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To: Corporate Board – 10 September 2018
CABINET – 24 September 2018

Subject: **REVENUE & CAPITAL BUDGET MONITORING - JULY 2018-19**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 30 July 2018-19 for both revenue and capital 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, as determined by Corporate Directors.
 - Appendix 1 – a high level breakdown of the directorate monitoring positions;
 - Appendix 2 – activity information for our highest risk budgets;
 - Appendix 3 – details of the Asylum service forecast and key activity information including grant rates compared to actual forecast unit costs;
 - Appendix 4 – Capital Receipts – key activity indicators and budget risk assessment monitoring;
 - Appendix 5 – quarterly monitoring of prudential indicators.
- 1.3 Cabinet is asked to note the forecast revenue and capital monitoring position. In the light of further government funding reductions in the short to medium term, it is essential that a balanced revenue position is achieved in 2018-19, as any residual pressures rolled forward into 2019-20 will only compound an already extremely challenging 2019-20 budget position. The forecast revenue pressure is £5.131m (with no Corporate Director adjustments this month) increasing to £6.726m including roll forwards. Although this is an improvement on last month's forecast of £6.860m (£8.455m including roll forwards)), this position still needs to be managed down to at least a balanced position.
- 1.4 Evidence from previous years indicates that the position improves as the year progresses. This is in part due to the delivery of management action, although history suggests that managers also have a tendency to be pessimistic with their forecasting, by declaring pressures early but holding back on declaring underspending until towards year end. That's not to say that such a significant turnaround can be repeated again this year, especially as the risk of non-delivery of savings increases each year due to the aggregated impact of year on year reductions and the ability to find new areas in which to make savings are becoming fewer. Clearly, much depends on our negotiation with the Home Office, where we will be seeking full reimbursement of the costs of supporting unaccompanied asylum seekers and care leavers.
- 1.5 The Budget Monitoring report for June is attached for background information. This report was not sent to Cabinet as there was no Cabinet meeting in August.

- 1.6 There is a reported variance of -£38.687m on the 2018-19 capital budget (excluding schools and PFI). This is a movement of +£1.757m from the previous report and is made up of +£1.097m real movement and +£0.660m rephasing movement.

2. RECOMMENDATIONS

- 2.1 **Note** the forecast revenue budget monitoring position for 2018-19 and capital budget monitoring position for 2018-19 to 2020-21, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

3. SUMMARISED REVENUE MONITORING POSITION

- 3.1 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £5.131m. After allowing for roll forwards the position increases to £6.726m. This forecast position, after roll forward requirements, represents a movement of -£1.729m from the June monitoring position. The main reasons for the movement this month are provided in section 3.3 below.

In total, this position reflects that we are on track to deliver the majority of the £50.2m of savings included in the approved budget for this year, but further work is urgently required to identify options to eliminate the residual £6.726m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1a & 1b below.

