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To: Cabinet – 25 June 2018

Subject: **REVENUE & CAPITAL BUDGET OUTTURN 2017-18**

Classification: Unrestricted

1. SUMMARY

1.1 This report provides the provisional revenue and capital budget outturn position for 2017-18, including a final update on key activity data for our highest risk budgets.

1.2 The format of this report is:

- This covering summary report which provides a high level financial summary and highlights only the most significant issues and movements since the last financial monitoring report to Cabinet in March;
- Appendix 1 – details of proposed revenue budget roll forwards;
- Appendix 2 – details of capital re-phasing;
- Appendix 3 – details of proposed capital programme cash limit changes;
- Appendix 4 – final activity information for our highest risk budgets for 2017-18;
- Appendix 5 – details of the Asylum service outturn and key activity information;
- Appendix 6 – details of the impact of the provisional outturn on our reserves;
- Appendix 7 – final monitoring of prudential indicators for 2017-18;
- Appendix 8 – final capital receipts position for 2017-18.

2. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the report, including the provisional outturn position for 2017-18 for both the revenue and capital budgets.
- ii) **Agree** that £1,140.8k of the 2017-18 revenue underspending is rolled forward to fund existing commitments, as detailed in section 2 of Appendix 1.
- iii) **Agree** that £3,730.8k of the 2017-18 revenue underspending is rolled forward to fund the re-phasing of existing initiatives, as detailed in section 3 of Appendix 1.
- iv) **Agree** that £50.0k of the 2017-18 revenue underspending is rolled forward to fund the bids detailed in section 4 of Appendix 1.
- v) **Agree** that the £525.1k remainder of the 2017-18 revenue underspending is rolled forward for use on Pot Hole repairs, together with £1,475k from earmarked reserves to give an additional £2m for Pot Hole repairs in 2018-19.
- vi) **Agree** that the £43.052m of capital re-phasing from 2017-18 will be added into the 2018-19 and later years capital budgets, as detailed in Appendix 2.
- vii) **Agree** the proposed capital cash limit changes outlined in Appendix 3.
- viii) **Agree** the contributions to and from reserves as reflected in Appendix 6, which includes all appropriate and previously agreed transfers to and from reserves.

3. SUMMARISED PROVISIONAL REVENUE BUDGET OUTTURN POSITION

3.1 For the 18th consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level (excluding schools). This is a considerable accomplishment considering the forecast position throughout the year. The provisional outturn against the combined directorate revenue budgets is an underspend of -£5,446.7k (excluding schools). This is an improvement of £9,311.3k compared to the projected £3,864.6k overspend after Corporate Director adjustments reported to Cabinet in March. There may be minor variations to the figures during the final stage of the year end process and the external audit.

3.2 Details of the proposals for the use of the £5,446.7k revenue budget underspending are provided in Appendix 1. This identifies those projects where there is already a commitment or a request to spend in 2018-19, leaving a balance of £525.1k. It is recommended that the remaining £525.1k underspend is rolled forward for use on Pot Hole repairs in 2018-19, together with £1,475k from earmarked reserves to give an additional £2m for Pot Hole repairs in 2018-19.

3.3 The report also provides in Appendix 6 details of the impact of the provisional outturn on our reserves. In addition, the final monitoring of key activity indicators for 2017-18 is detailed in Appendices 4 and 5.

3.4 Table 1a: Directorate **revenue** position – provisional outturn

Directorate	Budget	Provisional Outturn	Net Variance	Variance Per Last Cabinet Report	Movement
	£'000	£'000	£'000	£'000	£'000
Children, Young People & Education - Education & Young People	42,064.0	41,706.6	-357.4	-213.7	-143.7
Children, Young People & Education - Specialist Children's Services	112,940.1	116,948.0	4,007.9	3,838.1	169.8
Children, Young People & Education - Asylum	550.0	1,739.4	1,189.4	3,370.1	-2,180.7
<i>Sub Total Children, Young People & Education</i>	<i>155,554.1</i>	<i>160,394.0</i>	<i>4,839.9</i>	<i>6,994.5</i>	<i>-2,154.6</i>
Adult Social Care & Health - Disabled Children Services	20,753.7	21,648.7	895.0	318.4	576.6
Adult Social Care & Health - Adults	386,764.1	385,635.6	-1,128.5	-565.8	-562.7
<i>Sub Total Adult Social Care & Health</i>	<i>407,517.8</i>	<i>407,284.3</i>	<i>-233.5</i>	<i>-247.4</i>	<i>13.9</i>
Growth, Environment & Transport	166,459.3	164,845.8	-1,613.5	-136.8	-1,476.7
Strategic & Corporate Services - Excluding Public Health	75,241.8	74,783.9	-457.9	850.7	-1,308.6
Strategic & Corporate Services - Public Health	0.2	-32.4	-32.6	0.0	-32.6
<i>Sub Total Strategic & Corporate Services</i>	<i>75,242.0</i>	<i>74,751.5</i>	<i>-490.5</i>	<i>850.7</i>	<i>-1,341.2</i>
Financing Items	133,885.9	125,936.8	-7,949.1	-3,596.4	-4,352.7
TOTAL (excl Schools)	938,659.1	933,212.4	-5,446.7	3,864.6	-9,311.3
<i>Schools (CYP&E Directorate)</i>	<i>0.0</i>	<i>8,325.1</i>	<i>8,325.1</i>	<i>17,397.6</i>	<i>-9,072.5</i>
TOTAL	938,659.1	941,537.5	2,878.4	21,262.2	-18,383.8
Variance from above (excl schools)			-5,446.7	3,864.6	-9,311.3
Roll forwards	- committed		1,140.8	0.0	1,140.8
	- re-phased		3,730.8	1,614.8	2,116.0
	- bids		50.0	0.0	50.0
Total roll forward requirements			4,921.6	1,614.8	3,306.8
Uncommitted balance			-525.1	5,479.4	-6,004.5

3.5 Table 1b: Provisional Directorate **revenue** position after roll forwards:

Directorate	Variance	Roll Forwards			Revised
	£'000	Committed £'000	Re-phased £'000	Bids £'000	Variance £'000
Children, Young People & Education - Education & Young People	-357.4	6.3	1,712.5		1,361.4
Children, Young People & Education - Specialist Children's Services	4,007.9	53.6			4,061.5
Children, Young People & Education - Asylum	1,189.4				1,189.4
<i>Sub Total Children, Young People & Education</i>	4,839.9	59.9	1,712.5	0.0	6,612.3
Adult Health & Social Care - Disabled Children Services	895.0				895.0
Adult Health & Social Care - Adults	-1,128.5	39.5	4.5		-1,084.5
<i>Sub Total Adult Health & Social Care</i>	-233.5	39.5	4.5	0.0	-189.5
Growth, Environment & Transport	-1,613.5	938.8	59.0	50.0	-565.7
Strategic & Corporate Services - Excluding Public Health	-457.9	70.0	955.2		567.3
Strategic & Corporate Services - Public Health	-32.6	32.6	0.0		0.0
<i>Sub Total Strategic & Corporate Services</i>	-490.5	102.6	955.2	0.0	567.3
Financing Items	-7,949.1		999.6		-6,949.5
TOTAL (excl Schools)	-5,446.7	1,140.8	3,730.8	50.0	-525.1

3.6 The main reasons for the movement since the last report of -£9,311.3k before roll forward requirements, and -£6,004.5 after roll forward requirements, are:

3.6.1 Children, Young People & Education - Education & Young People's Services:

Overall Education & Young People's services ended the financial year with a net pressure of £1,361.4k (after roll forward requirements). The service has requested roll forwards totalling £1,718.8k, mainly relating to the re-phasing of the Troubled Families Programme into 2018-19.

The outturn position is a result of pressures in:

- Early Years Education & Childcare services (£555k), due to shortfall in general service income;
- EYP Management & Support services (£1,216k), due to continued pressures relating to the Edukent Service, directorate savings and additional school security costs;
- And Other School's Related Cost budgets (£1,299k), principally due to additional expenditure on Mobile Moves.

These pressures are offset by underspends within:

- Early Help & Prevention for Children & Families services (-£2,726k), principally due to a delay in the start of a new Emotional Health and Wellbeing contract, along with savings from other contracts;
- Other Services for Young People & School Related Services (-£867k) mainly as result of additional grant income received from the Department of Education.

The overall position for Education & Young People's Services has moved by -£143.7k since the 26 March report to Cabinet. The most significant movements are:

- a) -£451k Other Services for Young People & School Related Services: Mainly due to the reduction in School Improvement (-£224k), resulting from additional income and reduced staffing expenditure. The balance of -£227k is due to a combination of small individual movements across the other services.
- b) -£659k Pupil & Student Transport Services: Predominately due to reduced expenditure on SEN Home to School Transport services. This is as a result of higher than anticipated income received from Other Local Authorities, reallocation monies not spent and lower than anticipated transport costs due to lower hire costs as a result of the snow in March.
- c) +£531k Other Schools' Related Costs: Largely due to additional expenditure for Mobile Moves (£508k), which was previously expected to be capitalised.
- d) +£338k EYP Management & Support Services: due to additional payments to schools and additional school security costs, offset by additional income generated from School Financial Services.

3.6.2 Children, Young People and Education – Specialist Children's Services:

The overall provisional outturn position of Specialist Children's Services excluding Asylum is a pressure of +£4,061.5k (after roll forward requirements). The most significant pressures being within Children's Assessment Staffing and Children in Care (Looked after) services budgets.

The Children's Assessment staffing service has reported significant pressures throughout the year due to the high level of agency use to cover a number of vacant posts, along with the use of some additional agency workers above establishment to cope with a post Ofsted rise in workload demand. This is combined with an increase number of referrals within the Central Referral unit.

During the year the pressure in Children in Care (looked after) services has mounted due to the increasing use of the Independent Fostering agencies, Semi-Supported and Residential sector placements rather than a significant increase in the number of children coming into care. This rise has occurred alongside a gradually reducing number of in-house foster placements being made. External placements are costing more, and there is an increasing requirement from providers to pay additional monies to secure 'one to one' or 'two to one' support for young people even before they have arrived, with a view to reviewing the level of need after a fixed time period. These high cost placements are regularly reviewed, however, increasingly we are finding that we are having to place children with higher complex needs whose care is unable to be met by our in-house provision.

In addition to the £4,007.9k pressure, a roll forward is requested of £53.6k for Kent Safeguarding Children's Board, which increases the outturn position to £4,061.5k, as shown in table 1b.

The overall position for Specialist Children's Services excluding Asylum has moved by +£0.169.8m since the 26 March report to Cabinet. The main movements are:

- a) +£808k Children in Care (Looked After) Services – Non-Disabled Children: Continual increase in costs associated with placing children in external provisions whose needs can not be met by our in-house provision. This is combined with a rise in legal expenditure.
- b) -£401k Children's Assessment Staffing – Non-Disabled: Reduction across a number of staffing budgets both within the SCS areas, Business Support and the County Referral Unit, mostly due to a review of agency expenditure and the timing of recruitment to current vacancies across Specialist Children's Services.

- c) -£285k Children's Management & Support Services: Lower than expected costs associated with the roll out of mobile working devices across the service.

3.6.3 Children, Young People and Education – Asylum Services:

The provisional outturn position of the Asylum Service is £1,189.4k, this is a movement of -£2,180.7k since the 26 March report to Cabinet.

This pressure has greatly reduced from earlier months' forecasts due to the final position reflecting the expectation of receiving additional grant from the Home Office, to fund the current shortfall in funding of both the National Transfer Scheme and the current pressures of supporting 16-17 year old unaccompanied asylum seeking children (UASC). This additional funding is only an estimate at this time and negotiations with the Home Office to reach a long-term resolution are ongoing. Therefore, there is a risk that this additional grant funding may not be received in its entirety.

In addition, there has also been a small reduction in the overall pressure in the service as result of:

- lower than expected expenditure on rented accommodation;
- and reduced expenditure on in-house and Independent Fostering agency placement provision for under 18s.

The residual pressure is mainly due to a shortfall in funding for Care Leavers (aged 18+) and ineligible asylum costs. The shortfall in the grant rate to support Care Leavers is not dissimilar to previous years, but the overall pressure is greater due to higher numbers of young people.

3.6.4 Adult Social Care and Health:

The draft outturn position for Adult Social Care and Health is a small underspend of -£189.5k. This position includes roll-forward requests into 2018-19 of +£45k. This is a slightly lower underspend than last reported to Cabinet on 26 March 2018 of -£247.4k, a movement of +£58.9k.

The movement of -£562.7k within Adults predominantly relates to lower than anticipated activity than predicted in Domiciliary and Short-Term Residential placements over the final months of the year. This allowed £750k of monies which had been set aside for these pressures to be released. Changes within the service, achieved via the ongoing Transformation Programme throughout the course of 2017/18, has resulted in improved management of the pressures experienced within Older Person's and Physical Disability core services. A further £212k has been transferred into the Transformation Reserve to support future year transformation.

The pressure on Disabled Children Services has increased by +£576.6k since the January monitoring report. The movement is due to +£325k in Residential Care Services, and minor movements across other services, including increases in both Day Care, Direct Payments, Legal and Assessment Services.

The delivery of a small underspend on Adult Social Care is a substantial achievement considering the significant pressures experienced for direct services.

3.6.6 Growth, Environment and Transport:

The final position for the directorate is an impressive underspend of -£1,613.5k given the current economic condition and the pressures faced in-year. This represents a significant improvement of -£1,727k on the position presented to Cabinet in March (before -£250k of Corporate Director adjustments), although it should be noted that £1,047.8k of this has been requested to be rolled forward to offset expenditure to be incurred in 2018-19.

The main movements are:

- a) -£893k reduction in Waste primarily resulting from lower rates of composting due to the spell of very cold weather, as well as a reduction in the cost of residual waste processed through the Allington Waste to Energy plant (waste activity can be seen in Appendices 4.14 and 4.15);
- b) -£319k of underspends on externally funded projects which are requested to be rolled forward (primarily the reason for the reductions in the Environment and Economic Development & Other Community Services lines) given the expenditure will now occur in 2018-19;
- c) -£294k movement in Libraries Registration & Archives due to an increased surplus in a renewals reserve following a successful re-tender process, additional Registration income, as well as -£50k of spend re-phased to 2018-19 (requested as roll-forward), and other small movements;
- d) -£142k reduction in the Young Persons Travel Pass as activity reduced during the spell of adverse weather;
- e) +£151k movement in Public Protection & Enforcement due to increased spend in Coroners regarding temporary body storage and increased histology and post mortem spend;
- f) +£25k increase in Other Highways Maintenance & Management. This had compensating movements of: +£500k Streetlighting maintenance whereby a number of works expected for Q1 in 2018-19 were completed prior to the year-end; -£194k underspend on winter service (requested to be rolled forward) as the cost of gritting and snow clearance in February and March was covered through the Emergency Conditions Reserve. -£261k of additional income (mainly through enforcement and intelligent traffic systems);
- g) +£255k of other smaller movements.

3.6.7 Strategic and Corporate Services:

The final position for the directorate is an underspend of -£457.9k. This shows a significant improvement of -£1,308.6k on the position presented to Cabinet in March, although it should be noted that £955.2k of this has been requested to be rolled forward.

The main movements are:

- a) -£964k reduction in Local Democracy which is mostly accounted for by the underspend on Member grants, which is requested to be rolled forward;
- b) -£212k reduction in Contact Centre Digital Web Services and Gateways due to a number of small variances each less than £50k;
- c) -£172k movement on Commissioning Management & Support Services due to workforce reduction funding not previously forecast and office move costs slipped into new year, together with other minor movements;
- d) -£101k reduction in S&CS Management and Support Services, mostly due to a reduction in the bad debt provision;

- e) +£110k movement in Infrastructure (ICT & property Services) & Business Services Centre due to a number of variances all under £50k;
- f) -£30k of other small movements.

3.6.8 Strategic and Corporate Services – Public Health

Public Health is currently a ring-fenced grant and any variance throughout the year and at the end of the financial year, is moved to a reserve. There is therefore no impact on the overall Directorate variance. However, roll forward requests of £32.6k relating to externally funded projects have been requested.

3.6.9 Financing Items:

The overall position for the Financing Items budgets has moved by a net -£4,352.7k since the 26 March report to Cabinet. This is predominately due to the following:

- a) -£1,669k increase in the Insurance Fund underspend and due to the overall financial position of the Authority and the relatively healthy balance in the Insurance Fund Reserve, this will be used to help offset the pressures declared within the Directorates.
- b) -£1,000k underspend relating to the Apprenticeship Levy which will be used to fund apprenticeship training costs during 2018-19 and any unused funds will be required to be written back and treated as a levy. This underspend is included in the roll forward requirements in Appendix 1 of this report.
- c) -£412k increase in relation to our share of the retained business rates levy from the Kent business rates pool.
- d) -£334k which relates to the prices provision held for the exchange impact on ICT contracts, as the majority of this will hit in 2018-19.
- e) -£254k Net Debt Costs which is mainly due to lower interest apportionment on held balances (Insurance Fund and Developer Contributions) offset by lower dividend income from externally managed funds.
- f) -£184k rebate from Invicta Law Ltd in respect of disputed legal costs.
- g) -£131k audit fee to be consistent with the saving reflected in the 2018-20 MTFP
- h) -£130k Carbon Reduction Commitment relating to unused allowances purchased in 2017-18 which will be used in 2018-19.
- i) -£238k minor movements relating to unclaimed income, Medway Pensions, Transparency Grant, Unison Branch Secretary and Commercial Services contribution.

