Systems	0	748	0				Amber	There have been significant changes to the version of software being implemented to meet business needs. This has impacted delivery dates which have now moved to the latter part of this financial year.	
Total	46,534	33,434	0	0					

3.3 **Table 2b** below details the Regeneration and Economic Development Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status ¹	Explanation of Project Status	Actions
Individual Projects									
Dover Priory Station Approach Road	0	14	-17	-17	Real - prudential	Underspend to go back into the Regeneration Fund pot (see below)	Green		Cash limit change
Broadband	23,500	2,650	0				Amber	Due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU.	
Empty Property Initiative	7,500	3,710	0				Green		
Eurokent Road (East Kent)	65	84	0				Green		
Folkestone Heritage Quarter	380	400	2	2	Real - grant		Green		Cash limit change
LIVE Margate	6,800	6,508	0				Green		
Managed Work Space - The Old Rectory	160	174	0				Green		
No Use Empty - Rented Affordable Homes	750	750	0				Green		
Old Town Hall	94	25	0				Green		
Regeneration Fund Projects	5,061	3,900	17	17	Real - prudential	To reflect the underspend on Dover Priory Station Approach Road.	Green		Cash limit change
Regional Growth Fund, including Expansion East Kent	37,200	14,384	0				Amber	Spend realigned to show actual payments rather than committed funds.	

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status ¹	Explanation of Project Status	Actions
Rural Broadband Demonstration Project	1,897	1,568	-984	-984	Re-phasing	Spend will be incurred on four or five local schemes this year with the remainder of the funding being kept as a contingency. The rephasing is not expected to impact on the completion date of the overall project.	Green		
Swale Parklands	0	65	0				Green		
TIGER	20,000	4,000	0				Green		
Tram Road/Tontine Street Road Works	0	74	0				Green		
Total	103,407	38,306	-982	-982					

1. Status:

Green – on time and within budget

Amber – either delayed completion date or over budget

Red – both delayed completion and over budget