3. Table 1: Directorate revenue position

Directorate	Budget	Net Forecast Variance *	Corporate Director Adjustment	Revised Net Variance	Last Reported Position	Movement
	£m	£m	£m	£m	£m	£m
Adult Social Care & Health						
Strategic Management & Directorate Budgets (ASCH)	35.114	-3.117		-3.117	-4.379	1.262
Disabled Children, Adult Learning Disability & Mental Health	229.462	3.201		3.201	4.821	-1.620
Older People & Physical Disability	153.549	-0.578		-0.578	-0.909	0.331
<i>Total Adult Social Care & Health</i>	<i>418.124</i>	<i>-0.493</i>	<i>0.000</i>	<i>-0.493</i>	<i>-0.467</i>	<i>-0.026</i>
Children, Young People & Education						
Strategic Management & Directorate Budgets (CYPE)	2.270	1.070		1.070	1.061	0.009
Education Services, Planning & Resources	37.7369	3.705		3.705	4.135	-0.430
Quality & Standards	2.958	0.000		0.000	0.000	0.000
Early Help & Preventative Services	18.060	-0.940		-0.940	-0.942	0.002
Specialist Children's Services	125.027	2.384		2.384	2.453	-0.068
<i>Total Children, Young People & Education</i>	<i>186.052</i>	<i>6.219</i>	<i>0</i>	<i>6.219</i>	<i>6.707</i>	<i>-0.488</i>
Growth, Environment & Transport						
Strategic Management & Directorate Budgets (GET)	0.662	0.581		0.581	0.204	0.377
Economic Development	4.635	-0.050		-0.050	0.063	-0.113
Highways, Transportation & Waste	140.859	-0.543		-0.543	0.255	-0.798
Environment, Planning & Enforcement	14.609	0.577		0.577	0.801	-0.224
Libraries, Registration & Archives	9.413	-0.185		-0.185	0.048	-0.232
<i>Total Growth, Environment & Transport</i>	<i>170.178</i>	<i>0.381</i>		<i>0.381</i>	<i>1.370</i>	<i>-0.990</i>
Strategic & Corporate Services						
Strategic Management & Directorate Budgets (S&CS)	-2.151	-0.008		-0.008	-0.007	-0.001
Engagement, Organisation Design & Development	15.520	0.587		0.587	0.722	-0.135
Finance	11.092	-0.122		-0.122	-0.007	-0.116
General Counsel	5.014	0.000		0.000	0.066	-0.066
Infrastructure	38.707	0.780		0.780	0.700	0.080
Strategic Commissioning including Public Health	8.098	-0.006		-0.006	-0.001	-0.005
Strategy, Policy, Relationships & Corporate Assurance	1.773	0.071		0.071	0.053	0.019
Business Services Centre	-3.304	0.000		0.000	0.000	0.000
<i>Sub Total Strategic & Corporate Services</i>	<i>74.748</i>	<i>1.302</i>	<i>0</i>	<i>1.302</i>	<i>1.527</i>	<i>-0.225</i>
Financing Items & Unallocated	114.782	-2.277		-2.277	-2.277	0.000
TOTAL (Excl Schools)	963.884	5.131	0.000	5.131	6.860	-1.729
<i>Schools (CYPE Directorate)</i>	<i>0</i>	<i>8.517</i>		<i>8.517</i>	<i>4.520</i>	<i>3.998</i>
TOTAL	963.884	13.648	0	13.648	11.379	2.269

Variance from above (excl Schools)					5.131	6.860	-1.729
Roll Forwards	- committed						0.000
	- re-phased				1.595	1.595	0.000
	- bids						0.000
Total Roll Forward Requirements					1.595	1.595	0.000
(-ve) Uncommitted balance / (+ve) Deficit					6.726	8.455	-1.729

* the variances reflected in appendix 1 will feature in this column

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

Directorate	Variance	Roll Forwards			Revised Variance
	£m	Committed £m	Re-phased £m	Bids £m	£m
Adult Social Care & Health	-0.493	0.750			0.257
Children, Young People & Education	6.219	0.845			7.064
Growth, Environment & Transport	0.381				0.381
Strategic & Corporate Services	1.302				1.302
Financing Items & Unallocated	-2.277				-2.277
TOTAL (Excl Schools)	5.131	1.595	0.000	0.000	6.726

3.3.1 The main reasons for the movement of -£1.729m are:

3.3.2 Adult Social Care and Health:

The overall movement for the Directorate forecast variance since the June monitoring is a reduction of £0.026m, an explanation of significant movements is detailed below.

3.3.2.1 Strategic Management and Directorate Budgets – Adults

The pressure within Strategic Management and Directorate has increased since June by +£1.262m.

+£1.560m of this movement in variance is due to a planned transfer of cash limits (currently held against *Budget and Saving Plans to be allocated*) to fund underlying prior year pressures in the services (the contra to this can be seen within 'Disabled Children, Adult Learning Disability & Mental Health' (see 3.3.2.2)).

A number of 'Housing Related Support' contracts have come to an end, contributing to a reduction in the variance of -£0.396. Support for these clients is now being provided through 'Learning Disability Community Based Services' such as 'Supporting Independence Living'.

A movement of +£0.233m results from a transfer of funds from the Adult's 'Out of Hours' (OOH) service to the Central Referral Unit (CRU) due to decreased Adult's usage (based on activity) of the OOH service, and pressures within CRU staffing.

3.3.2.2 Disabled Children, Adult Learning Disability and Mental Health

The pressure on Disabled Children, Adult Learning Disability & Mental Health has decreased by -£1.620m since June.