3.7 Schools delegated budgets:

The schools delegated budgets and Central DSG reserves have reduced by £8,325k which is due to:

- +£1,193k as a result of local authority schools converting to academies and taking their accumulated reserves with them
- -£2,337k due to reduction in the value of schools' deficit balances along with increase in schools' surplus balances
- -£854k School Apprenticeship Levy Reserve
- +£5,977k use of central DSG reserve to offset pressures on High Needs budgets
- +£3,838k write off of Pent Valley deficit
- +£1,035k relating to pupil growth
- -£525k various other schools related net underspends
- As a result, schools reserves have reduced from £28.340m to £20.015m

This represents a movement of -£9,072.5k since the last report to Cabinet in March based on the January monitoring, as detailed below:

Use of reserves for:	Provisional Outturn	Last report	Movement
	£'000	£'000	£'000
Academy conversions & movement in school reserves	2,694	10,408	-7,714
Pupil Growth	1,035	1,032	3
Apprenticeship Levy Reserve	-854	0	-854
High Needs	5,977	5,564	413
Various other schools related	-525	393	-918
MOVEMENT IN SCHOOLS RESERVES <i>(a -ve reflects an increase in reserves i.e an underspend transferred to reserves and a +ve reflects a reduction in reserves i.e an overspend met by a drawdown from reserves)</i>	8,327	17,397	-9,070

In addition, we have transferred £10m from the PFI Equalisation earmarked reserve to the Central DSG reserve. **Schools reserves have therefore increased in total by £1.675m to £30.015m.**

3.8 Table 2: Performance of our wholly owned companies

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	6.800	5.081	5.081	0.000
GEN2	0.620	0.620	0.620	0.000
Invicta Law	1.057	0.000	0.000	0.000

There is a shortfall in the dividend from Commercial Services of £1.719m, which is primarily due to the trading conditions in the Education supplies business, Recruitment business and Landscape business. This represents a slight increase of £0.018m from the £1.737m shortfall reported to Cabinet in March.

There is no dividend from Invicta Law Ltd, primarily due to lack of new business being generated, compared to the business plan.

4. REVENUE BUDGET VIREMENTS/CHANGES TO BUDGETS

- 4.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” i.e. where there is no change in policy, including the allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

5. SUMMARISED CAPITAL MONITORING POSITION

5.1 There is a reported variance of -£93.719m on the 2017-18 capital budget (excluding schools and PFI). This is a movement of -£16.291m from the previously reported position and is made up of -£4.708m real variance and -£89.011m rephasing.

5.2 Table 3: Directorate **capital** position

Directorate	2017-18 Working budget	2017-18 Variance	Real variance	Re-phasing variance	Last reported position		Movement	
					Real	Rephasing	Real	Rephasing
	£m	£m	£m	£m	£m	£m	£m	£m
Children, Young People & Education	115.130	-36.337	-6.083	-30.254	-0.214	-27.619	-5.869	-2.635
Adult, Social Care & Health	8.383	-7.352	-2.393	-4.959	-2.375	-4.302	-0.018	-0.657
Growth, Environment & Transport	130.655	-42.392	-1.258	-41.134	4.342	-37.558	-5.600	-3.576
Strategic & Corporate Services	22.040	-7.638	5.026	-12.664	1.610	-11.312	3.416	-1.352
TOTAL	276.208	-93.719	-4.708	-89.011	3.363	-80.791	-8.071	-8.220

5.3 The 2018-19 Capital Programme will now be revised to reflect the re-phasing and other variations arising from the 2017-18 outturn. £45.959m of rephasing has already been effected as part of the 2018-21 budget build process, so only “new” rephasing totalling £43.052m will be actioned. Details of the capital re-phasing are provided in Appendix 2, and further proposed cash limit changes are provided in Appendix 3. Final prudential indicators for 2017-18 are shown in Appendix 7, and the capital receipts position is shown at Appendix 8.

5.4 SCHOOLS DEVOLVED CAPITAL

Capital expenditure incurred directly by schools in 2016-17 was £10.008m. As at 31 March 2018 schools’ capital reserves are in deficit by £0.007m. This has increased from the £0.695m held by schools as at 31 March 2017.

5.5 Capital budget monitoring headlines

Movements greater than £0.100m on real variances and movements greater than £1.0m due to rephasing are described below:

5.5.1 Children, Young People & Education

- Annual Planned Enhancement Programme: Real movement of -£5.266m. £4.668m of this was previously reported as rephasing but is now badged as an underspend which is required to top up an expected deficit in grant in future years. The remaining real movement is due to funding being redirected to a basic need project.
- Basic Need: Real movement of +£0.250m and rephasing movement of -£4.249m. The real movement is due to funding being redirected from/to other lines within the CYPE capital programme. The rephasing movement is due to requirements for secondary expansions not able to be delivered within the available budget, which has impacted on progressing with schemes.
- Special Schools Review Phase 2: Rephasing movement of -£1.312m. Delays in construction works at Portal House have led to delivery of the sports block being completed in 2018-19. Anticipated contractor costs at Ridge View were not received in 2017-18.

- Grammar School Annex at Sevenoaks: Rephasing movement of -£1.972m. Negotiations are ongoing with the ESFA to agree the payment due.
- Early Years Capital Fund: Real movement of -£0.239m. One project is no longer progressing, and the remaining project in New Romney is forecast to underspend.
- Priority School Build Programme: Real movement of -£0.500m. This project was previously forecasting an overspend, but additional grant has now been allocated from the ESFA which has negated this.

5.5.2 Adults, Social Care & Health

There are no movements above the thresholds for reporting.

5.5.3 Growth, Environment & Transport

Highways, Transportation & Waste

- Highways Major Maintenance: Rephasing movement of -£1.445m. Road surface treatments have several large schemes that have been delayed until early 2018-19 due to the snow and icy conditions. Highways Operations have lower than budgeted overhead costs, some of which was deemed as revenue spend and therefore transferred to revenue at year end, with the remainder of this budget being rolled forward to cover pothole costs in 2018-19. Street Lighting has a roll forward to cover late invoicing and delays due to icy conditions.
- Integrated Transport Schemes: Real movement of -£0.181, due to externally funded schemes being rephased into 2018-19, which has reduced the funded overspend in 17-18 and increased the rephasing.
- Gillingham Northern Relief Road: Real movement of -£0.240m, due to an unrealised creditor for land compulsory purchase provision which is no longer required.
- LED Conversion: Rephasing movement of -£1.695m. Lanterns were not able to be replaced in the snow or icy conditions, and figures for any compensation events on the contract were not received by the year end.
- A28 Chart Road, Ashford: Real movement of -£3.369m and rephasing movement of +£3.074m. The majority of the overall variance has now been badged as real rather than rephasing, due to the project having undergone value engineering to reduce the cost.
- A28 Sturry Road Rural Integrated Transport Package: Real movement of -£0.103m due to an award of Kent Lane Rental Funds in 2018-19 which has reduced the required developer contributions in 2017-18.
- Maidstone Gyratory Bypass: Real movement of -£0.161m. Additional works are still to be completed in 2018-19, when cash limits will be adjusted to reflect additional funding to be received.

Environment, Planning and Enforcement and Libraries, Registration and Archives

- Jasmin Vardimon: Movement of -£3.119m has been re-categorised as a real movement rather than a rephasing movement, to reflect the 2018-21 budget book.

Economic Development

- Broadband Contract 1: Rephasing movement of -£3.463m. These funds are planned to be used for a Kent Voucher Scheme, which is expected to launch in September 2018.
- Kent & Medway Business Fund: Real movement of +£1.589m and rephasing movement of -£1.483m. The real movement is to reflect the expected loan repayments. The rephasing movement is to reflect the decisions made at the Investment Advisory Board on 21st February. The variance is due to applications that were either not approved, or only partially approved and therefore defrayment of funds will be carried forward to 2018-19.

5.5.4 Strategic & Corporate Services

- Corporate Property Strategic Capital: Real movement of -£0.544m, due to no other eligible spend available to be badged against the DFE grant funding.
- Business Services Centre (BSC) Company: Real movement of +£0.317m, due to set up costs for the new BSC company, funded from revenue.
- LAN Refresh: Real movement of +£3.639m, due to eligible capitalisation of TRP purchases and buy out of leases, funded by revenue.

6. CONCLUSIONS

- 6.1 For the 18th consecutive year the Council is able to demonstrate sound financial management by containing its revenue expenditure within the budgeted level (excluding schools). In the context of a savings requirement of around £73m in 2017-18 and on the back of delivering approximately £515m of savings across the previous six years, together with the continued high demand for social care services, both Children's and Adults', an overall underspending position is a considerable achievement. However, despite an increase of £19.8m in the 2018-19 budget, with demand for services increasing, a budget gap for 2019-20 and budget savings being more and more difficult to achieve as the easier options have already been taken, we must not be complacent, hence the recommendation to put the uncommitted underspend from 2017-18 into reserves pending future budget decisions.

7. RECOMMENDATIONS

Cabinet is asked to:

- i) **Note** the report, including the provisional outturn position for 2017-18 for both the revenue and capital budgets.
- ii) **Agree** that £1,140.8k of the 2017-18 revenue underspending is rolled forward to fund existing commitments, as detailed in section 2 of Appendix 1.
- iii) **Agree** that £3,730.8k of the 2017-18 revenue underspending is rolled forward to fund the re-phasing of existing initiatives, as detailed in section 3 of Appendix 1.

- iv) **Agree** that £50k of the 2017-18 revenue underspending is rolled forward to fund the bids detailed in section 4 of Appendix 1.
- v) **Agree** that the £525.1k remainder of the 2017-18 revenue underspending is rolled forward for use on Pot Hole repairs, together with £1,475k from earmarked reserves to give an additional £2m for Pot Hole repairs in 2018-19.
- vi) **Agree** that the £43.052m of capital re-phasing from 2017-18 outturn will be added into the 2018-19 and later years capital budgets, as detailed in Appendix 2.
- vii) **Agree** the proposed capital cash limit changes outlined in Appendix 3.
- viii) **Agree** the contributions to and from reserves as reflected in Appendix 6, which includes all appropriate and previously agreed transfers to and from reserves.

8. BACKGROUND DOCUMENTS

None

9. CONTACT DETAILS

Director:	Andy Wood Corporate Director of Finance 03000 416854 andy.wood@kent.gov.uk
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2017-18 REVENUE BUDGET ROLL FORWARD PROPOSALS

		£'000	£'000
1.	2017-18 provisional underspend		-5,446.7
2.	Details of committed projects where we have a legal obligation:		
a)	Children, Young People & Education Directorate		
	<p>i) <i>Re-phasing of Kent Safeguarding Children Board (KSCB) into 2018-19</i> This represents KCC's share of the underspend of the KSCB Board. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Board. The underspending relating to partners contributions is held in a Fund.</p>	53.6	
	<p>ii) <i>Inclusion for Newcomers – ERASMUS</i> This represents committed match-funding for on-going project delivery.</p>	6.3	
b)	Adult Social Care and Health Directorate		
	<p>i) <i>Re-phasing of Kent & Medway Safeguarding Vulnerable Adults Committee into 2018-19</i> This represents KCC's share of the underspend of the Kent & Medway Safeguarding Vulnerable Adults Committee. Under the terms of the inter-agency agreement, KCC has an obligation to provide this funding to the Committee. The underspending relating to partners contributions is held in a Fund.</p>	25.9	
	<p>ii) <i>TICC -INTEREGG VA 2 SEAS PROJECT</i> This represents committed match-funding for on-going project delivery.</p>	13.6	
c)	Growth, Environment & Transport Directorate		
	<p>i) <i>Various externally funded projects</i> This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.</p>	319.0	
	<p>ii) <i>Winter Services</i> Key decision (16/00076) following Cabinet Committee recommendation that any future winter service budget underspend be treated as a roll forward, so that additional funding is available in the following financial year for the pressures a mild winter places on highway soft landscaping maintenance.</p>	274.3	
	<p>iii) <i>Spring Clean</i> Cabinet are committed to providing an unfunded KCC contribution of £150k to the Keep Kent Clean campaign in 2018-19.</p>	150.0	
	<p>iv) <i>50 Gibson Drive</i> Vacant commercial unit where no core budget as income funded. Difficulty in finding a suitable tenant to cover costs which we are legally committed to (rates are payable even though the building is empty).</p>	129.0	

		£'000	£'000
	v) <i>Transport for Southeast</i> The continued development of the Subnational Transport Board for the Southeast (TfSE) is critical if we are to attract Government funding to our major strategic transport priorities. This work presents a new resource pressure, and KCC has agreed with all partners to make a contribution to this work on an annual basis. This contribution is £58k for 2018-19 and would otherwise have to be absorbed by the service which could be used more effectively in moving forward the development of specific infrastructure priorities for Kent and Medway.	58.0	
	vi) <i>Domestic Homicide Partnership</i> KCCs unspent contribution to Partnership.	8.5	
d)	Strategic & Corporate Services Directorate		
	i) <i>Strategic Commissioning Office Move</i> This represents the funds required to cover the office moves following the Strategic Commissioning restructure	70.0	
	ii) <i>Various Public Health externally funded projects</i> This represents funds required to fulfil our obligation to the partnership agreements in relation to various externally funded projects.	32.6	
			1140.8
3.	Details of re-phasing required to continue/complete an initiative where we are not yet legally committed:		
a)	Children, Young People & Education Directorate		
	i) <i>Re-phasing of Kent tackling Troubled Families Programme into 2018-19</i> The underspend is due to projects supporting families spanning financial years. Roll forward is requested in order to continue supporting families as part of the Tackling Troubled Families government initiative.	1592.5	
	ii) <i>Kent tackling Troubled Families Programme</i> Implementation of single system now due to be delivered in 2018-19.	120.0	
b)	Adult Social Care and Health Directorate		
	i) <i>S75 Learning Disability</i> The Learning Disability s75 Agreement was signed by KCC and the seven Kent CCGs (not including Medway) within Health in March/April 2016. Income from KCC and the CCGs is paid into the S75 pooled arrangement and is used to fund the costs agreed by the partners in line with the agreement. The S75 agreement provides that any surplus generated as a result of the partner's contributions exceeding actual costs is carried forward to the following year (unless it is agreed by all partners at the year-end to distribute the surplus). The £4.5k is KCC's share of the surplus in 2017-18 to be carried forward to 2018-19.	4.5	
c)	Growth, Environment & Transport Directorate		
	i) <i>Archives digitalisation ICT project</i> ICT-led digital storage solution project delayed into 2018-19.	30.0	

		£'000	£'000
	Linked to MTFP income target around digitalisation.		
	ii) <i>Libraries Furniture</i> Libraries furniture for Projects: Furniture order delayed significantly and now not due for delivery until 2018-19 so funding needs to be re-phased.	20.0	
	iii) <i>Sustainable Communities</i> A delay in the Gen2 led project means an additional in-year underspend will be generated and funds need to be secured in 2018-19 when the works will now be undertaken.	9.0	
d)	Strategic & Corporate Services		
	i) <i>Re-phasing of Local Member Grants</i> Each Member is provided with £20k to provide grants to schemes within their local area to enhance the community. This represents the value of grants which have been approved in 2017-18 for projects internal to KCC, but where the work was not completed by 31 March 2018.	955.2	
e)	Financing Items		
	i) <i>Apprenticeship Levy</i> The digital account which the apprenticeship levy is a paid into is a 24 month rolling fund. The unspent levy needs to be rolled forward to meet apprenticeship training costs for the next 12 months or to fund the write back of unused levy.	999.6	
			3730.8
4.	Bids for Roll Forward:		
a)	Growth, Environment & Transport Directorate		
	i) <i>Customer Services Programme</i> To fund project resource for the coming year, as an unfunded commitment that is enabling channel shift and helping to deliver savings. Without funding, the programme cannot continue.	50.0	
			50.0
5.	Remaining uncommitted balance of underspending		-525.1

CAPITAL RE-PHASING

The 2018-19 and future years capital programme will be adjusted to reflect the total re-phasing of £43.052m as follows:

CYPE	2017-18	2018-19	2019-20	Future years	Total
	£'000	£'000	£'000	£'000	£'000
Modernisation Prog	-3,075	3,075			0
Pupil Referral Units	-688	688			0
Basic Need	-19,014	17,866	1,148		0
Special Schools Review	-1,077	1,077			0
Sevenoaks Grammar School	-1,972	1,972			0
Sevenoaks Free School	-127	127			0
John Wallis Academy	-423	423			0
Nursery Provision for 2 year olds	-318	318			0
Early Years Capital Fund	-94	94			0
Priority School Build Programme	-2,743	2,658	85		0
EYPS Single System	-425	425			0
Vocational Education Programme	-98	98			0
Academy Unit Costs	-51	51			0
Skinner's Academy	-149	149			0
TOTAL REPHASING	-30,254	29,021	1,233	0	0
Rephasing already actioned through Budget Build	-10,905	14,171	-3,266	0	0
Remaining rephasing to action from outturn	-19,349	14,850	4,499	0	0
ASCH	2017-18	2018-19	2019-20	Future years	Total
	£'000	£'000	£'000	£'000	£'000
OP Strategy - Lowfield Street	-241	241			0
OP Strategy - Specialist Care Facilities	-1,000	1,000			0
Learning Disability Good Day Programme	-1,610	1,610			0
SWIFT Enhancements	-69	69			0
Adult Social Care Case Management	-1,065	-1,400	2,465		0
Developer Funded Community Schemes	-155	155			0
Housing and Technology Fund	-525	525			0
Community Sexual Health Services	-294	294			0
TOTAL REPHASING	-4,959	2,494	2,465	0	0
Rephasing already actioned through Budget Build	-3,131	666	2,465	0	0
Remaining rephasing to action from outturn	-1,828	1,828	0	0	0

