

From: **John Simmonds, Cabinet Member for Finance**
Peter Oakford, Deputy Leader & Cabinet Member for Strategic Commissioning & Public Health
Eric Hotson, Cabinet Member for Corporate & Democratic Services
Susan Carey, Cabinet Member for Customers, Communications and Performance
David Cockburn, Corporate Director for Strategic & Corporate Services

To: **Policy & Resources Cabinet Committee – 15 September 2017**

Subject: **Financial Monitoring 2017-18**

Classification: **Unrestricted**

Summary:

The Policy & Resources Cabinet Committee is asked to note the July 2017-18 budget monitoring position which will be dispatched to Cabinet on 15 September 2017.

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from the budget for 2017-18 that are in the remit of this Cabinet Committee, based on the July monitoring to Cabinet.

1. Introduction:

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

2. Background:

2.1 This report presented to the Policy and Resources Cabinet Committee shows extracts from the detailed monitoring report that is presented to Cabinet monthly. A draft final outturn report is also presented to Cabinet after the financial year end. The full reports outline the financial position for each directorate together with key activity indicators.

2.2 Table 1 shows the position specifically for the Strategic & Corporate Services Directorate for July 2017.

Table 1

Budget Book Heading	Net Budget	Net Forecast Variance	Corporate Director adjustment	Revised Net Variance
	£'000s	£'000s	£'000s	£'000s
Strategic & Corporate Services Directorate				
Contact Centre, Digital Web Services & Gateways	4,544.2	205.8	0.0	205.8
Local Democracy	4,083.6	3.9	0.0	3.9
Finance	7,814.6	-153.0	0.0	-153.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	8,254.6	-193.0	0.0	-193.0
Other Support to Front Line Services	4,024.6	-63.6	0.0	-63.6
Strategic Commissioning	9,258.2	-133.8	0.0	-133.8
S&CS Management & Directorate Support Services	-2,385.2	20.5	0.0	20.5
Infrastructure (ICT & Property Services) & Business Services Centre	34,602.9	535.8	0.0	535.8
Total S&CS	70,197.5	222.5	0.0	222.5

2.3 The Strategic & Corporate Services figures in Table 1 contain both the forecast for the Directorate itself and the Corporate aspirational savings target for the Asset Utilisation programme, held against the Corporate Landlord budgets within the Infrastructure Division. The Directorate forecast (excluding the Asset Utilisation target) is an underspend of -£0.082m, the position on Asset Utilisation is +£0.305m, giving an overall overspend of +£0.223m as shown above.

2.4 The corporate aspirational savings target for Asset Utilisation is held within the Corporate Landlord budgets, its delivery depends on operational service requirements and Member decisions regarding the exiting of buildings. It should be noted that this in-year overspend is due to the delayed implementation of some plans, resulting in the £0.305m delivery slipping to 2018-19. Work is now on going on the 2018-19 savings target of an additional -£0.65m saving which, to be deliverable from 1st April 2018, requires early identification of plans.

2.5 The directorate underspend primarily includes variances of +£0.206m for the Contact Centre & Digital Web Services budget set in 2015 using a transformation plan suggested by Agilisys, predicting that the number of calls and average call duration would fall significantly. Although the call volumes and times have reduced, this is not in line with the original budgeted plan, hence resulting in a budget pressure. The commissioners of this service, together with Agilisys, are working with directorate services to get these figures reduced further; -£0.193m on Engagement, Organisation Design & Development relating primarily to staffing vacancies; -£0.153m for Finance arising from lower salaries and higher income than budgeted; -£0.134m for Strategic Commissioning due to staffing vacancies being held vacant pending restructure; +£0.2m Infrastructure controllable budgets, arising mostly from backdated Kier costs and minor variances across all areas of Property and ICT commissioning budgets.