Most of this decrease in variance relates to the planned transfer of cash limits from Strategic Management and Directorate Budgets (see 3.3.2.1); -£0.407m within Mental Health Services, -£0.904m against Learning Disabilities 18-25 clients and -£0.102m for Learning Disabilities 0-18 clients. The remainder of the decrease in variance relates to a decrease in Learning Disability 26+ services; -£0.358m within Residential Services and -£0.067m within Supported Accommodation. This is partially offset by an increase in 'Learning Disability 26+ Supported Living' of +£0.316m (related to the cessation of the Housing Related Support Contracts – see 3.3.2.1).

3.3.2.4 Older People and Physical Disability

The pressure on 'Older People & Physical Disability' has increased since June by +£0.331m.

The main movements in variance relate to a net increase of +£0.651m within 'Older People - Residential Care Services' predominately due to an increase in activity. This is offset by decreases in 'Older People - Community Based Services' of -£0.300m due a fall in non-residential charging income and further decreases in the 'Discharge to Assess' Hilton service, which is as a result of efficiencies made in a recent contract renegotiation.

3.3.3 Children, Young People and Education Directorate:

The initial forecast for Children, Young People and Education Directorate indicates an overall pressure of £6.219m, of which £2.327m relates to the Asylum service. This variance represents a movement of -£0.488m from June monitoring.

The pressure on the Education Psychology Service has reduced by -£0.482m. The forecast now assumes a delay in the recruitment of current vacancies until April 2019 due to the ongoing difficulties in recruiting psychologists and additional income resulting from the service offering limited trading activity to select schools in the 2018-19 academic year.

For the Asylum Service the current variance represents a movement of -£0.161m from the June monitoring position. There is a reduction in pressure on 2016-17 grant shortfall.

3.3.4 Growth, Environment & Growth:

The current position is a forecast pressure of +£0.381m, which is a significant improvement of -£0.990m from last month's pressure of +1.370m.

This positive movement follows the identification of a range of one-off management actions, which are now forecast against individual budget lines, to mitigate the in-year pressures highlighted in the June monitoring report. A residual pressure does still remain and this will be reviewed over the coming months with a view to achieving a balanced position by the year-end.

3.3.4.1 Strategic Management & Directorate Budgets

The "Budget & Savings Plans to be allocated" key service line has increased by +£0.344m to fully reflect the £0.7m of savings that had not been allocated. Compensating management

actions are now included against individual key service lines and these savings will be re-allocated as part of the budget build process so that each has a permanent funding source going forward.

3.3.4.2 Highways, Transportation & Waste

The biggest reduction this month is in Highways, Transport & Waste Management Costs and Commercial Operations of -£0.440m. The largest movement -£0.3m relates to a drawdown from a renewals reserve, whereby expenditure had been met from the core budget. Other small movements make up the balance including a reduction in legal costs.

Waste Facilities & Recycling Centres has reduced by -£0.154m, with the confirmation of the insurance claim for North Farm of -£0.250m being offset by other small movements in other areas, including haulage fees.

Subsidised Buses and Community Transport is showing a reduction of -£0.153m following a draw down from reserves to match eligible spend.

Highway Asset Management (Roads and Footways) is forecasting an increased pressure of +£0.222m primarily due to non-recoverable works, i.e. damage to highway assets where a claim to recover costs from a third party is no longer possible. These are unfunded and therefore represent a pressure.

3.3.4.3 Environment, Planning & Enforcement

The movement of -£0.208m in the Environment & Planning key service line follows the implementation of a range of savings measures across all services within this division, including vacancy management/other staff savings, additional income generated/forecast, as well as reductions in non-staffing expenditure.

3.3.4.4 Libraries, Registration & Archives

The Libraries, Registration & Archives position has improved by -£0.232m overall, including -£0.075m additional release in a renewals reserve (RFID replacement was re-procured at beneficial rates and final costs are now confirmed), plus minor savings in records management, early retirements etc.

3.3.4.5 Other smaller movements make up the balance of -£0.369m, primarily reductions within Highways Asset Management (Other), Economic Development, and Young Person's Travel Pass where forecast activity is currently slightly below budgeted levels.