	2017-18	2018-19	2019-20	Future years	Total
GET - Highways, Transportation & Waste	£'000	£'000	£'000	£'000	£'000
Major Schemes - Preliminary Design Fees	-614	208	186	220	0
Highway Major Maintenance	-2,255	2,255			0
Integrated Transport Scheme	-166	166			0
Non Grant Supported Land, Part 1 Compensation Claims	-62	53	9		0
National Productivity Investment Fund (Kent Medical Campus)	-5,311	5,274	37		0
Sittingbourne Northern Relief Road	-352	257	95		0
East Kent Access Phase 2	-427	327	100		0
Rushenden Link Rd	-33	-30	63		0
Victoria Way	-65	31	34		0
Drovers Roundabout	-80	80			0
Kent Thameside Strategic Transport Programme	-83	3,995	-336	-3,576	0
A226 St Clements Way	-468	468			0
Rathmore Road Link	-385	291	94		0
Westwood Relief Strategy - Poorhole Lane Improvement	-24	24			0
A28 Chart Road	-783	783	0	0	0
Thanet Parkway Railway Station	-412	1,711	-9,519	8,220	0
North Farm Development, Longfield Road	-34	19	4	11	0
LED Conversion	-4,090	4,090			0
A26 London Road Junction Improvements	-1,117	1,117			0
Sturry Link Road	-616	449	-2,667	2,834	0
A28 Sturry Road Integrated Transport Package	-364	364			0
Tonbridge Town Centre Regeneration	-75	75			0
Kent Sustainable Interventions Programme for Growth	-158	158			0
Maidstone Integrated Transport	-1,921	1,921			0
Dartford Town Centre	-1,094	190	177	727	0
A2500 Lower Road Improvements	-88	-11	32	67	0
A2 Off Slip Wincheap	-753	1,152		-399	0
Leigh (Medway) Flood Storage Areas		350	540	-890	0
Street Lighting Column Replacement - New Bid	62	-62			0
Open Golf	8	-8			0
Energy & Water Investment Funds - 4K07	-8	8			0
Energy & Water Investment Funds - 4K15	-18	18			0
Sturry Rd Landfill Site	-78	78			0
M20 Junction 4	74	-43	-31		0
West Kent Local Sustainable Transport	-486	486			0
Kent Strategic Congestion Management Prog Across Growth Areas	-246	246			0
Kent Thameside LSTF Integrated Door to Door Journeys	-149	149			0
TOTAL REPHASING	-22,671	26,639	-11,182	7,214	0
Rephasing already actioned through Budget Build	-12,127	8,834	-14,411	17,704	0
Remaining rephasing to action from outturn	-10,544	17,805	3,229	-10,490	0

	2017-18	2018-19	2019-20	Future years	Total
SCS	£'000	£'000	£'000	£'000	£'000
Modernisation of Assets	-512	1,512	-1,000		0
LIVE Margate	-1,563	-956	2,519		0
Property Investment Fund	-3,370	3,370			0
Dover Discovery Centre	-4,306	2,086	2,220		0
Invicta Car Park	-943	943			0
Business Intelligence Tool	-1,034	1,034			0
HR System Development	-5	5			0
New Ways of Working	-878	428	450		0
Rendezvous Hotel		-15,750		15,750	0
Innovative Schemes Fund	-53	53			0
TOTAL REPHASING	-12,664	-7,275	4,189	15,750	0
Rephasing already actioned through Budget Build	-9,041	-8,228	1,519	15,750	0
Remaining rephasing to action from outturn	-3,623	953	2,670	0	0
TOTAL REPHASING ALREADY ACTIONED THROUGH BUDGET BUILD	-45,959	26,391	-11,370	30,938	0
TOTAL REMAINING REPHASING TO ACTION FROM OUTTURN	-43,052	43,850	8,573	-9,371	0

SUMMARY OF PROPOSED CAPITAL PROGRAMME CASH LIMIT CHANGES

	2018-19	2019-20	Future Years	Total	
CYPE	£'000	£'000	£'000		
Youth - Modernisation of Assets	-14	0	0	-14	Underspend used for Whitstable Youth Hub
Annual Planned Enhancement	494	0	0	494	Additional external funding
SSR Phase 2	-22	0	0	-22	Adjustment of funding available
Priority School Build Prog	150	0	0	150	Funding from Basic Need
EYPS Single System	8	0	0	8	Balance repaid from Early Help Module
ePEP - Professional Portal	14	0	0	14	Revenue contribution
Total Other Cash Limit Changes	630	0	0	630	
	2018-19	2019-20	Future Years	Total	
ASCH	£'000	£'000	£'000		
Developer Funded Community Schemes	109	0	0	109	Additional developer contributions
Total Other Cash Limit Changes	109	0	0	109	
	2018-19	2019-20	Future Years	Total	
GET - Highways, Transportation & Waste	£'000	£'000	£'000		
Highway Major Maintenance & Street Light Timing	2,558	0	0	2,558	Additional grant funding
Integrated Transport Scheme	46	0	0	46	Reallocation of DFT grant
Maidstone Gyrotory Bypass	160	0	0	160	Additional external funding
Sturry Link Road	0	0	1,000	1,000	Additional dev conts
Energy & Water Investment Funds - 4K07	81	57	270	408	Reflects latest repayments schedule
Energy & Water Investment Funds - 4K15	18	16	150	184	Reflects latest repayments schedule
Total Other Cash Limit Changes	2,863	73	1,420	4,356	
	2018-19	2019-20	Future Years	Total	
GET - Environment, Planning & Enforcement and Libraries, Registration and Archives	£'000	£'000	£'000		
Public Rights of Way	-215	0	0	-215	Cash limit reduction per DFT allocation
Total Other Cash Limit Changes	-215	0	0	-215	
	2018-19	2019-20	Future Years	Total	
GET - Economic Development	£'000	£'000	£'000		
None	0	0	0	0	
Total Other Cash Limit Changes	0	0	0	0	
	2018-19	2019-20	Future Years	Total	
SCS	£'000	£'000	£'000		
None	0	0	0	0	
Total Other Cash Limit Changes	0	0	0	0	

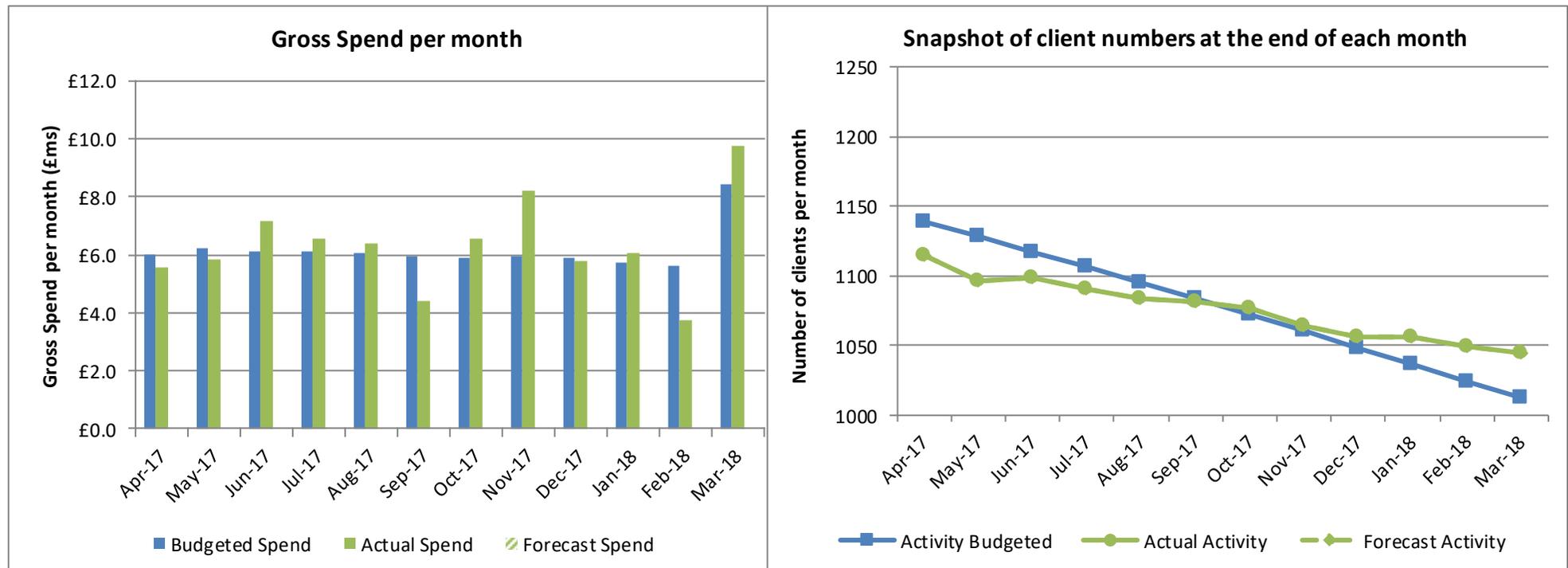
Appendix 4.1: Nursing & Residential Care - Learning Disability (aged 18+)

2017-18	Gross	Income	Net	Client Number
Outturn	£m	£m	£m	as at 31/03/2018
Budget	£74.1	-£5.9	£68.2	1,012
Outturn	£75.9	-£6.1	£69.8	0
Variance	£1.9	-£0.2	£1.7	-1,012

Position as at 31st March 2018	Gross	Client Number
	£m	as at 31/03/2018
Budget: Spend/Activity Year to Date	£74.1	1,012
Actual: Spend/Activity Year to Date	£75.9	1,044
Variance as at 31st March 2018	£1.9	32

MAIN REASONS FOR VARIANCE:

The gross outturn of +£1.9m is due to higher than anticipated demand (+£2.6m) and and lower unit cost (-£0.7m). This pressure is partly offset by greater than expected income of -£0.2m. This leads to a net outturn of +£1.7m.



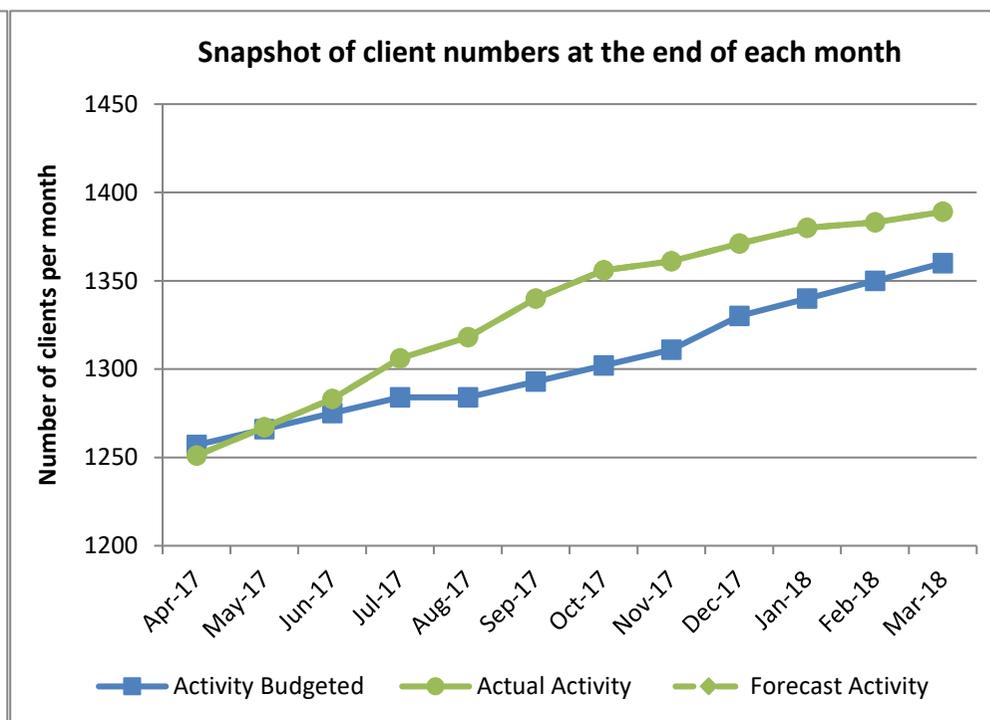
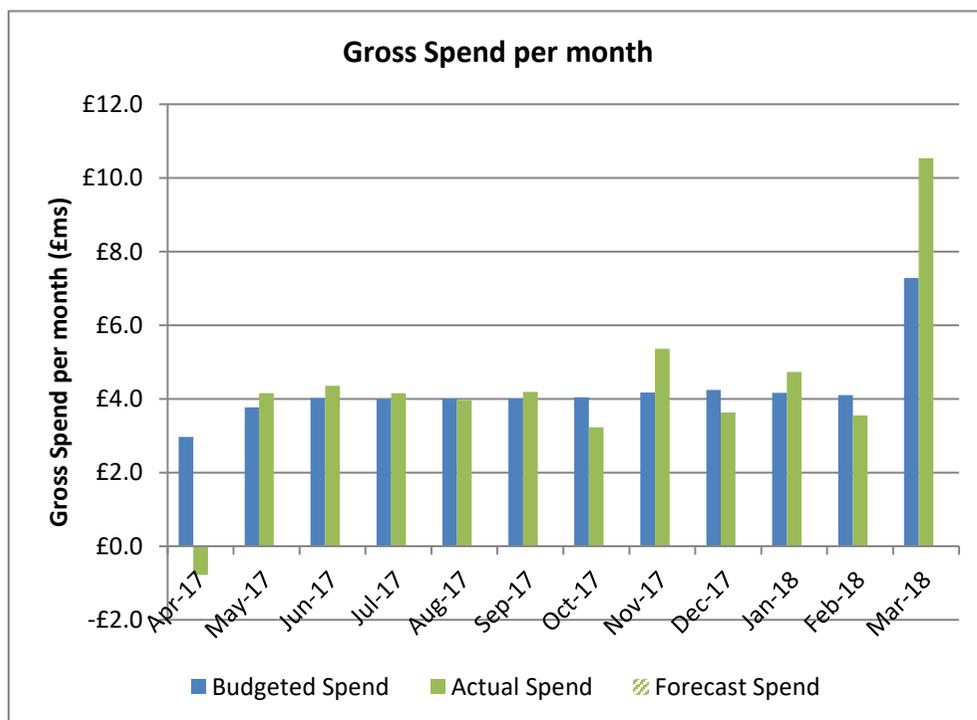
Appendix 4.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

2017-18 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£50.8	-£0.2	£50.6	1,360
Outturn	£51.1	-£0.2	£50.9	1,389
Variance	£0.3	-£0.0	£0.3	29

Position as at 31st March 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£50.8	1,360
Actual: Spend/Activity Year to Date	£51.1	1,389
Variance as at 31st March 2018	£0.3	29

MAIN REASONS FOR VARIANCE:

The gross outturn pressure of +£0.3m is due to higher than anticipated demand in hours (+£3.3m) and lower unit cost (-£2.3m), along with an additional variance of -£0.7m predominately due to the release of unrealised creditors. This leads to a net outturn of +£0.3m.



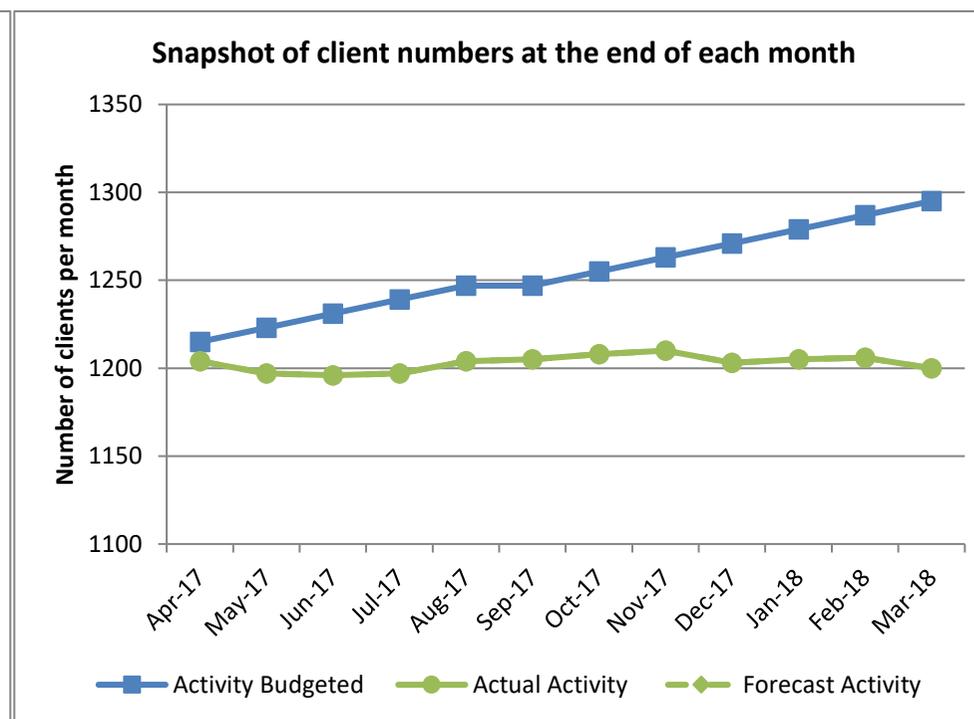
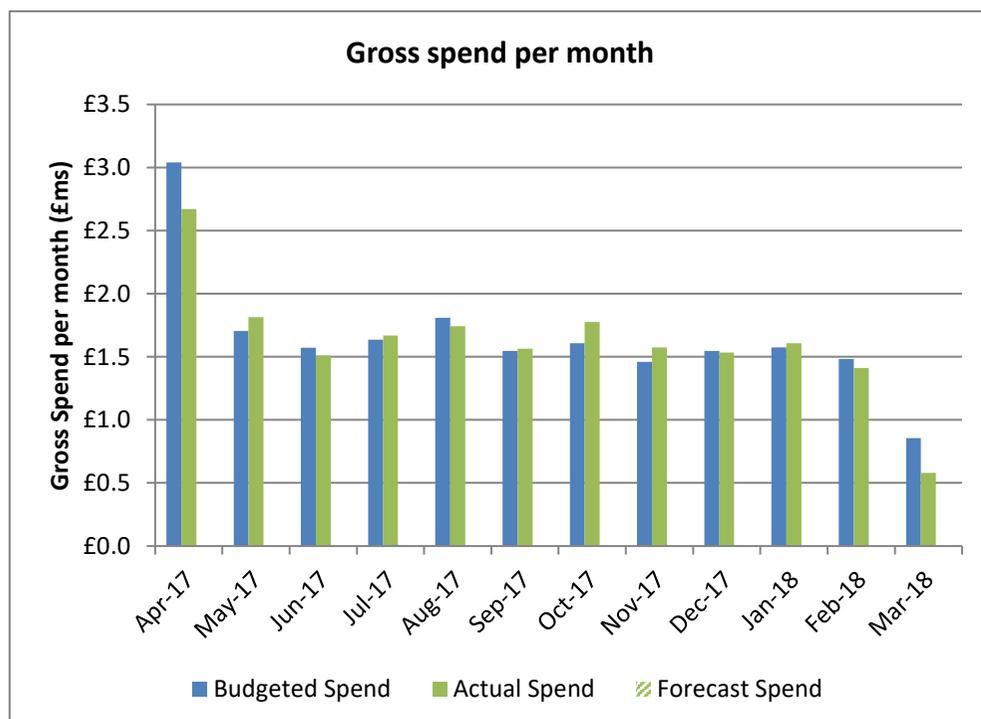
Appendix 4.3: Direct Payments - Learning Disability (aged 18+)

