

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 – 12 December 2014**

Subject: **Financial Monitoring 2014-15**

Classification: **Unrestricted**

Past Pathway: **Cabinet 1 December 2014**

Summary:

The Cabinet Committee is asked to note the second quarter's full budget monitoring report for 2014-15 reported to Cabinet on 1 December 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 second 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 second quarter's monitoring report for 2014-15 is provided below:

<https://democracy.kent.gov.uk/documents/s49883/documents/s49883/Item%207%20-%20Financial%20Monitoring%20-%20Q2.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 a greatly improved position for the Strategic & Corporate Services Directorate in comparison to the Quarter 1 figures reported to this Committee's meeting on 19th September. The Directorate is now forecasting an underspend of -£486k having taken the targeted management action.

Whilst some of the underlying pressures of call volumes and length of calls remain within the Contact Centre, some efficiencies are being realised which are reducing the overspend by -£90k to +£482k. Roll-out of Cloud Telephony, scheduled for January 15 will further reduce some of the base pressures.

Within the Community Engagement service, staffing vacancies and secondments together with income generating activities, have led to an improving position, reducing the overspend by -£122k to +£145k. The underlying base pressure however, still remains until the completion of the review and Member decision on scoping the future nature of the service.

Property Group and Legal Services positions remain unchanged at +£300k and +£230k overspends respectively. ICT remain on target to deliver a break-even position.

All Divisions within the Directorate have responded well to the challenge to deliver in-year savings and efficiencies. Business Strategy units are holding vacancies whilst maintaining service levels; Finance & Procurement have increased their underspend by -£91k to -£135k by reducing spend on specialist fees; in Human Resources, the training requirements in the Business plans have been accurately reflected in the workforce development plans and this has resulted in a reduction to the budgeted requirements leading to an underspend of -£294k; also in HR, recruitment services to schools and academies are projecting additional income of -£147k.

- 2.4 As the Policy & Resources Cabinet Committee has overview of the whole Authority, Members of the Committee are asked to note the Council's improving overall revenue position in comparison to the Quarter 1 figures reported to this Committee's meeting on 19th September.

The net projected variance against the combined directorate revenue budgets is an overspend of +£0.795m, before management action, but management action is expected to reduce this to an underspend of -£2.241m after minor re-phasing of some budgets to 2015-16 to fulfil our legal requirements. 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 2015-16. However, this will only be possible if the Authority as a whole is sufficiently underspending by year end. If we allow for this, then this changes the position to an underlying overspend of +£1.266m. 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 outstanding proposed management actions are provided in Appendix 3 of the Cabinet report.

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 second quarter's full monitoring to Cabinet.

4. Contact details

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