

From: **John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement**
Gary Cooke, Cabinet Member for Corporate & Democratic Services
Bryan Sweetland, Cabinet Member for Commercial & Traded Services
David Cockburn, Corporate Director for Strategic & Corporate Services

To: **Policy & Resources Cabinet Committee – 22 April 2015**

Subject: **Financial Monitoring 2014-15**

Classification: **Unrestricted**

Past Pathway: **Cabinet 23 March 2015**

Summary:

The Cabinet Committee is asked to note the third quarter's full budget monitoring report for 2014-15 reported to Cabinet on 23 March 2015 and short update for current monitoring position to be reported to Cabinet on 27th April 2015.

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2014-15 that are within the remit of this Cabinet Committee, based on the third quarter's full monitoring to Cabinet.

1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn.

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 directorate together with key activity indicators and will be reported to Cabinet Committees after they have been considered by Cabinet. These quarterly reports also include financial health indicators, prudential indicators, the impact on revenue reserves of the current monitoring position and staffing numbers by directorate. In the intervening months a shorter report is made to Cabinet outlining the financial position for each directorate. To view the third quarter's monitoring report for 2014-15, select the link below and then click item 5 on the agenda, scrolling down to Annex 6:

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=5794&Ver=4>

(Please press down the control button and click on the link above, which will open the report)

2.2 Although the full Cabinet report is provided, each Cabinet Committee only needs to consider the items that are within its remit. For Policy & Resources Cabinet Committee, these items are contained within annex 6 of the Cabinet report.

2.4 The 3rd Quarter's report is the last one to be reported to Cabinet prior to this Cabinet Committee and continues to show an improving position for the Strategic & Corporate Services Directorate in comparison to the Quarter 2 figures reported to this Committee's meeting on 12th December 2014. The Directorate now forecasts a -£1.1m underspend for Quarter 3.

Annex 6 shows the underlying pressures within the Contact Centre and Community Engagement Service, remain. Legal Services and the Asset Rationalisation savings shown against Property Group are showing small improvements this quarter. The overall Directorate position and forecast outturn for all other Divisions within the Directorate, shows improvement. Gateways Delivery, Policy and Business Intelligence have increased underspends of up to -£100k whilst Finance and Procurement improved their underspend by -£200k primarily due to taking management action to reduce spending on specialist fees. Local Healthwatch & NHS Complaints Advocacy are now reporting an underspend of -£276k due to a reduction in the number of Healthwatch business cases presented to KCC for funding in the current year.

The very latest January position which will go to Cabinet on 27th April 2015 suggests a further improvement in position following continuing management action and also highlights the roll-forward requests which will be presented to Members at outturn. A copy of Annex 6 of the the January report will be provided to Members of this Committee after the release of papers to Cabinet on 17th April.

2.5 As the Policy & Resources Cabinet Committee has overview of the whole Authority, Members of the Committee are asked to note the improving overall revenue position in comparison to the Quarter 2 figures reported to this Committee's meeting on 12th December 2014.

The net projected variance against the combined directorate revenue budgets is an underspend of -£5.482m, before management action, but management action is expected to better the position to an underspend of -£6.071m. However, there is some minor re-phasing of budgets which we will need to roll forward to 2015-16 to fulfil our legal obligations, which changes the position to an underspend of -£5.730m. There is also some significant underspending within the forecast, which we would ideally like to roll forward in order to continue with these initiatives in 2015-16 but these will be subject to Cabinet approval in July, in view of the overall outturn position and the pressures facing the authority over the medium term. If we allow for this, then this changes the position to an underlying underspend of -£3.062m.

2.6 This improved position is very encouraging, especially taking into account that this forecast now reflects further estimated pressures relating to two of the previously reported main risk areas of Young Person's Travel Pass and delivery of the adult social care transformation savings. With regard to the third risk area of waste tonnage, waste volumes for November and December are below the affordable levels for the first time this financial year, which is an encouraging sign and may suggest that the trend is starting to fall more in line with expectations. However, waste volumes remain volatile and the delivery of the

remaining proposed management action is by no means certain, therefore despite this further movement in the right direction this month, we must not be complacent. Considering the further substantial budget savings included in the recently approved 2015-16 budget and significant future funding cuts expected, it is essential that we enter 2015-16 with as big an underspend as is possible. We must therefore still ensure that pressure continues to be applied to resist spending wherever possible without compromising our customers or the services that they receive.

- 2.7 Please note that the latest monitoring report which will be reported to Cabinet on 27th April suggests that there has been a continued improvement to the Council's overall position.

3. Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2014-15 that are within the remit of this Cabinet Committee, together with the overall forecast overspending position for the authority, based on the third quarter's full monitoring to Cabinet.

4. Contact details

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