2017-18 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£19.8	-£0.8	£19.0	1,200
Actuals	£19.5	-£0.8	£18.6	1,295
Variance	-£0.4	£0.0	-£0.4	95

Position as at 31st March 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£19.8	1,295
Actual: Spend/Activity Year to Date	£19.5	1,200
Outturn as at 31st March 2018	-£0.4	-95

MAIN REASONS FOR VARIANCE:

The gross underspend of -£0.4m is due to lower than anticipated demand (-£0.6m) and a higher unit cost (+£0.2m)



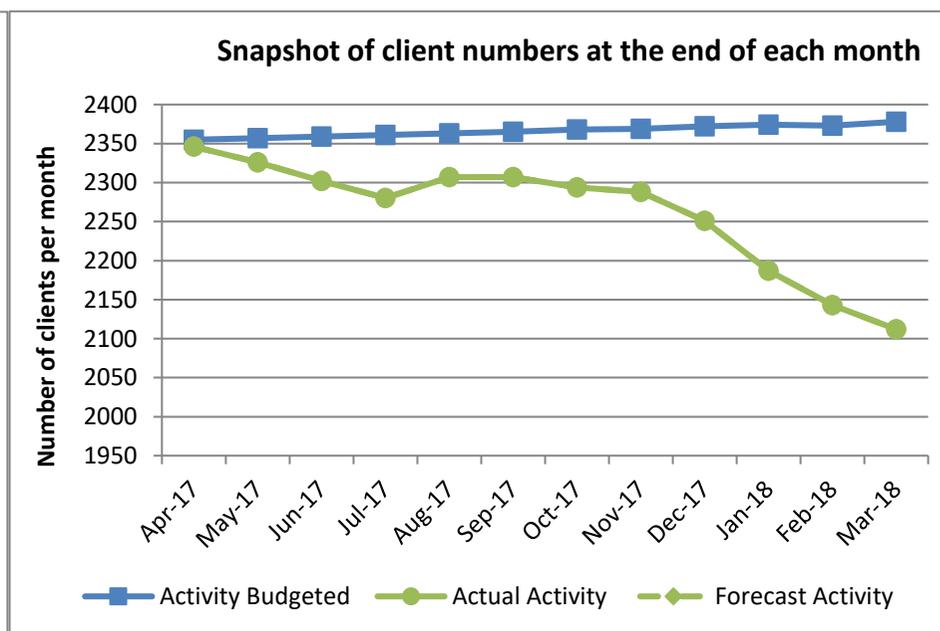
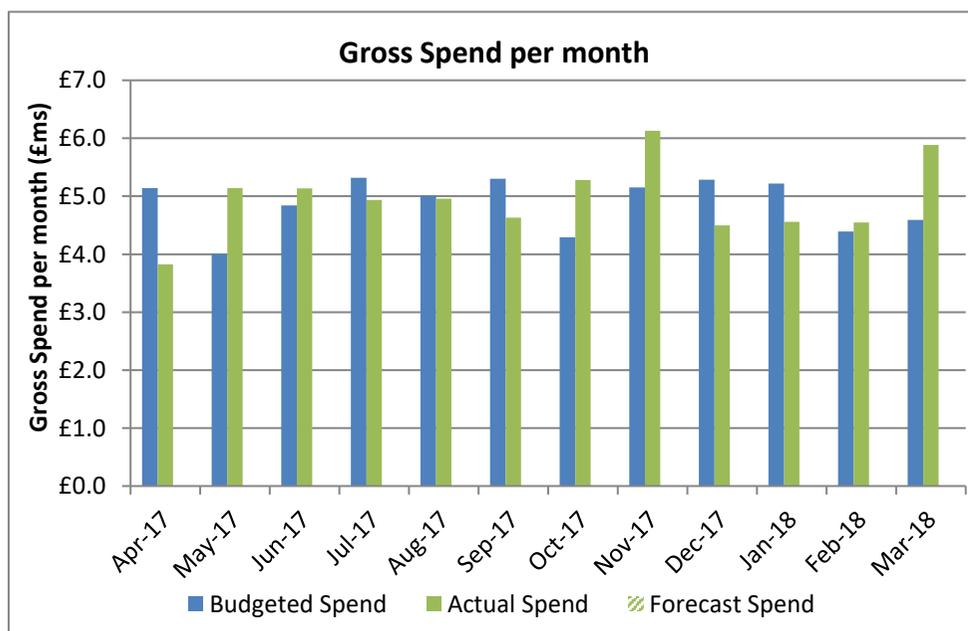
Appendix 4.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

	Gross	Income	Net	Client Number
2017-18 Forecast	£m	£m	£m	as at 31/03/2018
Budget	£58.5	-£35.2	£23.4	2,378
Outturn	£59.5	-£34.2	£25.3	2,112
Variance	£1.0	£1.0	£2.0	-266

	Gross	Client Number
Position as at 31st Mar 2018	£m	as at 31/03/2018
Budget: Spend/Activity Year to Date	£58.5	2,378
Actual: Spend/Activity Year to Date	£59.5	2,112
Variance as at 31st January 2018	£1.0	-266

MAIN REASONS FOR FORECAST VARIANCE:

The gross outturn pressure of +£1.0m is due to lower than anticipated demand (-£1.7m) and a higher unit cost (+£2.3m), along with an additional variance of +£0.4m predominately due to net old year spend, partly offset by an increase in the provision for bad and doubtful debts. This pressure is further increased by lower than expected income of +£1.0m due to shortfall in service user contributions linked to the lower demand (+£0.8m) and a lower average contribution per service user (+£0.3m). This leads to a net outturn of +£2.0m. There is a slight time delay before clients are included in the actual client count as contract details are finalised, accounting for the difference between outturn client count and the previous month's actual client count shown below.



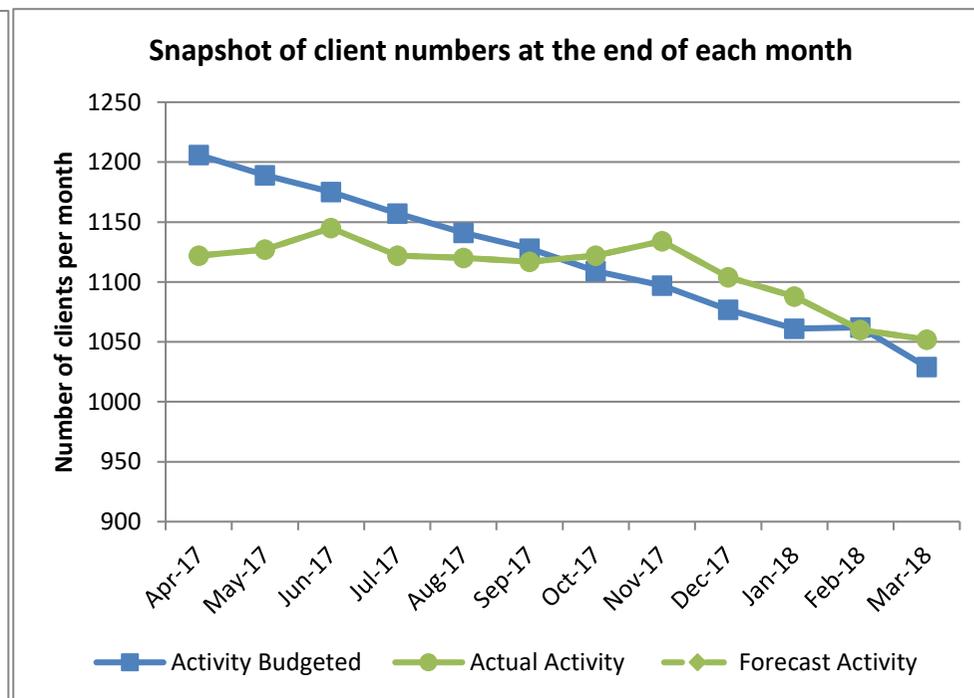
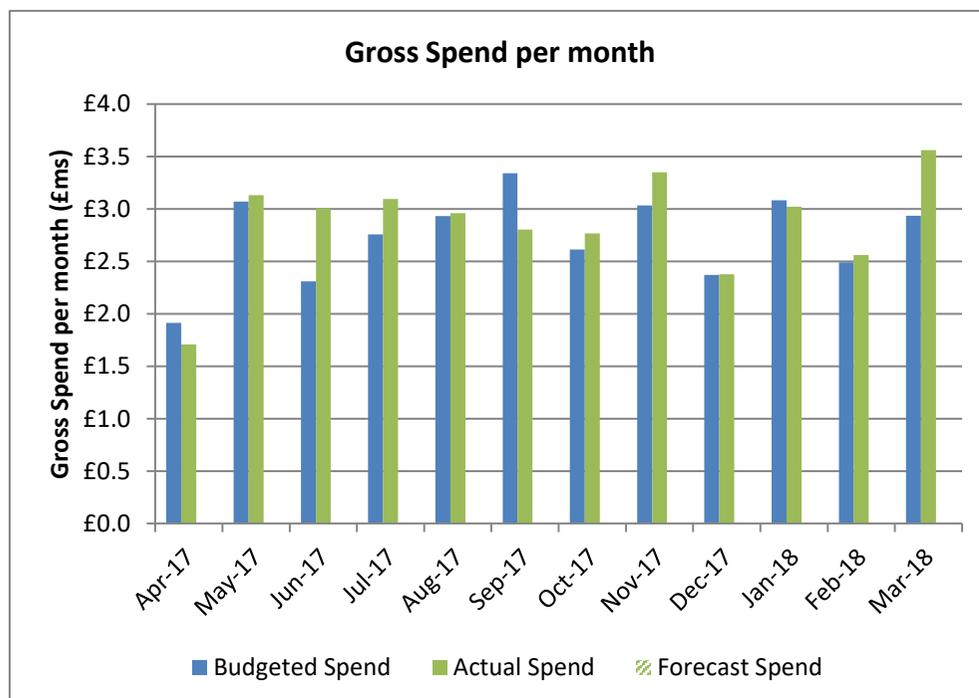
Appendix 4.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

2017-18 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£32.8	-£17.4	£15.4	1,029
Outturn	£34.3	-£18.1	£16.2	1,052
Variance	£1.5	-£0.7	£0.8	23

Position as at 31st Mar 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£32.8	1,029
Actual: Spend/Activity Year to Date	£34.3	1,052
Variance as at 31st January 2018	£1.5	23

MAIN REASONS FOR FORECAST VARIANCE:

The gross outturn of +£1.5m is due to higher than anticipated demand (+£0.1m) and higher unit cost (+£1.6m), along with an additional variance of -£0.1m predominately due to net old year spend. This is partly offset by greater than expected income of -£0.7m primarily due to shortfall in service user contributions linked to a higher average contribution per service user (-£0.7m). This leads to a net outturn pressure of +£0.8m.



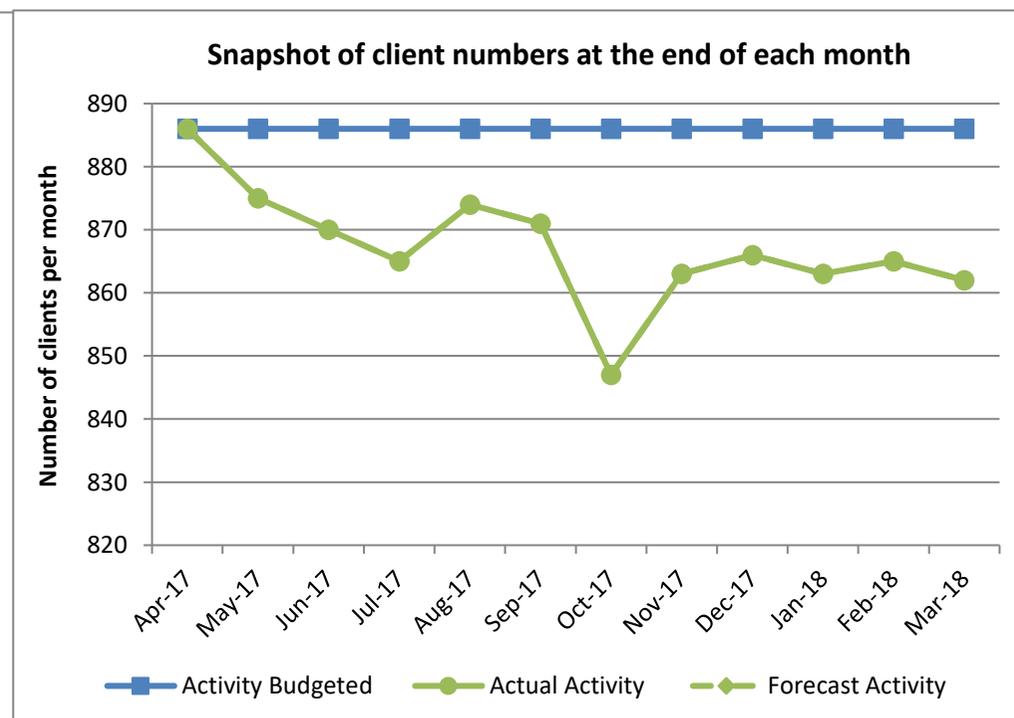
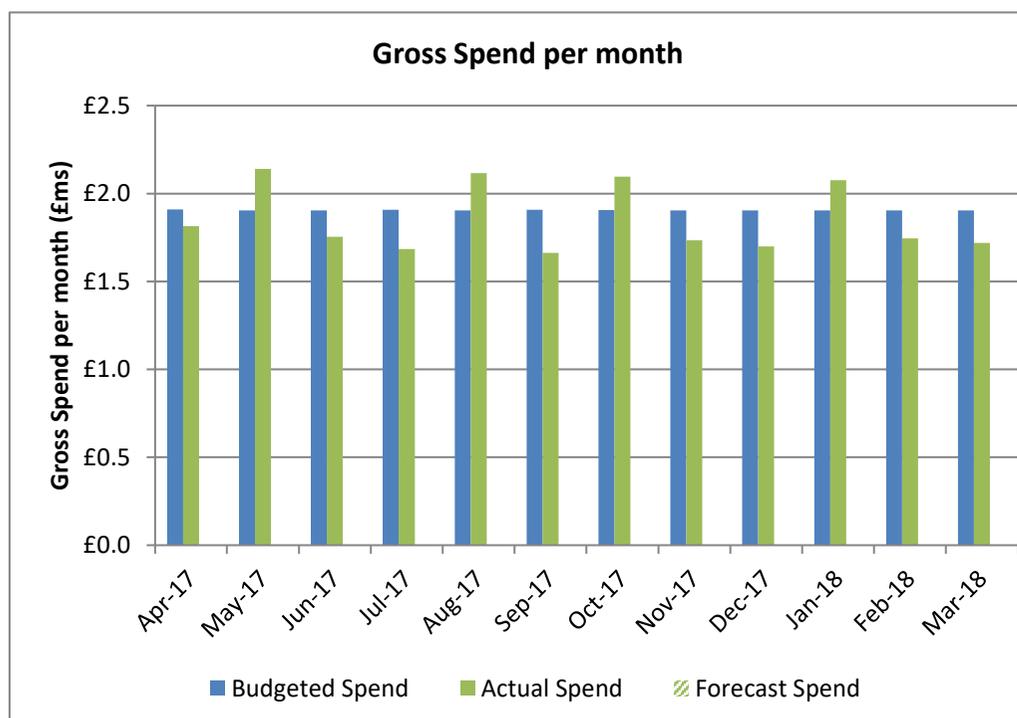
Appendix 4.7: Children in Care (Looked After) - Fostering - In house service

2017-18 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£22.8	-£0.3	£22.6	886
Actual	£22.2	-£0.2	£22.1	862
Variance	-£0.6	£0.1	-£0.5	-24

Position as at 31st March 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£22.9	886
Actual: Spend/Activity Year to Date	£22.2	862
Variance as at 31st March 2018	-£0.6	-24

MAIN REASONS FOR VARIANCE:

The gross underspend of -£0.6m is due to a combination of lower than anticipated demand (-£0.3m) and lower unit cost (-£0.3m). This is combined with lower than expected income of +£0.1m to produce a net underspend of -£0.5m.



