

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 – 19 September 2014**

Subject: **Financial Monitoring 2014-15**

Classification: **Unrestricted**

Past Pathway: **Cabinet 15 September 2014**

Summary:

The Cabinet Committee is asked to note the first quarter's full budget monitoring report for 2014-15 reported to Cabinet on 15 September 2014.

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 first 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. A link to the first quarter's monitoring report for 2014-15 is provided below:

<https://democracy.kent.gov.uk/documents/s48345/Item%205%20-%20Financial%20Monitoring%20-%20Quarter%201.pdf>

(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.

2.3 Annex 6 shows that the Strategic & Corporate Services Directorate is reporting a potential overspend of £703k but has management action in place to deliver a breakeven position by the end of the financial year.

Most units within the Directorate have variances of +/- £150k. Two of the services who transferred to S&CS came with existing budgetary pressures. The Contact Centre transferred with a previous year saving of -£573k and a further -£213k saving for 2014-15 in the base budget. Delivery was focussed on staffing reductions which has not been entirely possible due to the unanticipated effect on performance/outputs. The current forecasted overspend of £576k is due to these partly unachieved savings together with the need in the current year to address an increase in the number and duration of calls to the Contact Centre, resulting in a need to increase staffing levels to address performance. The Community Engagement service also transferred with a pre-existing budget reduction of -£327k based on an anticipated service review which should have happened in the previous financial year but is now being undertaken in the current year and will be subject to a Member decision on scoping the future nature of the service.

Property Group are forecasting a £301k potential overspend as there was a -£300k base saving taken from their budget which depends on service changes and reviews taking place in other parts of the Authority in order to enable the overall property portfolio to reduce. Property Group are working with services to suggest possible asset rationalisations.

2.4 As Policy & Resources Cabinet Committee has overview of the whole Authority, Members of the Committee are asked to additionally note that the overall revenue position for the authority is a real concern. The net projected variance against the combined directorate revenue budgets is an overspend of £12.427m, before management action, but management action is expected to reduce this to £5.374m. However, there is some minor re-phasing which we are legally obliged to roll forward to 2015-16, therefore this changes the position to an overspend of £5.386m. Directorates have been tasked with coming up with management action to balance this position as, with the budget savings already required over the medium term, we must avoid going into 2015-16 in an overspending position. Details of the current proposed management actions are provided in Appendix 3 of the Cabinet report.

2.5 Corporate Board has collectively considered how we can deal with this residual forecast overspend of £5.386m: it is anticipated that there should be an improvement in the position arising from other measures that have only recently commenced, which are now starting to take effect, but were not reflected in the Quarter 1 position submitted by budget managers as it was too early to quantify the effects of these actions.

We also need to look at all areas of non-essential spend, including both staffing and non-staffing, and introduce a process to reduce spend in these areas which will not directly impact on front line services.

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 first quarter's full monitoring to Cabinet.

4. Contact details

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