2.6 The Strategic & Corporate Services capital budget is £21.446m. The real variances over £0.100m and rephasing variances over £1.000m are as follows:

- New Ways of Working (NWoW): +£2.127m real variance in 2017-18. This is due to increased construction costs and additional works associated with incorporation of Case Conference facilities at hub locations across the County, and in order to complete the planned upgrade works, particularly in the East Kent Area. This is proposed to be funded from Modernisation of Assets (£0.483m), capital receipts (£1.5m), external funding (£0.084m) and Salix funding (£0.060m). There is also a pressure forecast in future years of £0.510m which is requested to be funded from Modernisation of Assets.
- Modernisation of Assets: -£0.483m real variance in 2017-18. In 2018-19 and 2019-20 there is an additional -£0.510m real variance. This and the -£0.483m in 2017-18 has been requested to be used for the pressure on NWOW.
- Property Investment & Acquisition Fund (PIF): +£0.215m real variance. This is due to the balance of the sale of a property to be recycled into PIF.
- Dover Discovery Centre: -£4.006m rephasing. There will only be design and procurement in this financial year, construction is due to commence in April 2018.

3.1 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.

3.2 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £18.885m. Corporate Directors have adjusted this position by -£7.892m, leaving a residual pressure of £10.993m. This forecast position represents a movement of -£0.280m (excluding Schools) from the May position. In 2017-18, we have £73m of savings to deliver and to achieve this we need to urgently identify options to eliminate the residual £11m forecast pressure. At this stage of the financial

year there have been no requests for roll forwards. The position by directorate, together with the movement from the last report, is shown in table 2.

Table 2

Directorate	Budget £m	Net Forecast Variance £m	Corporate Director adjustment £m	Revised Net Variance £m	Last Reported position £m	Movement £m
Children, Young People & Education - Education & Young People	58.792	3.319	-0.873	2.446	1.002	1.443
Children, Young People & Education - Specialist Children's Services	112.732	2.362	-0.755	1.607	0.891	0.716
Children, Young People & Education - Asylum	0.550	3.908		3.908	4.220	-0.312
<i>Sub Total Children, Young People & Education</i>	<i>172.074</i>	<i>9.589</i>	<i>-1.628</i>	<i>7.961</i>	<i>6.113</i>	<i>1.848</i>
Adult Social Care & Health - Disabled Children Services	20.754	1.092	-0.464	0.628	0.518	0.110
Adult Social Care & Health - Adults	396.298	7.835	-5.300	2.535	4.483	-1.947
Adult Social Care & Health - Public Health	-0.011	0.000		0.000	0.000	0.000
<i>Sub Total Adult Social Care & Health</i>	<i>417.041</i>	<i>8.928</i>	<i>-5.764</i>	<i>3.164</i>	<i>5.001</i>	<i>-1.837</i>
Growth, Environment & Transport	166.756	1.602	-0.500	1.102	0.520	0.581
Strategic & Corporate Services	70.198	0.223		0.223	0.652	-0.429
Financing Items	111.986	-1.455		-1.455	-1.013	-0.443
TOTAL (excl Schools)	938.054	18.885	-7.892	10.993	11.273	-0.280
<i>Schools (CYP&E Directorate)</i>	<i>0.000</i>	<i>0.625</i>	<i>1.483</i>	<i>2.108</i>	<i>1.291</i>	<i>0.817</i>
TOTAL	938.054	19.511	-6.409	13.102	12.564	0.537
Variance from above (excl schools)				10.993	11.273	-0.280
Roll forwards - committed				0.000		0.000
- re-phased				0.000		0.000
- bids				0.000		0.000
Total roll forward requirements				0.000	0.000	0.000
(-ve Uncommitted balance / (+ve) Deficit				10.993	11.273	-0.280

3.3 It is not unusual at this point in the financial year for the revenue position to show an overspend. Considering the magnitude of the forecast pressure, especially in the Children, Young People & Education and Adult Social Care directorate, Corporate Directors are considering a range of potential mitigations in order to reduce and then eliminate this forecast pressure. We cannot, under any circumstances, afford to enter 2018-19 with an underlying problem.

4. Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from the budget for 2017-18 that are in the remit of this Cabinet Committee, based on the July monitoring to Cabinet.

5. Contact details

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