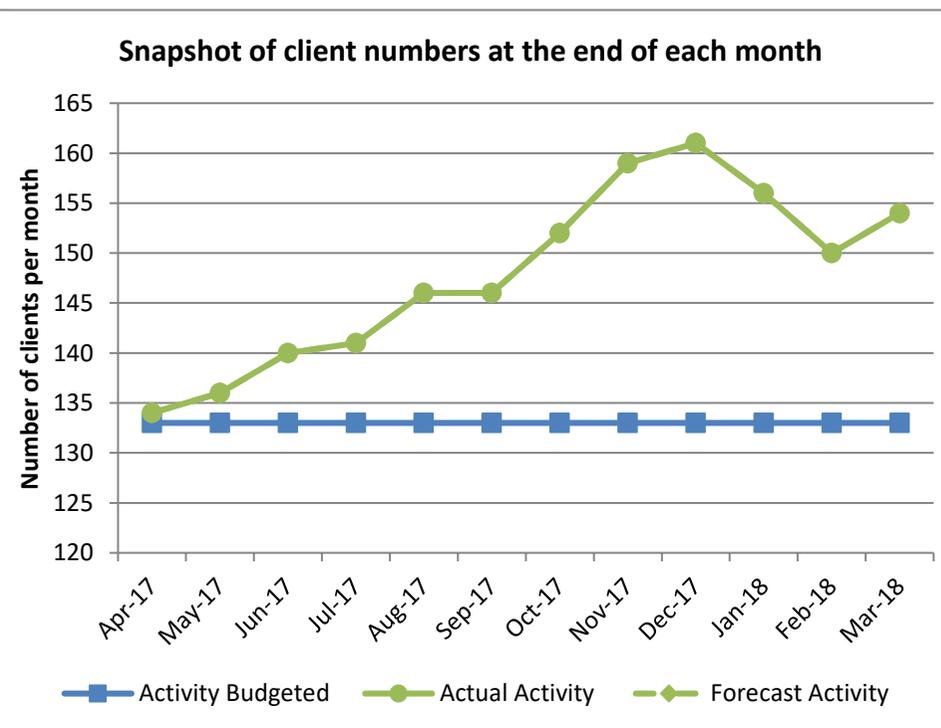
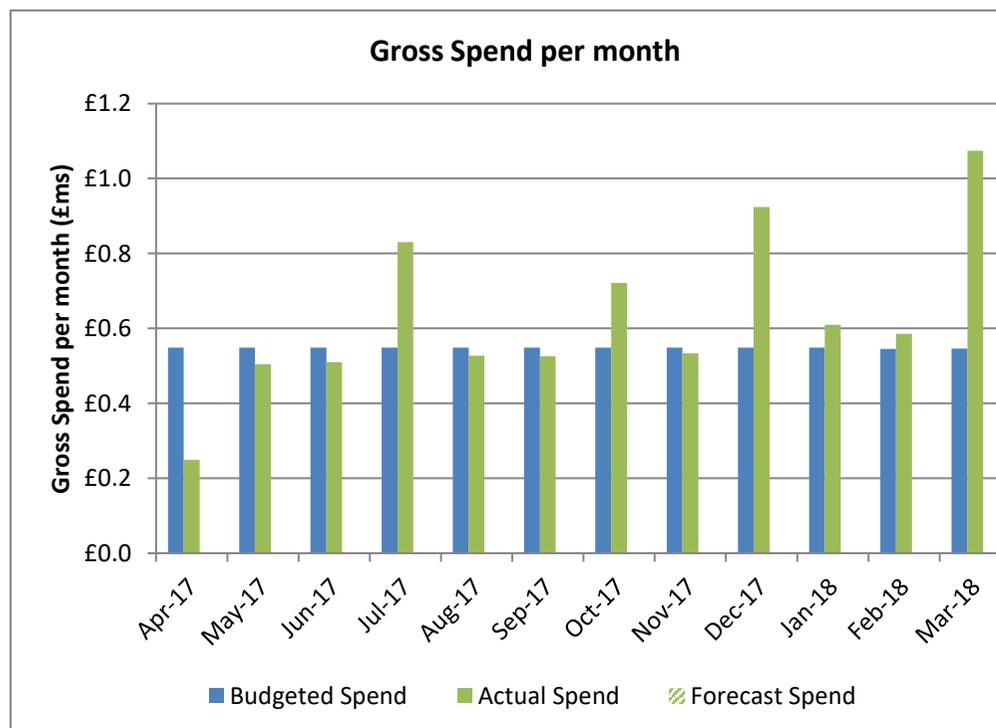
Appendix 4.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

2017-18 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£6.6	£0.0	£6.6	133
Actual	£7.6	£0.0	£7.6	154
Variance	£1.0	£0.0	£1.0	21

Position as at 31st March 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£6.6	133
Actual: Spend/Activity Year to Date	£7.6	154
Variance as at 31st March 2018	£1.0	21

MAIN REASONS FOR VARIANCE:

The gross pressure of +£1.0m is due to higher than anticipated demand (+£0.9m) and higher unit cost (+£0.1m).



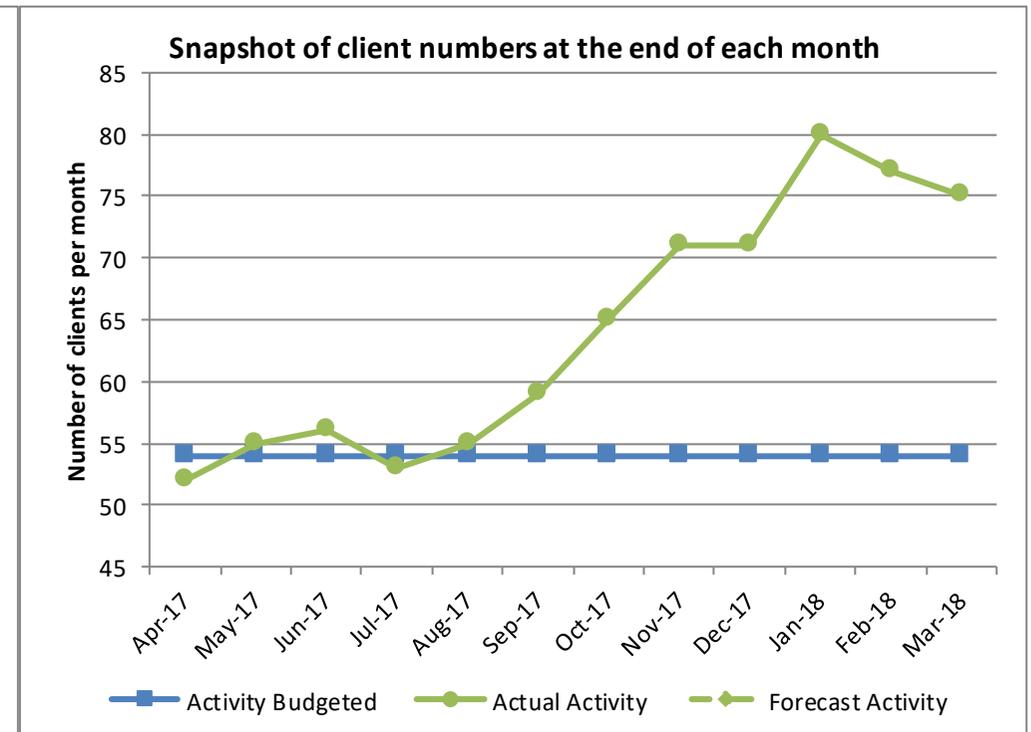
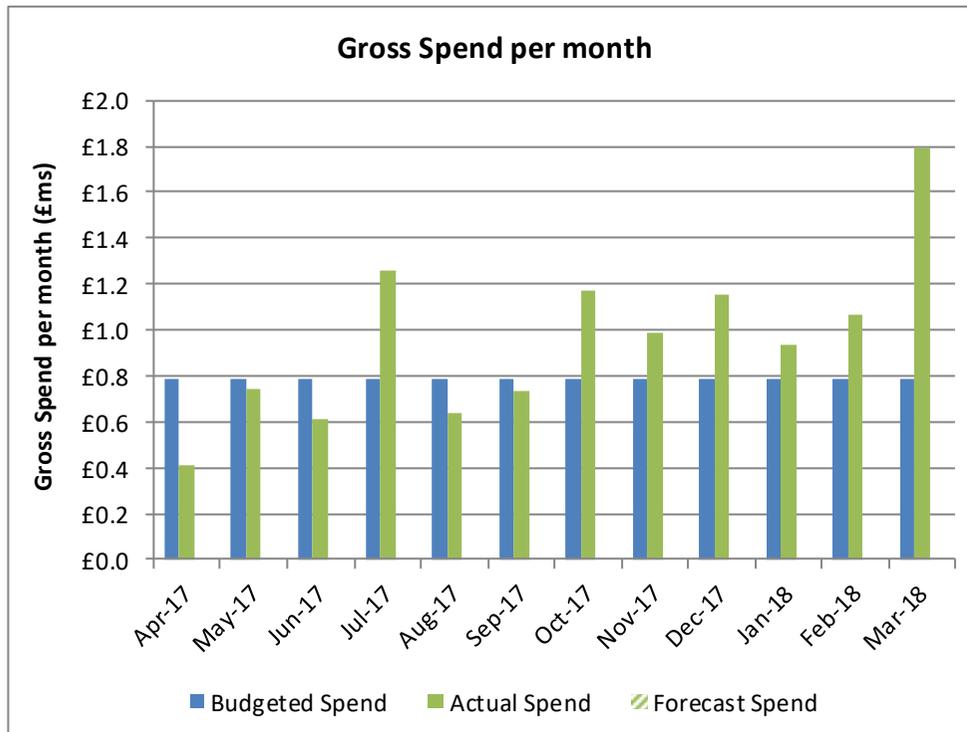
Appendix 4.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

2017-18 Outturn	Gross £m	Income £m	Net £m	Client Number as at 31/03/2018
Budget	£9.4	-£0.6	£8.8	54
Actual	£11.5	-£0.9	£10.6	75
Variance	£2.1	-£0.3	£1.8	21

Position as at 31st March 2018	Gross £m	Client Number as at 31/03/2018
Budget: Spend/Activity Year to Date	£9.4	54
Actual: Spend/Activity Year to Date	£11.5	75
Variance as at 31st March 2018	£2.1	21

MAIN REASONS FOR VARIANCE:

The gross pressure of +£2.1m is due to a combination of higher unit cost (+£0.4m) and greater than anticipated demand (+£1.3m), along with greater than anticipated placements in Secure Accommodation (+0.3m). This pressure is partly offset by greater than expected income of -£0.3m, primarily due to greater contributions for care costs from Health & Education. This leads to a net overspend of £1.8m.



Appendix 4.10: Assessment Services - Children's Social Care (CSC) staffing

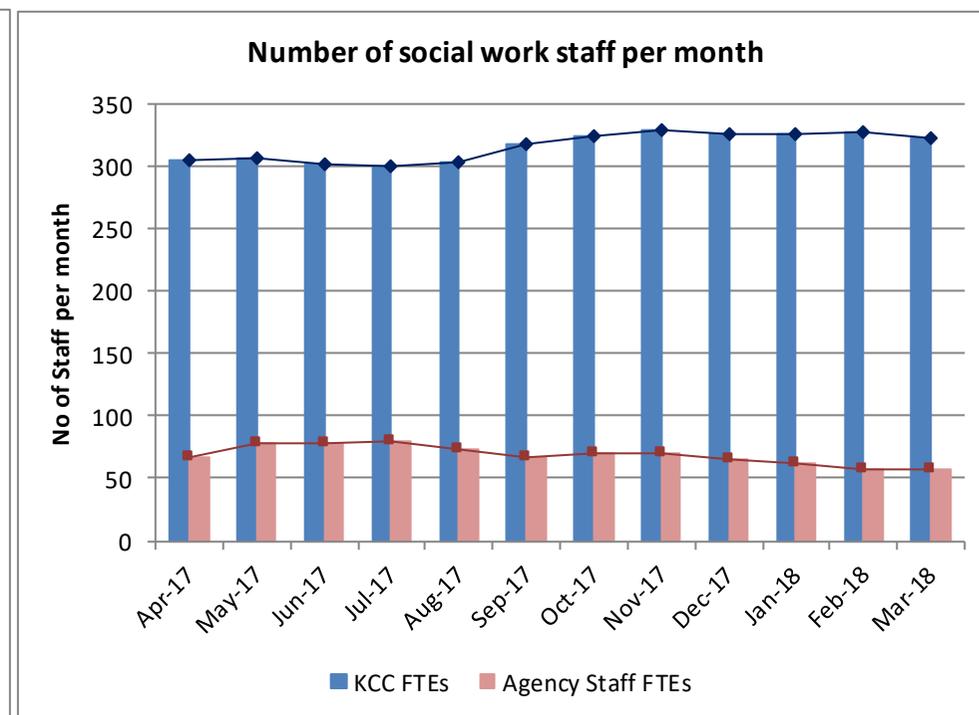
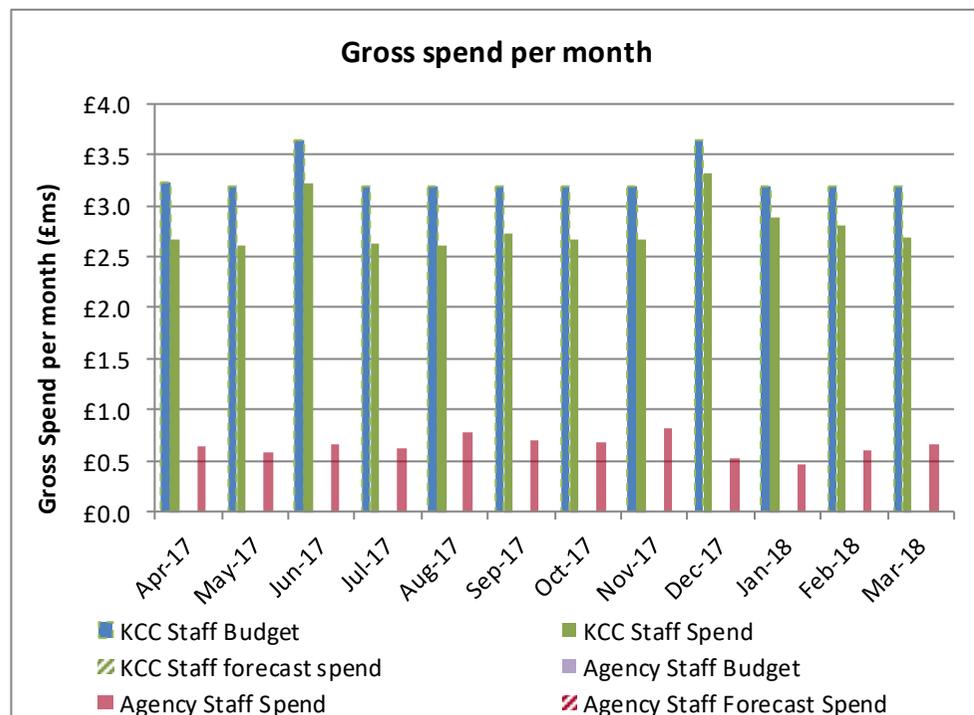
2017-18 Outturn	KCC £m	Agency £m	Gross £m
Budget	£39.2	£0.0	£39.2
Actual	£33.5	£7.7	£41.2
Variance	£-5.8	£7.7	£2.0

as at 31/03/18	KCC £m	Agency £m	Gross £m
YTD Budget	£39.2	£0.0	£39.2
YTD Spend	£33.5	£7.7	£41.2
YTD Variance	£-5.8	£7.7	£2.0

Staff numbers	KCC FTEs	Agency Nos
as at 31/03/17	307.0	65.4
as at 31/03/18	322.4	57.0
YTD Movement	15.5	-8.4

MAIN REASONS FOR VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £0.9m net pressure reported against Children's Assessment staffing. The £2.0m staffing pressure identified above is net against £0.8m additional income, predominately relating to the recharging of the Duty Asylum team to the Asylum service, and a minor underspend on non-staffing £-0.3m to produce the overall £0.9m pressure reported.



Appendix 4.10: Assessment Services - Children's Social Care (CSC) staffing

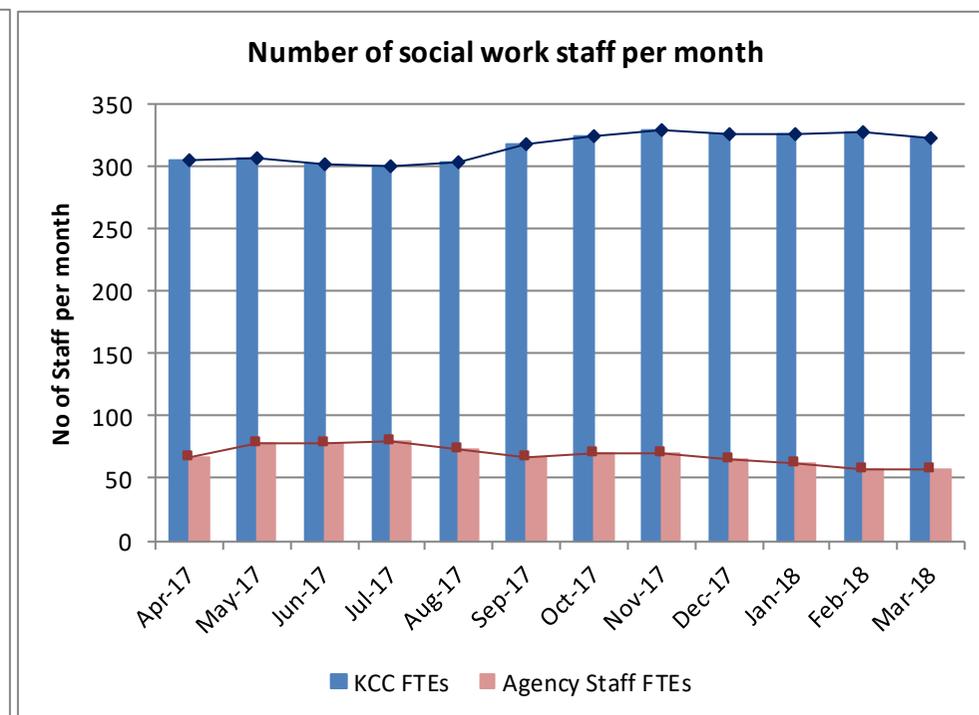
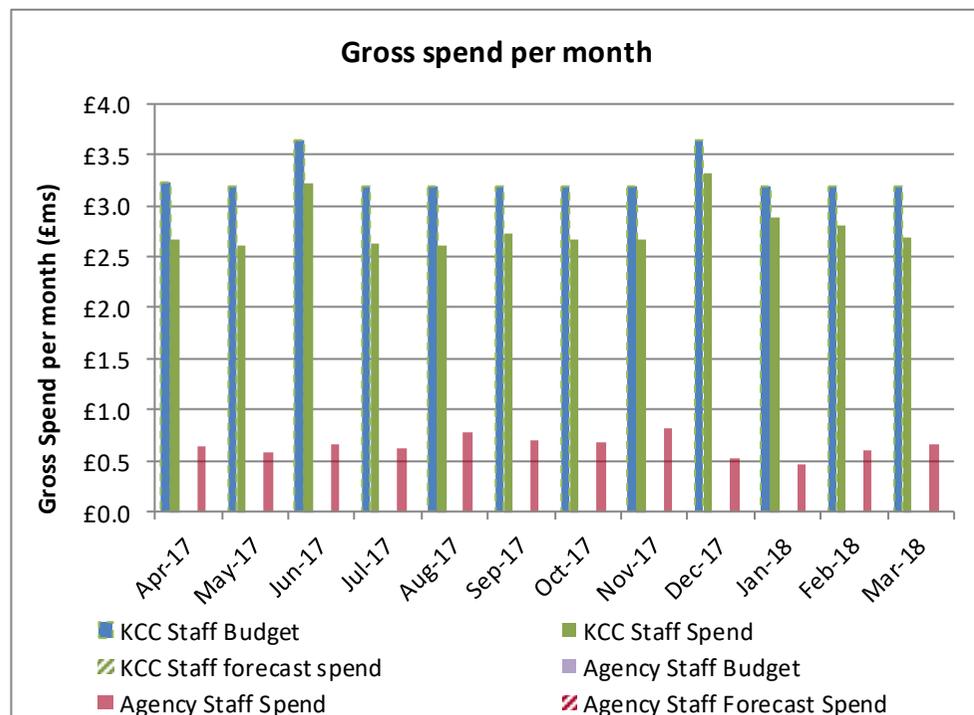
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Actual	£33.5	£7.7	£41.2
Variance	-£5.8	£7.7	£2.0

as at 31/03/18	KCC £m	Agency £m	Gross £m
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YTD Spend	£33.5	£7.7	£41.2
YTD Variance	-£5.8	£7.7	£2.0

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as at 31/03/18	322.4	57.0
YTD Movement	15.5	-8.4

MAIN REASONS FOR VARIANCE:

This measure focusses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers, so every agency worker (who are more expensive than salaried staff) results in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers which contributes to the £0.9m net pressure reported against Children's Assessment staffing in Appendix 1. The £2.0m staffing pressure identified above is net against -£0.8m additional income, predominately relating to the recharging of the Duty Asylum team to the Asylum service, and a minor underspend on non-staffing -£0.3m to produce the overall £0.9m pressure reported.

