

From: **John Simmonds, Cabinet Member for Finance**

Susan Carey, Cabinet Member for Customers, Communications and Performance

Eric Hotson, Cabinet Member for Corporate & Democratic Services

Peter Oakford, Deputy Leader & Cabinet Member for Strategic Commissioning & Public Health

David Cockburn, Corporate Director for Strategic & Corporate Services

To: **Policy & Resources Cabinet Committee – 5 December 2017**

Subject: **Financial Monitoring 2017-18**

Classification: **Unrestricted**

Summary:

The Policy & Resources Cabinet Committee is asked to note the September 2017-18 budget monitoring position which was dispatched to Cabinet on 6th November 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 September 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.

3. Strategic and Corporate Services Variance:

3.1 Table 1 shows the position specifically for the Strategic & Corporate Services Directorate for September 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	218.0	0.0	218.0
Local Democracy	4,083.6	0.9	0.0	0.9
Finance	8,107.2	-157.0	0.0	-157.0
Engagement, Organisation Design & Development (HR, Comms & Engagement)	8,239.3	-230.9	0.0	-230.9
Other Support to Front Line Services	4,024.6	74.1	0.0	74.1
Strategic Commissioning	9,258.2	-306.4	0.0	-306.4
S&CS Management & Directorate Support Services	-2,385.2	20.5	0.0	20.5
Infrastructure (ICT & Property Services) & Business Services Centre	35,302.6	877.6	0.0	877.6
Total S&CS	71,174.5	497.0	0.0	497.0

- 3.2 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 breakeven, the position on Asset Utilisation is +£0.497m, giving an overall overspend of +£0.497m as shown above.
- 3.3 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 £0.497m 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.
- 3.4 The directorate break even position includes variances of +£0.218m 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; -£0.231m on Engagement, Organisation

Design & Development relating primarily to staffing vacancies; -£0.157m for Finance arising from lower salary costs following a major restructure; -£0.306m for Strategic Commissioning due to staffing vacancies being held vacant pending restructure; +£0.381m Infrastructure controllable budgets, arising mostly from backdated Kier costs and minor variances across all areas of Property and ICT commissioning budgets.

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

- Property Investment & Acquisition Fund: -£2.221m rephasing movement. Opportunities for the fund have been identified but transactions are unlikely to complete in the current financial year.

4. Whole Council Variance:

4.1 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 shown in Table 2.

4.2 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £13.785m. Corporate Directors have adjusted this position by -£5.455m, leaving a residual pressure of £8.330m.

4.3 In the light of further government funding reductions in the short to medium term, it is essential that a balanced revenue position is achieved in 2017-18, as any residual pressures rolled forward into 2018-19 will only compound an already extremely challenging 2018-19 budget position. This forecast revenue pressure of £8.330m (after Corporate Director adjustments) is still very concerning and needs to be managed down to at least a balanced position.

Table 2

Directorate	Budget	Net Forecast Variance	Corporate Director adjustment	Revised Net Variance
	£m	£m	£m	£m
Children, Young People & Education - Education & Young People	58.792	2.753	-1.361	1.392
Children, Young People & Education - Specialist Children's Services	112.732	2.685	-0.440	2.245
Children, Young People & Education - Asylum	0.550	4.109	-0.150	3.959
<i>Sub Total Children, Young People & Education</i>	<i>172.074</i>	<i>9.548</i>	<i>-1.951</i>	<i>7.597</i>
Adult Social Care & Health - Disabled Children Services	20.754	0.220		0.220
Adult Social Care & Health - Adults	396.298	4.410	-3.168	1.242
<i>Sub Total Adult Social Care & Health</i>	<i>417.052</i>	<i>4.630</i>	<i>-3.168</i>	<i>1.462</i>
Growth, Environment & Transport	166.756	0.629	-0.336	0.293
Strategic & Corporate Services - Excluding Public Health	71.175	0.497		0.497
Strategic & Corporate Services - Public Health	-0.011	0.000		0.000
<i>Sub Total Strategic & Corporate Services</i>	<i>71.164</i>	<i>0.497</i>	<i>0.000</i>	<i>0.497</i>
Financing Items	111.009	-1.518		-1.518
TOTAL (excl Schools)	938.054	13.785	-5.455	8.330
<i>Schools (CYP&E Directorate)</i>	<i>0.000</i>	<i>15.544</i>		<i>15.544</i>
TOTAL	938.054	19.511	-6.409	13.102
Variance from above (excl schools)				8.330
Roll forwards - committed				0.000
- re-phased				0.000
- bids				0.000
Total roll forward requirements				0.000
-ve Uncommitted balance / +ve Deficit				8.330

5. 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 September monitoring to Cabinet.

6. Contact details

Report Author

- Jackie Hansen, Finance Business Partner - Strategic & Corporate Services
- Telephone number: 03000 416198
- Email address : jackie.hansen@kent.gov.uk

Relevant Director

- David Cockburn, Corporate Director - Strategic & Corporate Services
- Telephone number: 03000 410001
- Email address : david.cockburn@kent.gov.uk