

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

To: **Policy & Resources Cabinet Committee – 14 March 2016**

Subject: **Financial Monitoring 2015-16**

Classification: **Unrestricted**

Summary:

The Cabinet Committee is asked to note the third quarter's full budget monitoring report for 2015-16 which will be reported to Cabinet on 21 March 2016.

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2015-16 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. 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. The third quarter's monitoring report for 2015-16 will be published on the Council's website on 11 March 2016.

2.2 The 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.

2.3 Annex 6 shows the Quarter 3 position for the Strategic & Corporate Services Directorate as an underspend of -£2,354k.

The Engagement, Organisation Design & Development Division, made up of the Contact Centre, Customer Relationships, Human Resources and

Communications & Consultation units, has taken management action to reduce pressures down to a small overspend of +£115k. For the Contact Centre, the final reported pressure here relates to the period Apr-Nov15 and the in-house arrangements prior to the move to a new 3rd party contractual arrangement. Other variances have been resolved for the 2016-17 budget build through the restructure of the E,OD&D division.

Member Grants is forecasting an underspend of -£1,080k which is based on the anticipated level of projects likely to be approved before 31 March 2016.

The Infrastructure Division, made up of the Business Services Centre, Information, Communications & Technology and Property & Infrastructure units, has increased its underspend this quarter to -£911k. There are staffing vacancies which were held pending the outcome of the back office procurement process; additional income generated by the Teacher Recruitment team; several one-off rates rebates; the early delivery of some New Ways of Working savings and the completion of the condition surveys on a group of non-operational buildings which resulted in a reduced forecast of spend. Off-setting these are two pressures; firstly an increase in one-off costs relating to the Managed Print Service implementation costs and secondly, increased maintenance charges for increased data storage.

Most other Divisions within the Directorate are reporting underspends formed from variances each below £100k.

The Directorate capital outturn forecast has moved to an underspend of -£3,399k, primarily relating to re-phasing for Modernisation of Assets pending new programmes of work being developed by the Total Facilities Management companies. The Property Asset Management System has moved to a red status due to a revised completion date and increased costs. The additional funding requirements have already been identified within another project budget.

- 2.4 As the Policy & Resources Cabinet Committee has overview of the whole Authority, Members of the Committee are asked to note the overall revenue position for the Authority.

The net projected variance against the combined directorate revenue budgets is an underspend of -£2.040m. However, there is some minor re-phasing of budgets which we will need to roll forward to 2016-17 to fulfil our legal obligations, therefore this changes the position to an underspend of -£1.726m. 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 2016-17. If we allow for this, then this changes the position to a small underlying underspend of -£0.141m. This shows that the Authority as a whole is currently forecasting an underspend just sufficient to allow for all of these roll forwards, but these roll forwards will only be possible if the position does not deteriorate before year end.

- 2.5 Once again the position has improved significantly this month, by -£1.5m after allowing for assumed management action and roll forward requirements, which is extremely good news. All proposed management action has now been implemented and is included within these forecasts. However, as we are forecasting only a marginal underspend after roll forward requirements, we are not out of danger yet. We therefore must not be complacent in light of this latest improvement in the forecast, and need to continue to limit spend wherever

possible as, with the budget savings already required over the medium term, we must avoid going into 2016-17 with any overspend.

3. Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2015-16, based on the third quarter's full monitoring to Cabinet.

4. Contact details

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**STRATEGIC & CORPORATE SERVICES DIRECTORATE
DECEMBER 2015-16 MONITORING REPORT**

1. REVENUE

1.1		Cash Limit	Variance Before Mgmt Action	Mgmt Action	Net Variance after Mgmt Action	Roll forwards		Variance after Mgmt Action & Roll Fwd
						committed	uncommitted	
	Total Directorate (£k)	+71,952	-2,354	-	-2,354			-2,354

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/Budget Build
	Gross £'000	Income £'000	Net £'000	Net £'000	£'000		
Strategic & Corporate Services							
<u>Engagement, Organisation Design & Development Division</u>							
- Contact Centre & Citizens Advice Help Line	2,421.5	-387.3	2,034.2	+331	+331	This overspend relates to the period Apr-Nov15 and the arrangements prior to the move to a new 3rd party contract. The position is being offset by underspends elsewhere within the EODD Division (see <i>Human Resources & Communications & Consultation below</i>). There is no further overspend post the start of the new contract in December.	
- Customer Relationship (including Gateways)	1,315.0	-35.0	1,280.0	+154	+273	Delivery of the 2015-16 saving of £0.390m has been delayed pending the restructure of the Engagement, Organisation Design & Development division.	Management action has already reduced the overall pressure. The proposed restructure of the division together with further management action is expected to address the residual pressure, so there should be no impact on 2016-17 budget.
					-119	Other minor variances, each below £100k in value	

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP/Budget Build
	Gross £'000	Income £'000	Net £'000	Net £'000		
- Communications & Consultation	3,055.1	-531.0	2,524.1	-202	-110 Staffing vacancies held pending restructure of the Engagement, Organisation Design & Development division	
					-92 Other minor variances	
- Community Engagement	328.0	0.0	328.0	+31		
- Human Resources	9,029.8	-1,301.9	7,727.9	-199	-199 Minor variances, each below £100k in value	
Total E,OD&D Division	16,149.4	-2,255.2	13,894.2	+115		
Infrastructure Division						
- Business Services Centre	41,855.8	-41,855.8	0.0	-688	-491 Staffing vacancies originally held pending the outcome of the back office procurement process	
					-157 Additional external income following increased demand for teacher recruitment	
					-40 Other minor variances	
- Information, Communications & Technology	16,847.4	-1,742.8	15,104.6	+467	+203 One-off Managed Print Service project implementation costs	
					+158 Maintenance charge for increased data storage	
					+106 Other minor variances, each below £100k in value	
- Property & Infrastructure Support	33,469.3	-8,779.8	24,689.5	-690	-174 Rental saving generated from the purchase of Brook House	
					-190 Lower than anticipated cost of repairs to non operational buildings following completion of condition surveys	
					-326 Minor variances relating to Corporate Landlord, each below £100k in value	
Total Infrastructure Division	92,172.5	-52,378.4	39,794.1	-911		

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP/Budget Build
	Gross £'000	Income £'000	Net £'000	Net £'000		
- Business Strategy	3,216.3	-82.0	3,134.3	-166	-166	Other minor variances, each below £100k in value
- Democratic & Members	3,793.1	-142.0	3,651.1	-15		
- County Council Elections	570.0	0.0	570.0	0		
- Local Member Grants	2,704.4	0.0	2,704.4	-1,080	-1,080	Forecast underspend based upon the anticipated level of projects predicted to be approved before year end
- Partnership arrangements with District Councils	2,163.2	0.0	2,163.2	-3		
- Finance & Procurement	18,525.7	-8,192.6	10,333.1	-243	-243	Minor variances, each below £100k in value
- Legal Services & Information Governance	8,688.5	-10,872.2	-2,183.7	0	+412	Increased use of agency staff due to a number of unexpected vacancies and to provide cover for legal staff working on Facing the Challenge, together with an increased demand for legal services.
					-454	Anticipated increase in internal income based upon last year's income levels together with increased demand for legal services
					+42	Other minor variances
- Transformation	0.0	0.0	0.0	0		see Financing Items (Annex 7) for details
Strategic Management & Directorate Support Budgets	3,059.7	-5,168.2	-2,108.5	-51		
Total S&CS	151,042.8	-79,090.6	71,952.2	-2,354		
Assumed Management Action						
Total S&CS Forecast after mgmt action	151,042.8	-79,090.6	71,952.2	-2,354		