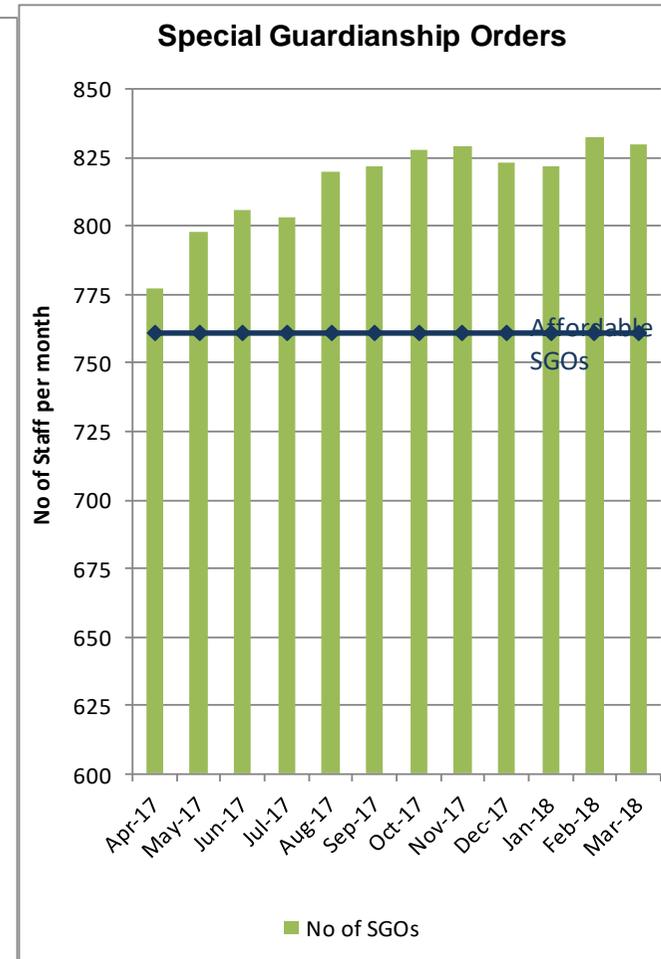
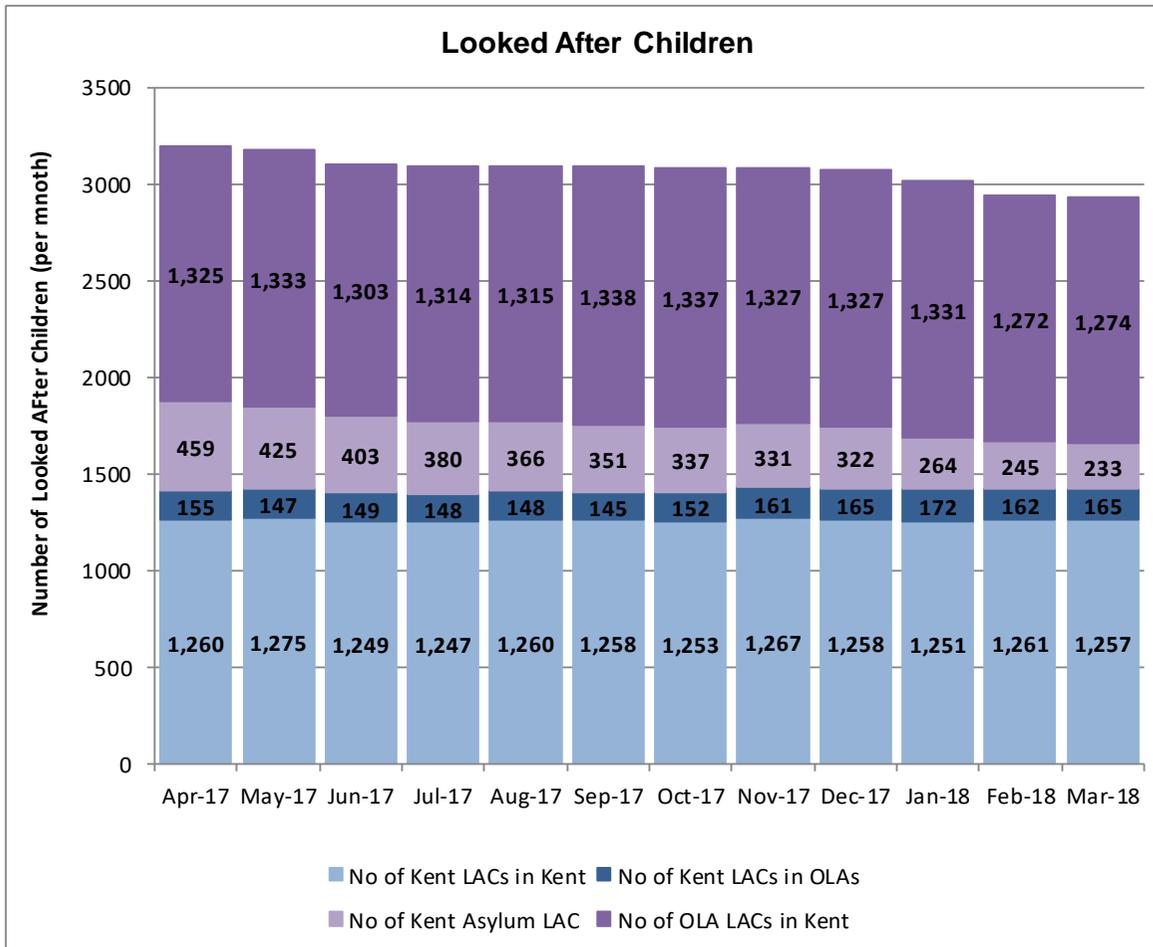


Appendix 4.11: Number of Looked After Children and Number of Special Guardianship Orders (SGOs) with Costs

The left-hand graph shows a snapshot of the number of children designated as looked after at the end of each month (including those currently missing), it is not the total number of looked after children during the period. The OLA LAC information is completely reliant on Other Local Authorities keeping KCC informed of which children are placed within Kent. The Management Information Unit (MIU) regularly contact these OLAs for up to date information, but replies are not always forthcoming.

There is an overall pressure on both the Specialist Children's Services and Disabled Children's Services budget, with key parts of this relating to the LAC headings of Residential Care and Foster Care and non-LAC headings such as Social Care Staffing, Adoption & other permanent care arrangements (including Special Guardianship Orders (SGOs)), and Leaving Care.

The right hand graph shows the number of SGOs incurring costs, which are approved by the courts. These children are either former LAC or may have become LAC if an SGO was not granted.



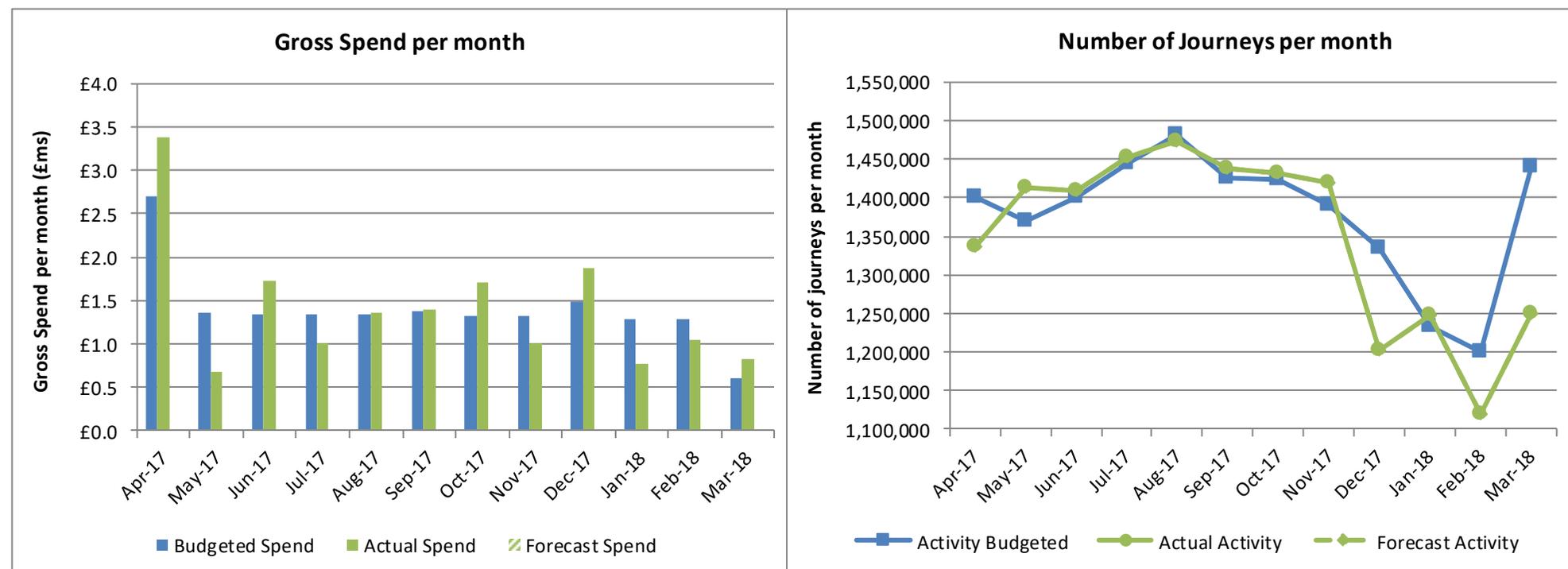
Appendix 4.12: Transport Services - Concessionary fares

2017-18 Forecast	Gross £m	Income £m	Net £m	No of journeys to 31/03/2018
Budget	£16.8	-£0.0	£16.8	16,542,000
Actual	£16.8	-£0.0	£16.8	16,194,226
Variance	£0.0	-£0.0	£0.0	-347,774

Position as at 31st March 2018	Gross £m	No of journeys to 31/03/2018
Budget: Spend/Activity Year to Date	£16.8	16,542,000
Actual: Spend/Activity Year to Date	£16.8	16,194,226
Variance as at 31st Mar 2018	£0.0	-347,774

MAIN REASONS FOR FORECAST VARIANCE:

There is no cost variance against the budget as an overspend resulting from a slightly higher unit cost (+£0.3m) is offset by a reduction in demand (-£0.3m).



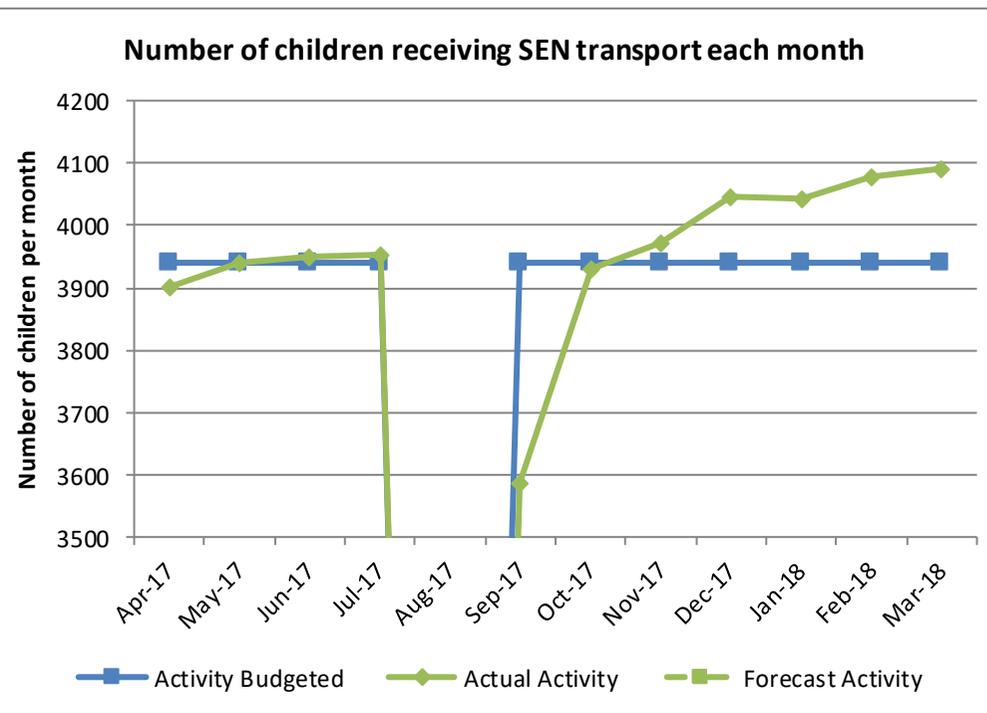
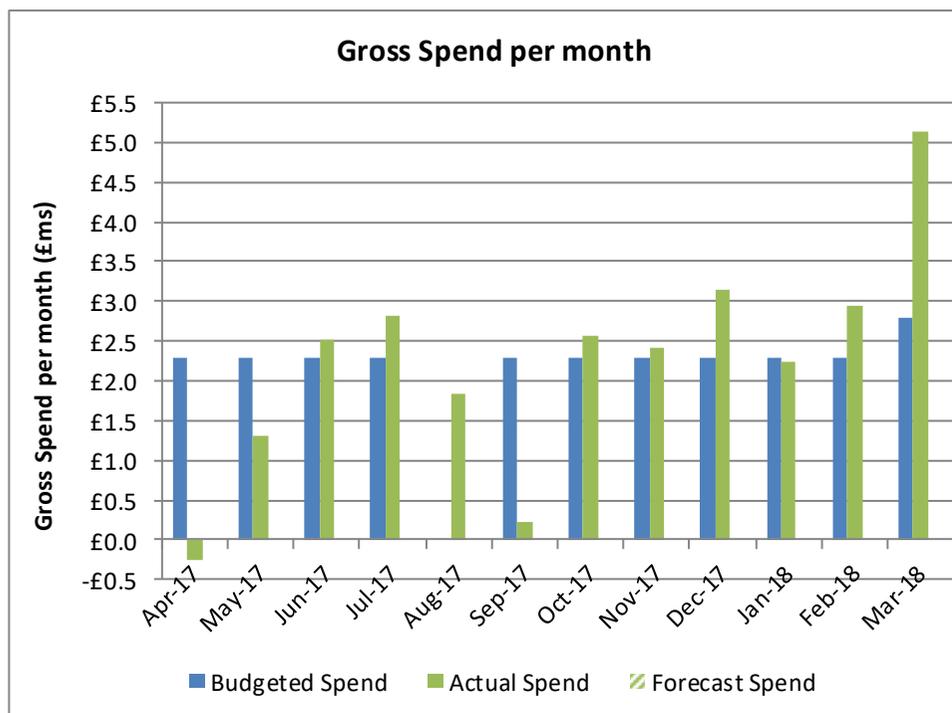
Appendix 4.13: Transport Services - Home to School / College Transport (Special Education Needs)

2017-18 Outturn	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2018
Budget	£25.8	-£0.8	£25.0	3,941
Actual	£26.9	-£1.1	£25.8	4,090
Variance	£1.1	-£0.3	£0.9	149

Position as at 31st March 2018	Gross £m	No of pupils as at 31/03/2018
Budget: Spend/Activity Year to Date	£25.8	3,941
Actual: Spend/Activity Year to Date	£26.9	4,090
Variance as at 31st March 2018	£1.1	149

MAIN REASONS FOR VARIANCE:

Higher than expected pupil numbers and an increased cost of journeys has led to a +£0.4m overspend on home to school special educational needs transport. This combined with a +£0.6m overspend on home to college transport and a +0.1m overspend on the remaining budget lines results in an overall gross overspend of £1.1m for Special Education Needs Transport.



