

From: **John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement**
Gary Cooke, Cabinet Member for Corporate & Democratic Services
Susan Carey, Cabinet Member for Commercial and Traded Services
David Cockburn, Corporate Director for Strategic & Corporate Services

To: **Policy & Resources Cabinet Committee – 2 December 2016**

Subject: **Financial Monitoring 2016-17**

Classification: **Unrestricted**

Summary:

The Policy & Resources Cabinet Committee is asked to note the September 2016-17 budget monitoring position which was despatched to Cabinet on 9 November 2016 .

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2016-17 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 Cabinet recently agreed a revised format for the regular budget monitoring reports. The Policy & Resources Cabinet Committee noted and commented on the revised format at its meeting on the 22 July 2016, endorsing that in future a short commentary report for the Strategic & Corporate Services Directorate along with a summary of the overall position for the Authority, would be written and presented in a more timely manner than had previously been possible.

This is the second report to be presented to this Committee in the revised format.

2.2 Table 1 below shows the position for the Strategic & Corporate Services Directorate for September 2016, together with the movement in forecast from the August 2016 monitoring position.

2.2 Table 1

Budget Book Heading	Net Budget	Net Forecast Variance	Corporate Director adjustment	Revised Net Variance	Last Reported position	Movement
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Strategic & Corporate Services Directorate						
- Contact Centre, Digital Web Services & Gateways	5,174.0	84.6	0.0	84.6	3.5	81.1
- Local Democracy	5,314.5	-2.9	0.0	-2.9	-2.9	0.0
- Strategic Business Development & Intelligence	1,332.1	-53.6	0.0	-53.6	-66.8	13.2
- Strategy, Policy, Relationships & Corporate Assurance	2,024.1	-236.4	0.0	-236.4	-240.6	4.2
- Democratic & Members	3,699.4	-44.9	0.0	-44.9	-52.2	7.3
- Finance & Procurement	10,830.8	-348.8	0.0	-348.8	-299.5	-49.3
- Engagement, Organisation Design & Development (HR, Comms & Engagement)	9,607.9	-235.8	0.0	-235.8	-234.0	-1.8
- Legal Services & Information Governance	-2,042.8	249.7	0.0	249.7	238.8	10.9
- S&CS Strategic Management & Directorate Support Budgets	-2,373.5	0.0	0.0	0.0	0.0	0.0
- Infrastructure (Property, ICT & Business Services Centre)	36,830.6	708.1	0.0	708.1	674.0	34.1
Total S&CS	70,397.1	120.0	0.0	120.0	20.3	99.7

2.3 The Strategic & Corporate Services figures in Table 1 above contain both the forecast for the Directorate itself and the Corporate aspirational savings target of -£1,038k for the Asset Utilisation programme, held against the Corporate Landlord budgets within the Infrastructure Division. The Directorate forecast (excluding the Asset Utilisation target) has moved by +£0.100m to an underspend of -£0.393m, whilst the position on Asset Utilisation remains unchanged at +£0.513m, giving an overall small pressure of +£0.120m. Within the Directorate forecast, the Contact Centre, Digital Web Services & Gateways A-Z line has moved by +£0.081m due to the impact of the number and duration of calls, in part due to some Directorate Service delivery performance issues in EYPS. All other Divisions within the control of the S&CS Directorate have moved by less than £0.050m each.

2.4 Directorate Variance of -£0.393m. Finance & Procurement are reporting an underspend of -£0.350m most of which is coming from unbudgeted income opportunities which have arisen in Procurement from work with the West Kent CCG and Revenue Finance for hosting the Better Care Fund.

Strategy, Policy, Relationships & Corporate Assurance are reporting an underspend of -£0.236m resulting from staff maternity and secondments together with unbudgeted project income from the NHS.

Engagement, Organisation Design & Development are reporting an underspend of -£0.236m primarily due to staffing vacancies.

Legal Services are reporting a pressure of +£0.250m primarily due to staff vacancies, recruitment and training of new staff which is impacting income generation. Infrastructure has a pressure of +£0.195m which consists of many variances across all units within the Division.

All other Divisions within the control of the S&CS Directorate have variances of less than +/- £0.100m.

2.5 Asset Utilisation Variance of +£0.513m.

Property Group manages the Corporate Landlord estate which is occupied by front line services and has a savings target attached to it relating to the exiting of some buildings through the Asset Utilisation programme. It is not within Property's control to exit these operational buildings as these depend on operational service requirements and Member decisions reflecting the complex and challenging nature of this target. However, Property Group is working closely with service directorates and Members to identify potential buildings which could deliver the savings requirement. At present there is circa £0.513m of savings to be delivered from the closure of buildings, which are yet to be agreed.

2.6 The Strategic & Corporate Services capital budget is £20.497m. There are currently no forecast variances to cash limit.

2.7 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.

The Authority is forecasting a revenue pressure of £8.335m (after Corporate Director adjustments), increasing to £9.146m including roll forward requirements. The underlying position has in fact slightly worsened again this month from +£10.196m, before roll forward requirements, to +£10.385m (after correcting for an over forecast of £0.815m within EYP). This increase is predominately due to SEN Home to College Transport and SCS Legal fees, offset by improvements within GET & Adult Social Care. However, Corporate Directors are reflecting adjustments this month for the anticipated impact of management action plans which have improved the overall position. The Adult Social Care position is expected to reduce further but even allowing for this, we remain a long way short of achieving a balanced position.

2.8 Assuming that GET are able to balance their position; that we receive funding from the Home Office to offset the Asylum pressure and that the Adult Social Care position can be balanced, and these are by no means certain, then the overall position would reduce as follows:

	£m
Current forecast position after CD adjs & roll forward	9.146
Growth, Environment & Transport	-0.100
Asylum	-2.284
Social Care, Health & Wellbeing - Adults	-1.912
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	4.850

Senior management are working collectively to identify common areas where spend can be reduced and remain confident that we will achieve a balanced position by year end without imposing a more draconian authority wide moratorium. This situation will be kept under review over the coming weeks.

3. Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2016-17 that are in the remit of this Cabinet Committee, based on the September monitoring to Cabinet.

4. Contact details

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