

To: Communities Policy Overview Committee – 25th March 2009

From: Mike Hill, Cabinet Member and Amanda Honey, Managing Director

Subject: **Financial Monitoring 2008/09**

Classification: Unrestricted

Recommendation:- Members of the POC are asked to note the projected outturn figures for the directorate for 2008/09 based on the third quarterly monitoring report to Cabinet.

FOR INFORMATION

1. Introduction

- 1.1 This is a regular report to this Committee on the forecast outturn against budget for the Communities portfolio.

2. Background

- 2.1 Policy Overview Committees consider the draft Medium Term Financial Plan at their November and January meetings. To enable a more informed discussion, three reports are presented to the Committee on a regular basis:

a) Budget Monitoring reports

A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. A report for each directorate is annexed to the summary report, and the annex for the Communities directorate is presented to this Committee at the meetings following those Cabinet meetings. This will help inform this POC about current trends, pressures and management actions in advance of the next year's budget setting.

We are trying to address the gaps between these quarterly reports to Cabinet and the timing of POC meetings but this has to be treated as a corporate issue and cannot be easily be resolved by individual POCs. The third quarter's budget monitoring is being reported to Cabinet on 30th March 2009. Clearly it would not make sense to delay reporting this until the next meeting of this POC on 7th July and it has been agreed that POC papers on the third quarter's budget monitoring will be circulated after the Cabinet papers have been dispatched, even where (as is the case with Communities) the POC will meet before Cabinet.

b) Performance Monitoring reports

These are reported to this Committee twice a year in January and July

c) Outturn report

Effectively an amalgam of the above two, the outturn report summarises financial and performance information for the whole of the preceding year. The outturn report

for 2007/08 was reported to the September 2008 POC meeting, we are planning to report the Outturn report for 2008/09 to the meeting of this Committee on 7th July 2009.

- 2.2 Armed with the above, the POCs will be in a stronger position to question and comment on the future budget and medium term proposals, as they will be asked to do at the November and January meetings.

3 Quarterly monitoring report

- 3.1 Attached is the monitoring report for the third quarter in 2008/09 for the Communities directorate. Table 1 has been amended to show net variance as an amount and percentage as requested by the POC.

3.2 Revenue

The latest forecast outturn is an over spend of £338k before management action to bring the portfolio budget back into balance. The main issues including details of the £338k are set out below. This represents an improvement of £256k since the previous quarter's report as a result of management action and we are confident that further management action to limit expenditure on non essential non staffing budgets will ensure that the portfolio is in a break even position by the end of the year.

Youth Service

- a. The Youth Service has secured substantial additional income and expenditure during the year through the extension of the contract with Connexions, funding from Children Families and Education on Positive Activities for Young People, and Youth Opportunity Fund allocations by young people towards projects in KCC youth centres. Overall there is a forecast net £75k under spend on Youth Service to offset overspends in other budgets as part of management action agreed within the directorate, mainly as a result of difficulties in recruiting qualified youth workers

Libraries, Museums, and Archives

- b. Overall there is a forecast £151k under spend on Libraries, Museums and Archives to offset overspends in other budgets as part of management action agreed within the directorate. The under spends mainly relate to staff vacancies and rebates on rates bills. We have also had approval to capitalise project management and start-up costs for the Envision programme to replace library IT systems. Development costs have been incurred this year which enable significant savings to be made from Libraries IT systems budgets in future years.

Sports, Leisure and Olympics

- c. The Sports, Leisure and Olympics unit has successfully raised over £2m of external income during the year e.g. Regional Sports Board, Sport England, New Opportunities Fund, Pfizer, Kent Reliance Building Society, etc., to support sports activities. The unit has also attracted sponsorship deals. The unit has delayed £50k of externally funded activities until 2009/10 to contribute to management action and has other forecast under spends of £38k to deliver a net under spend of £88k.

Community Safety

- d. We are forecasting a small under spend on Community Safety of £32k due to slippage in recruiting staff to vacancies and to cover maternity leave and additional income from Kent Police for training.

Coroners

- e. The Coroners service continues to forecast an overspend although this has further reduced by the previous report down to £214k following revisions to forecasts for venue hire, specialist fees and internal recharges.

Emergency Planning

- f. We are forecasting a small over spend in Emergency Planning as a result of increased focus on training and business continuity, and recruitment to a full staff complement. We have provided additional funding in 2009/10 budget to provide additional investment in the emergency planning function.

Trading Standards

- g. Trading Standards has delayed recruiting to a number of posts during the year to hold positions for staff currently on training programmes as they qualify

Central Budgets

- h. There are a number of costs which are incurred and held centrally rather than charged to individual services for which inadequate budget provision was made. We have been developing protocols to manage these arrangements consistently across the directorate and need to transfer the appropriate funding from individual services. This includes some assumptions on income necessary to fund the central Policy and Resources unit which have proved unrealistic. The overall impact is a net overspend of £612k on central costs.

3.3 The Senior Management Team has been involved in budget monitoring throughout the year and been informed of progress on managing staff vacancies. Unit heads have been urged throughout the latter part of the year to limit non staffing expenditure to essential elements. The senior management team are confident that by the end of the year the substantial over spends on Coroners and central budgets will be offset by under spends in other services.

3.4 Capital

The Ramsgate Library betterment is forecast to overspend by £235k as a result of construction difficulties, design changes and additional fees. We have been able to earn a higher than expected capital receipt from the development of the former Newington Library which mostly offsets the over spending. The Library was officially reopened last month following a £3m+ refurbishment to restore the building following the fire in 2004. Costs should be finalised by the end of the year.

We are reporting a revised profile of spending on Turner Contemporary based on the latest estimates from quantity surveyors taking account of a slightly delayed start on site compared to previous plans. Nonetheless, the project remains on schedule to be completed in 2010 with an official opening in 2011 and remains within the £17.4m budget for the design, construction and fitting out of the gallery building. We have had the first Key

Stage review meeting with the Arts Council England and South East England Development Agency and both organisations are pleased with the progress we have made.

We are reporting a rephrasing of KCC's contribution towards the redevelopment of the Marlowe Theatre in Canterbury in line with revised timetable from Canterbury City Council.

4 Recommendations

- 4.1 Members of the POC are asked to note the projected outturn figures for the directorate for 2008/09 based on the second quarterly monitoring report to Cabinet.

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Appendix: Communities Directorate Summary January 2008-09 Full Monitoring Report