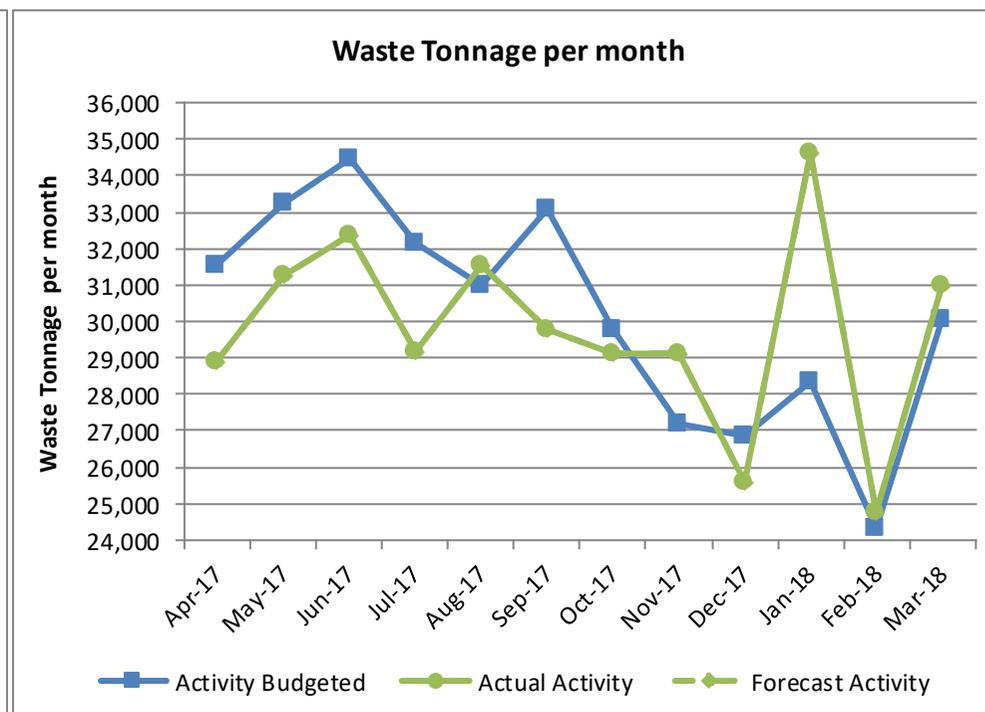
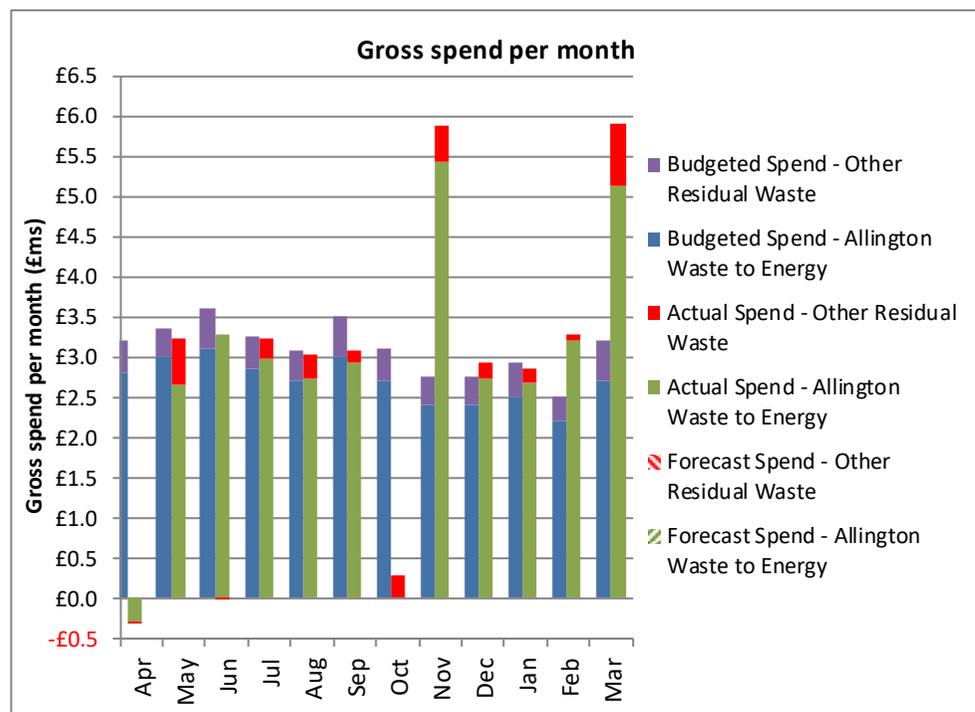
Appendix 4.14: Treatment and disposal of residual waste

2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£37.4	£0.0	£37.4	
Actual	£37.4	-£0.7	£36.7	357,333
Variance	£0.1	-£0.7	-£0.7	357,333

Position as at 31st March 2018	Gross £m	Waste Tonnage to 31/03/2018
Budget: Spend/Activity Year to Date	£37.4	362,047
Actual: Spend/Activity Year to Date	£36.7	357,333
Variance as at 31st March 2018	-£0.7	-4,714

MAIN REASONS FOR FORECAST VARIANCE:

The overspend on gross expenditure of +£0.1m is due to a price variance (+£0.4m) plus other variances (+£0.3m), namely clinical waste and Medway Authority Cross Boundary Charges, offset by a volume variance (-£0.6m). This overspend is offset by higher than expected income (-£0.7m), mainly from trade waste, leading to a net saving of (-£0.7m).



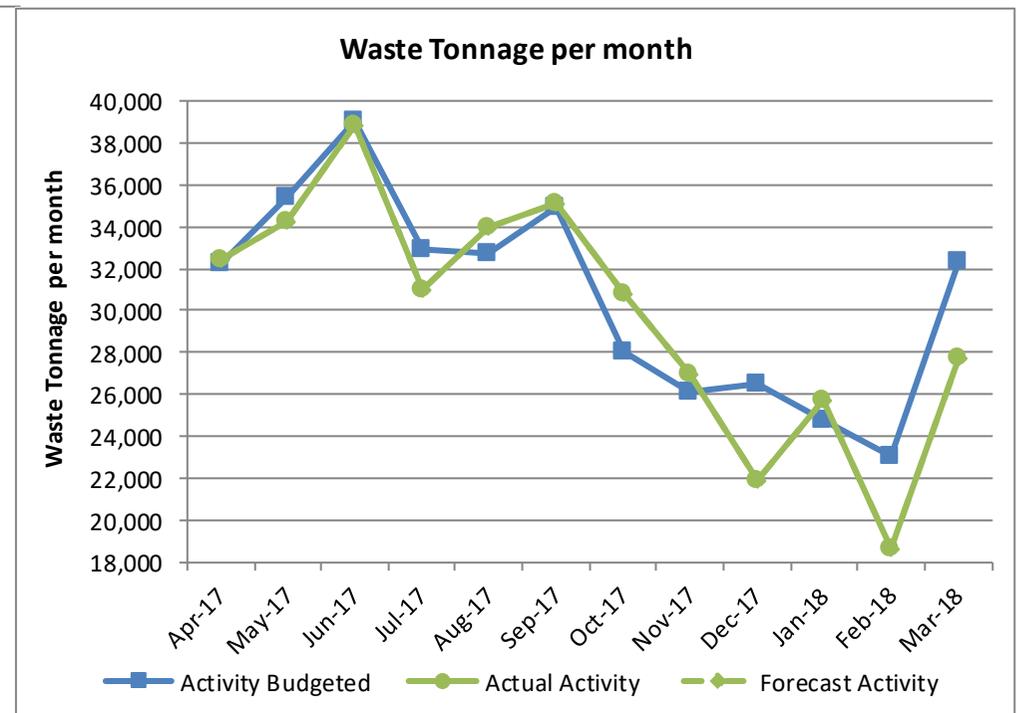
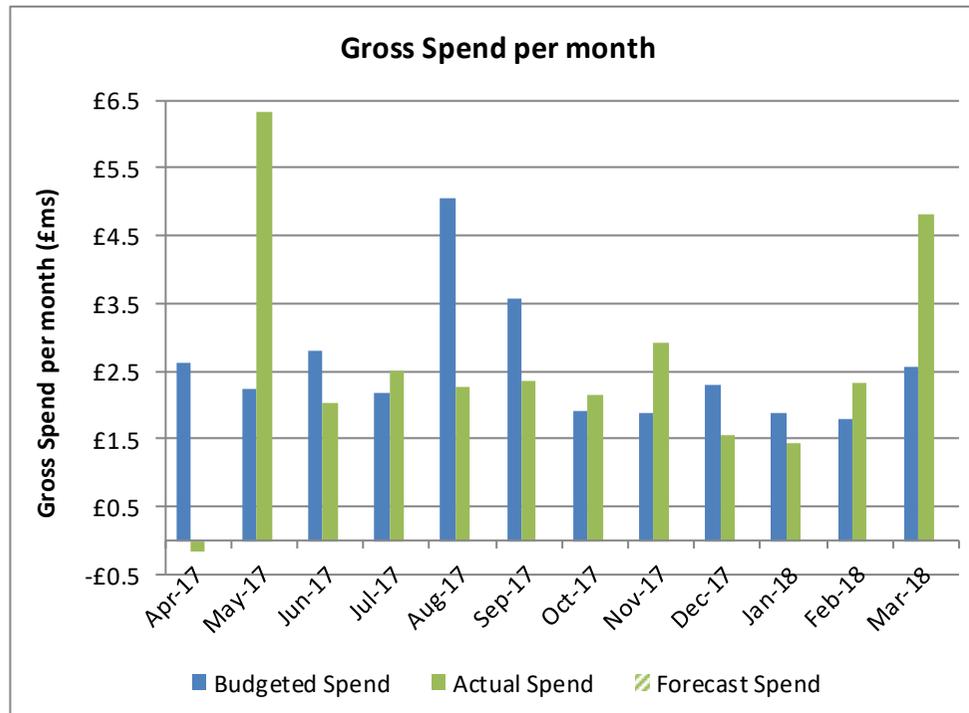
Appendix 4.15: Waste Processing

2017-18 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£30.8	-£1.9	£28.9	368,245
Actual	£30.6	-£1.4	£29.1	357,400
Variance	-£0.2	£0.4	£0.2	-10,845

Position as at 31st March 2018	Gross £m	Waste Tonnage to 31/03/2018
Budget: Spend/Activity Year to Date	£30.8	368,245
Actual: Spend/Activity Year to Date	£30.6	357,400
Variance as at 31st March 2018	-£0.2	-10,845

MAIN REASONS FOR FORECAST VARIANCE:

Within gross expenditure there is a tonnage volume variance of -2,141 tonnes. Of this an overspend on Composting contracts (+£0.3m) is offset by reduced tonnage for recycling credits (-£0.3m). In addition there is a tonnage price variance (-£0.3m) primarily for Soil/Hardcore and Mechanical Sweepings where contracts have been successfully retendered offset by other minor gross variances (+£0.1m). There is a shortfall in income resulting from a reduction of -8,706 tonnes (+£0.4m). Variations in tonnes may not always impact on the financial position as not all changes in waste types attract an additional cost.



Appendix 4.16: All Staffing Budgets (excluding schools)

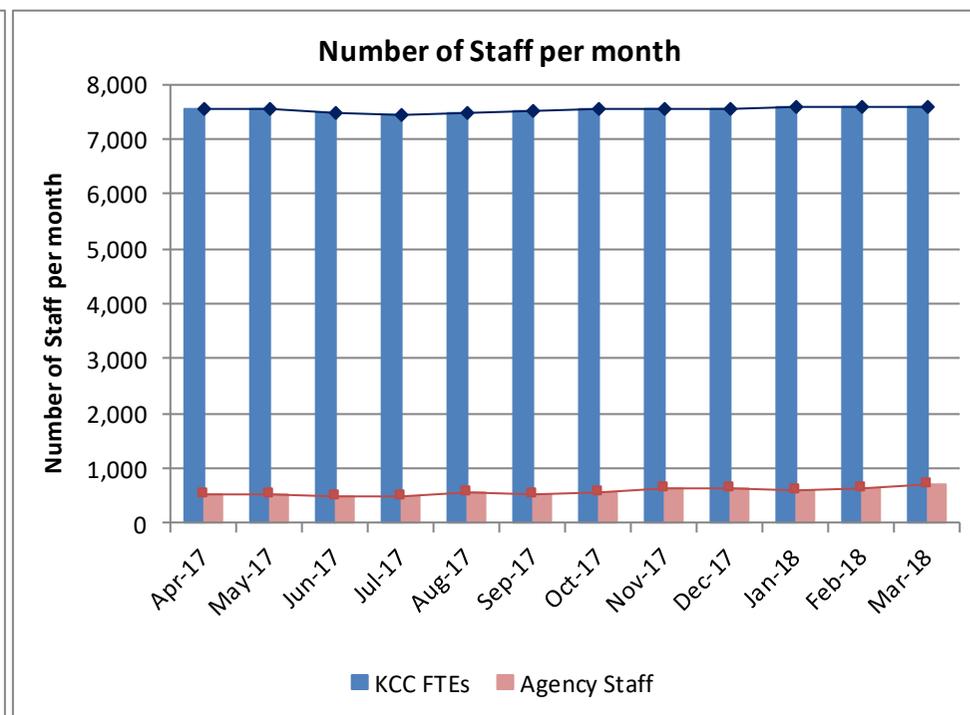
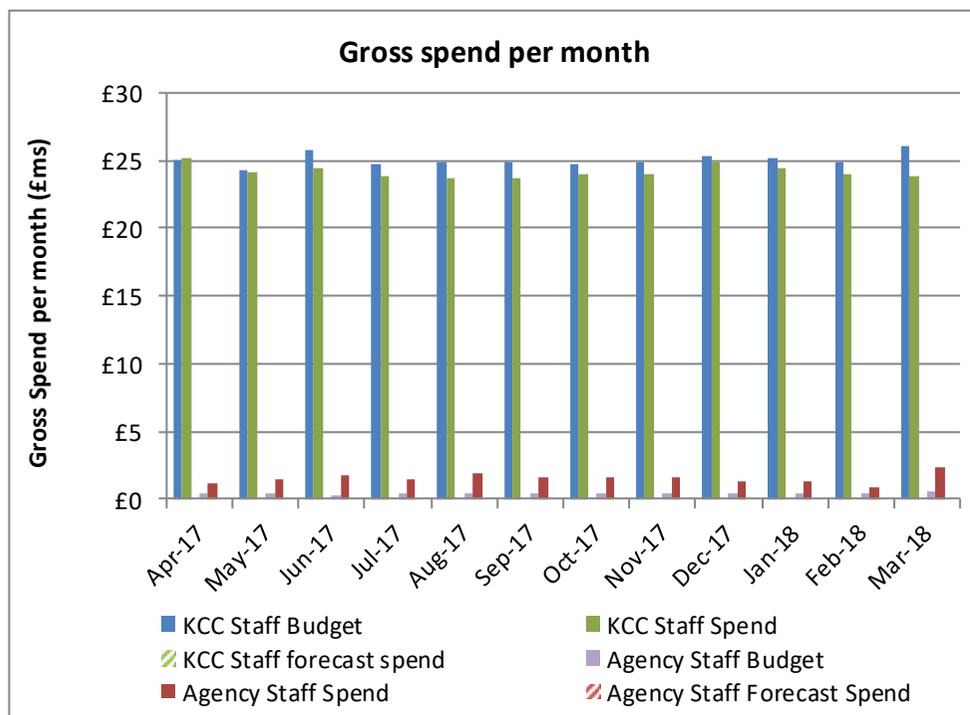
2017-18 Outturn	KCC £m	Agency £m	Gross £m
Budget	£300.9	£5.1	£306.0
Outturn	£290.2	£18.5	£308.6
Variance	-£10.7	£13.4	£2.7

as at 31 March 2018	KCC £m	Agency £m	Gross £m
YTD Budget	£300.8	£5.1	£305.9
YTD Spend	£290.2	£18.5	£308.6
YTD Variance	-£10.6	£13.4	£2.8

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2017	7,609.36	445
as at 31 March 2018	7,564.13	687
Annual Movement	-45.23	242

MAIN REASONS FOR VARIANCE:

There is a significant underspend against KCC staff budgets but this is being negated by an overspend on agency staff. Vacancies are being held pending the outcome of restructuring and the uncertainty around budget cuts, which is contributing to the underspend against the KCC staff budgets. The majority of the overspend on agency staff relates to Children's Social Care Staff - see Appendix 4.10. The staffing numbers provided are a snapshot position at the end of the month.



Appendix 2.16: All Staffing Budgets (excluding schools)

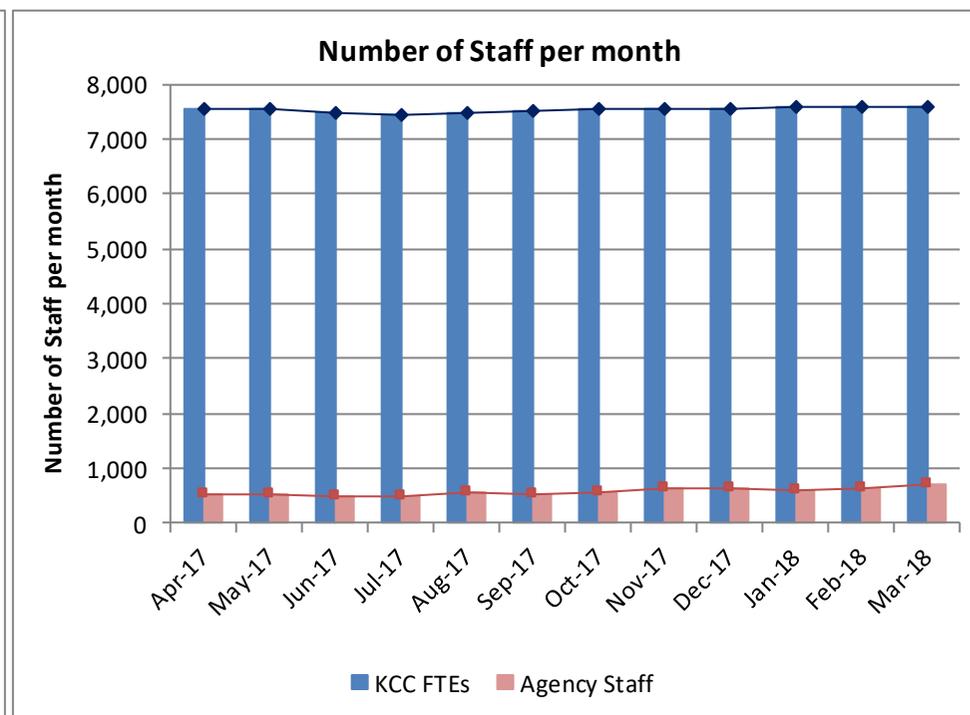
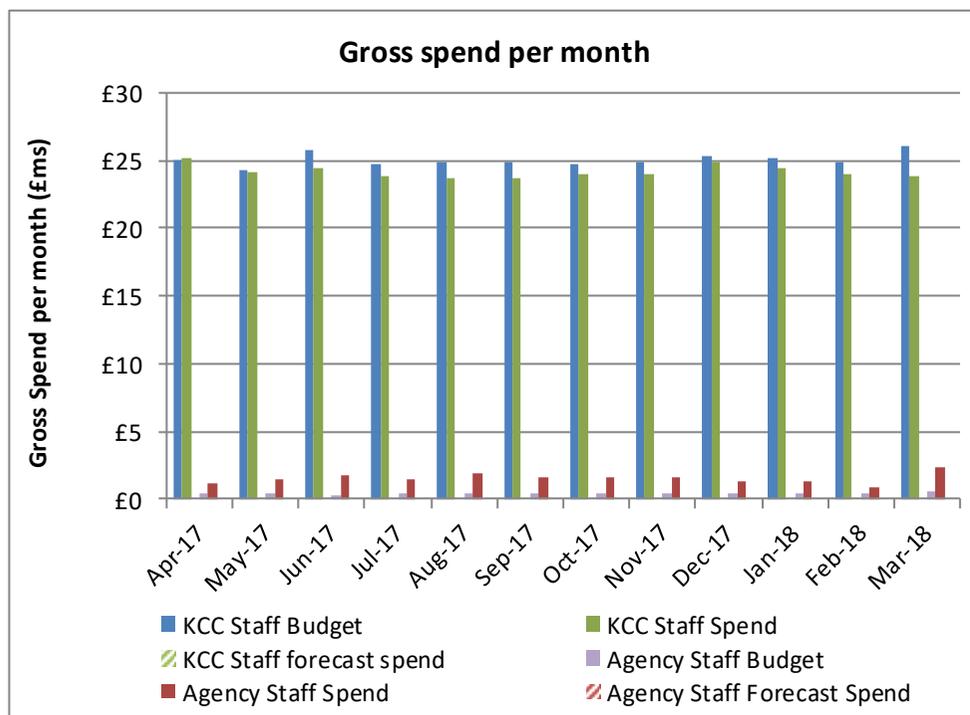
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Unaccompanied Asylum Seeking Children (UASC)**1. Outturn position compared to budget by age category**

