

**TO: Communities Policy Overview Committee – 7<sup>th</sup> July 2009**

**BY: Mike Hill, Cabinet Member for Communities  
Amanda Honey, Communities Managing Director**

**SUBJECT: Financial Monitoring 2009/10**

**Classification: Unrestricted**

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**Summary:**

Members of the POC are asked to note the initial budget monitoring exception report for 2009/10 to be reported to Cabinet on 13<sup>th</sup> July 2009.

**FOR INFORMATION**

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**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 A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. These reports outline the full financial position for each portfolio and are reported to POCs 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 first exception report for 2009/10 is being presented to Cabinet on 13<sup>th</sup> July, extracts of which are highlighted below.

**3. Revenue**

3.1 At this early stage in the year we have identified the following variations, totalling £776,000, from the revenue budget approved by County Council on 19<sup>th</sup> February, both within the Communities Portfolio:

3.1.1 **£0.533m KEY Training** – this is made up as follows:

- *+£0.211m*: the net deficit on KEY in 2008-09 was £0.454m, after drawing down £0.131m of available reserves (gross deficit - £0.585m). This deficit has been offset by £0.243m of underspends in 2008-09 elsewhere within the portfolio, giving an aggregated roll forward deficit on KEY of £0.211m (if approved by Cabinet).

- **-£0.145m:** part of the 2008-09 deficit was as a result of a mid-year change in payment profiles from the LSC for funding for Entry to Employment. This funding was earned during 2008-09 and payment will be received by July 2009 and is therefore not reported as a recurring pressure.
- **+£0.440m:** the reduction in LSC contracts in 2008-09 is a base pressure and will have a similar impact in 2009-10. The gross deficit in 2008-09 was £0.585m but we are expecting to receive £0.145m of Entry to Employment grant by July 2009 (see above), as this was purely a timing difference, therefore the underlying base pressure is £0.440m.
- **+£0.027m:** the most current indication from the LSC of maximum contract values for 2009-10 shows a further reduction of £0.027m.

#### **Management Action:**

This pressure cannot be managed within KEY in the current financial year without service delivery being adversely affected so a two year management action plan has been implemented, however Communities as a whole will endeavor to deliver a balanced budget in 09-10.

At the end of the two year management action the service should deliver a small surplus each year, which can be set aside in reserves in order to help manage income fluctuations in the future.

#### **3.1.2 £0.243m Deferment of 2008-09 expenditure**

The 2008-09 underspending elsewhere in the Portfolio has been offset against the KEY deficit and the following deferred projects and pressures arise:

- **+£0.036m** Kent Volunteers Towards 2010 target to support volunteer organizations, whose aim is to enhance volunteering in Kent
- **+£0.060m** Dover Big Screen additional unanticipated costs, including highways, legal, piling and archaeological fees, which would delay the unveiling if not met
- **+£0.039m** deferred funding from 2008-09 in relation to Folkestone Forward project
- **+£0.108m** Contribution toward Church Street dilapidation costs. These are currently estimated at £0.3m for remediation of both the internal and external areas, with the dilapidation works currently out to tender. Negotiations are ongoing with the previous tenants and stakeholders regarding liability for funding these works.

### **Management Action:**

A management action plan is in the process of being devised to mitigate the £0.243m pressure. This will be put forward in the next monitoring report to Cabinet in September.

#### **4. Capital**

- 4.1 A £0.381m pressure exists with regard to Ramsgate Library and in contrast a forecast underspend of £0.280m is envisaged with regard to Tunbridge Wells Library, which will be used - as well as deferring a new mobile library - to mitigate the Ramsgate library pressure.

#### **5 Recommendations**

- 5.1 Members of the POC are asked to note the budget variations for the Communities Portfolio for 2009/10 based on the first exception monitoring report to Cabinet.

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