The outturn position is a pressure of £1.2m as detailed below:

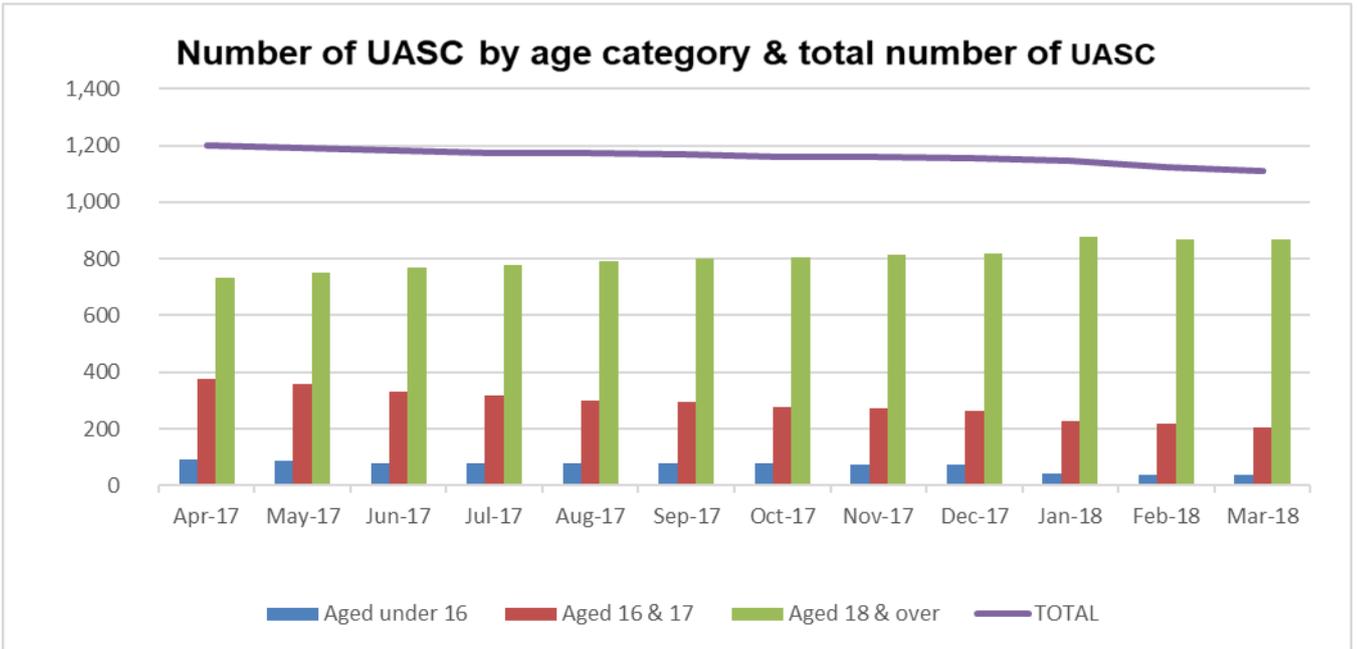
Outturn 2017-18	Cash Limit			Forecast Variance		
	Gross	Income	Net	Gross	Income	Net
	£m	£m	£m	£m	£m	£m
Aged under 16	4.4	-4.4	0.0	-1.7	1.1	-0.6
Aged 16 & 17	10.5	-10.5	0.0	1.05	-0.75	0.3
Aged 18 & over (care leavers)	9.30	-8.7	0.6	-0.2	1.7	1.5
	24.2	-23.6	0.6	-0.9	2.1	1.2

The following tables exclude individuals being reunited with family under the Dublin III regulation who are awaiting pick up by relatives and are not Asylum seekers (so are not eligible under grant rules). However, we are recharging for the time they use the Authority's services, so the authority should not face net costs.

2. Position compared to budget by age category

The outturn position is an overspend of £1.0m as detailed below:

	Aged under 16	Aged 16 & 17	Aged 18 & over	TOTAL
Apr-17	93	376	732	1,201
May-17	85	356	750	1,191
Jun-17	80	331	771	1,182
Jul-17	78	316	778	1,172
Aug-17	80	301	790	1,171
Sep-17	77	293	800	1,170
Oct-17	76	277	806	1,159
Nov-17	72	272	815	1,159
Dec-17	74	263	819	1,156
Jan-18	43	228	875	1,146
Feb-18	39	216	869	1,124
Mar-18	39	203	869	1,111



The number of Asylum LAC shown in Appendix 4.11 (LAC numbers) is different to the total number of under 18 UASC clients shown within this indicator, due to UASC under 18 clients including both Looked After Children and 16 and 17-year-old Care Leavers. The graph demonstrates the gradual decrease in numbers of UASC LAC as new arrivals are being dispersed to other local authorities. Conversely, the number of UASC aged 18 and over is increasing as the legacy UASC who arrived prior to the dispersal scheme turn 18 years old.

3. Number of Eligible & Ineligible Clients incl All Rights of appeal Exhausted (ARE) clients at the end of each month

2017/18	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
At year end 2016/17	1,008	7	214	38	1,222	45
April	982	3	219	42	1,201	45
May	972	3	220	33	1,192	36
June	965	8	217	35	1,182	43
July	967	4	205	32	1,172	36
August	954	21	217	32	1,171	53
September	956	18	213	31	1,169	49
October	949	15	209	29	1,158	44
November	928	13	225	38	1,153	51
December	924	10	232	41	1,156	51
January	929	14	216	44	1,145	58
February	918	12	206	41	1,124	53
March	900	13	211	41	1,111	54

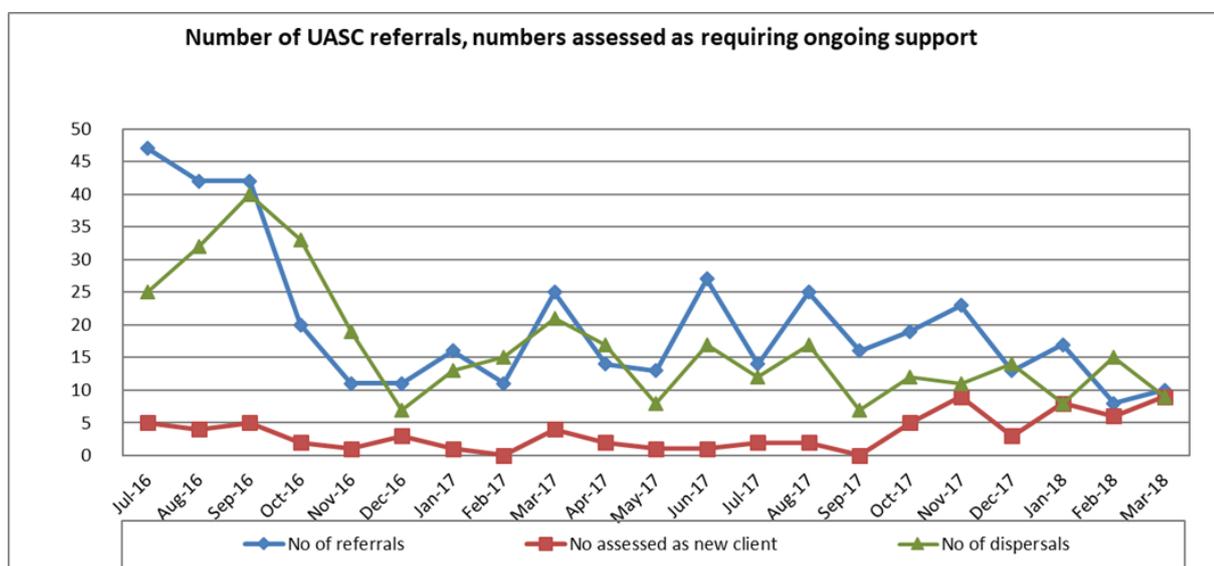
Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed. There is a sharp rise in the number of new ARE clients within the 13 weeks of service in August 2017, this is due to the Home Office clearing a backlog of asylum decisions, coupled with a long delay in receiving data match information in relation to the grant claim. This decreased slightly as Human Rights Assessments were completed and cases were closed or referred to the Home Office. New information about asylum decisions has shown an increase in ARE cases since November, peaking in January 2018, however, Human Rights Assessments are expected to continue to reduce in the coming months.

Ineligible clients are those who do not meet the Home Office grant rules criteria. For young people (under 18), this includes accompanied minors and long-term absences (e.g. hospital or prison). For care leavers, there is an additional level of eligibility as the young person must have leave to remain or "continued in time" appeal applications to be classed as an eligible client.

4. Numbers of UASC referrals, assessed as requiring ongoing support

	No of referrals	No assessed as new client	%	No of dispersals
Jul-16	47	5	11%	25
Aug-16	42	4	10%	32
Sep-16	42	5	12%	40
Oct-16	20	2	10%	33
Nov-16	11	1	9%	19
Dec-16	11	3	27%	7
Jan-17	16	1	6%	13
Feb-17	11	0	0%	15
Mar-17	25	4	16%	21
Apr-17	14	2	14%	17
May-17	13	1	8%	8
Jun-17	27	1	4%	17
Jul-17	14	2	14%	12
Aug-17	25	2	8%	17
Sep-17	16	0	0%	7
Oct-17	19	5	26%	12
Nov-17	23	9	39%	11
Dec-17	13	3	23%	14
Jan-18	17	8	47%	8
Feb-18	8	6	75%	15
Mar-18	10	9	90%	9

Please note that due to further casework the number assessed as new clients has been updated since reporting in December and the Numbers assessed as new clients has shown a decrease between September and January, while the June 2017 referrals have increased by 1.



5. Total number of dispersals – new referrals & existing UASC

In total there have been 352 new arrivals that have been dispersed since July 2016. These are included within the referrals in table 4. This also includes arrivals since 01 July 16 dispersed to London Boroughs, who are not participating in the transfer scheme.

The dispersal process has been slower than expected and has resulted in Kent becoming involved in some of the work or assessment for these clients prior to their dispersal and are therefore counting as a referral. It is expected that we will get to the point where clients are dispersed more quickly and therefore will not be included in the referral numbers.

Duration	Arrivals who have been dispersed post new Government Transfer Scheme (w.e.f 01 July 16)*	Former Kent UASC who have been dispersed (entry prior to 01 July 16)	Total
Jul-16	14	11	25
Aug-16	31	1	32
Sep-16	30	10	40
Oct-16	33	0	33
Nov-16	17	2	19
Dec-16	7	0	7
Jan-17	8	5	13
Feb-17	15	0	15
Mar-17	16	5	21
Apr-17	14	3	17
May-17	7	1	8
Jun-17	16	1	17
Jul-17	12	0	12
Aug-17	17	0	17
Sep-17	6	1	7
Oct-17	12	0	12
Nov-17	11	0	11
Dec-17	14	0	14
Jan-18	8	0	8
Feb-18	15	0	15
Mar-18	9	0	9

2017-18 RESERVES PROVISIONAL OUTTURN POSITION

1. The table below reflects the impact of the provisional outturn and activity for 2017-18 on our revenue reserves. These are provisional figures and are subject to change during the final stages of the closing of accounts process.

Account	Balance at 31/3/17	Provisional Balance at 31/3/18	Movement
	£m	£m	£m
General Fund balance	36.7	36.9	+0.2
Earmarked Reserves	163.2	162.2	-1.0
Surplus on Trading Accounts *	-	0.2	+0.2
Schools Reserves **	28.3	30.0	+1.7

* The surplus on Trading Accounts relates entirely to Commercial Services.

** Schools reserves include both the delegated schools reserves and the unallocated schools budget. Details of the reasons for the movement in schools reserves are provided in [section 3.7 of the main report](#).

2. The General Fund balance is made up of KCC General Reserves and Commercial Services General Reserves as shown below:

General Fund Balance	Balance at 31/3/17	Provisional Balance at 31/3/17	Movement
	£m	£m	£m
Kent County Council	37.2	37.2	-
Commercial Services	-0.5	-0.2	+0.2
	36.7	36.9	+0.2

3. The provisional movement of £1.0m in earmarked reserves since 31 March 2017 is shown in the below:

	Balance at 1 April 2017	Movement	Balance at 31 Mar 2018
	£'000	£'000	£'000
Other Earmarked Reserves			
VPE reserve	-14,527	-1,726	-16,253
Special funds	-688	130	-558
Kings Hill development smoothing reserve	-3,016	509	-2,507
Swanscombe School PFI equalisation reserve	-1,001	17	-984
Six schools PFI	-776	462	-314
Three schools PFI	-9,914	7,978	-1,936
Excellent Homes for All PFI	-2,542	94	-2,448
Westview/Westbrook PFI equalisation reserve	-3,455	-225	-3,680
Better Homes Active Lives PFI equalisation reserve	-3,216	-100	-3,316
Responding to Government Deficit Reduction reserve	-7,670	-1,330	-9,000
Corporate Reserve for Social Care Funding Issues	-7,552	0	-7,552
Payments reserve	-3,594	-341	-3,935
Council Tax Equalisation reserve	-11,539	901	-10,638
Public Health reserve	-3,825	191	-3,634
External Funding Pump Priming reserve	-513	31	-482
Rolling budget reserve	-11,627	-19,425	-31,052
Emergency Conditions reserve	-1,983	1,144	-839
Safety Camera Partnership reserve	-1,199	448	-751
Elections reserve	-1,593	1,437	-156
Dilapidations reserve	-3,318	15	-3,303
Modernisation of the Council (formerly Workforce Reduction) reserve	-11,158	578	-10,580
IT Asset Maintenance reserve	-6,648	4,053	-2,595
Earmarked reserve to support future year's budget	-12,881	6,199	-6,682
Prudential Equalisation reserve	-9,744	150	-9,594
Dedicated Schools Grant - Central Expenditure	0	0	0
Turner Contemporary Investment reserve	-958	200	-758
Kent Lane Rental Scheme reserve	-2,054	359	-1,695
Public Inquiries reserve	-527	43	-484
Facilities Management reserve	0	-668	-668
Bus Services Operator Grant	-242	-329	-571
Other	-3,760	234	-3,526
Total	-141,520	1,029	-140,491
Insurance Reserve			
KCC	-13,448	0	-13,448
	-154,968	1,029	-153,939
Commercial Services Earmarked Reserves	-3,233	0	-3,233
EKO	-4,981	0	-4,981
Royal Mail Sorting Office	0	-23	-23
Total Earmarked Reserves	-163,182	1,006	-162,176

2017-18 Outturn Monitoring of Prudential Indicators

1. Estimate of Capital Expenditure (excluding PFI)					
Actuals 2016-17	£238.519m				
Original estimate 2017-18	£261.303m				
Revised estimate 2017-18	£184.865m				
2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)					
		2016-17	2017-18	2017-18	
		Actual	Original Estimate	Actual	
		£m	£m	£m	
Capital Financing requirement	1,362.394	1,369.445	1,322.493		
Annual increase/reduction in underlying need to	14.135	-2.182	-39.901		
In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.					
3. Estimate of ratio of financing costs to net revenue stream					
Actuals 2016-17	13.41%				
Original estimate 2017-18	13.18%				
Actual 2017-18	12.96%				
4. Operational Boundary for External Debt					
The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management. The operational boundary for debt will not be exceeded in 2017-18.					
a)	Operational boundary for debt relating to KCC assets and activities				
			Prudential Indicator	Position as at 31.03.18	
			£m	£m	
	Borrowing		980	907	
	Other Long Term Liabilities		245	263	
			1,225	1,170	

b)	Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)						
					Prudential Indicator	Position as at 31.03.18	
					£m	£m	
					Borrowing	1,018	943
					Other Long Term Liabilities	245	263
						1,263	1,206
5.	Authorised Limit for External Debt						
	The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the Council. The revised limits for 2017-18 are:						
					Authorised limit for debt relating to KCC assets and activities	Position as at 31.03.18	Authorised limit for total debt managed by KCC
					£m	£m	£m
					Borrowing	1,020	907
					Other long term liabilities	245	263
						1,265	1,170
6.	Compliance with CIPFA Code of Practice for Treasury Management in the Public Sector						
	The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.						
7.	Upper limits of fixed interest rate and variable rate exposures						
	The Council has determined the following upper limits for 2017-18						
					Fixed interest rate exposure	100%	
					Variable rate exposure	50%	
	These limits have been complied with in 2017-18						

8. Upper limits for maturity structure of borrowings									
							Upper limit	Lower limit	Position as at 31.03.18
							%	%	%
							10	0	0.00
							10	0	4.67
							15	0	7.26
							15	0	8.75
							20	5	11.35
							25	5	18.98
							25	10	17.05
							30	10	28.76
							30	10	3.18
9. Upper limit for principal sums invested for periods longer than 364 days									
	Indicator						£260m		
	Actual						£210.2m		