3.3.5 Strategic & Corporate Services:

The overall forecast for the Strategic and Corporate Services Directorate has decreased by -£0.225m since the June monitoring report. This is mainly due to a movement in Finance of -£0.116m due to vacancy management of the staffing budget, and in Engagement, Organisation Design & Development of -£0.135m due to the end of consultation and commencement of staffing restructures.

Included within the Directorate budget is the Public Health expenditure which is funded from a ring-fenced grant. Although the current forecast outturn for Public Health of -£0.094m shows no overall change from the position reported last month, there have been two small

movements at Key Service level. An increase in “Public Health - Children's Programme” resulting from additional infant feeding costs of +£0.077m has been offset by a reduction in “Public Health - Healthy Lifestyles” of -£0.076m. In the case of the latter, estimates were made at the end of last year for outstanding prescribing costs relating to nicotine replacement therapy and long acting reversible contraception; these costs were accounted for last year. Actual invoices now received are below the original cost estimates resulting in an underspend this year.

3.3.6 Financing Items

There is no movement in the variance of -£2.277 from the June monitoring report.

3.4 Revenue budget monitoring headlines (please refer to Appendix 1)

3.4.1 Adult Social Care and Health

The overall forecast variance for the Directorate is an underspend of -£0.5m and an explanation of significant variances are detailed in the paragraphs below.

This variance position reflects activity data to date in the 2018-19 financial year and we will continue to refine the forecast alongside activity trends over the remaining months.

3.4.1.1 Strategic Management and Directorate Budgets – Adults

The forecast variance for ‘Strategic Management & Directorate Budgets – Adults’ is an underspend of -£3.1m.

- This variance relates mainly to centrally held funds still to be allocated which cover pressures already recognised within the forecast position. It includes a -£1.7m underspend against sustainability funding, which partially offsets pressures from unachievable in year savings of +£0.4m.
- There is an underspend of -£0.9m within Safeguarding Adults. This underspend primarily relates to a planned underspend of -£0.750m on the dedicated piece of work to clear the DOLS’ backlog, as the contract will not now commence until October and as this project is funded with one off budget, a request is being made to roll forward the underspend to 2019-20.
- An underspend of -£1.1m against ‘Strategic Management & Directorate Support’ primarily relates to ‘Housing Related Support’ services commissioned for clients with Learning Disabilities, where contracts with several providers have come to an end. Support for these clients is being provided through ‘Learning Disability Community Based Services’ such as ‘Supporting Independence Living’ services.

3.4.1.2 Disabled Children, Adult Learning Disability and Mental Health

Disabled Children, Adult Learning Disability and Mental Health Services are forecasting a net pressure of +£3.2m.

- +£2.8m of this pressure relates to Learning Disability Community Based Services (18+) where there is increasing activity within the Supporting Independent Living Service. The cost of growing complexity and increasing client numbers is creating a pressure. This will be partially offset by the allocation of centrally held funds in the Strategic Management and Directorate Budgets (see 3.4.1.1).

- A forecast pressure of +£1.0m reported within services for children with a disability (0-18), relates to an increase in cost of complex residential placements for young children, and is reflecting the full year effect of increases in both activity and the cost of care packages in the final quarter of the previous financial year.
- The +£0.4m pressure on children & young people social care staffing reflects the need for the service to maintain low numbers of vacancies and the use of agency to meet the current demands for the service. This is offset by lower demand for individual services for children in need resulting in a -£0.4m underspend. The pressures on this service are expected to continue and will need to be reflected in the 2019-22 MTFP.

3.4.1.3 Older People and Physical Disability

Older People and Physical Disability services are forecasting a net underspend of -£0.6m, which includes several offsetting variances. The most significant variances are detailed below.

- Older People (65+) Community Services is reporting an overspend of +£0.8m. This position reflects current activity trends in combination with an adjustment built into the position for projected future demographic growth.
- The pressure in Older People (65+) Community Services is offset by a variance of -£0.9m against Adaptive & Assistive Technology as efficiencies within the procurement and running of this service come into full effect in 2018-19.
- There is also an underspend forecast of -£0.4m against Assessment Staffing due to staff vacancies.
- The Older People and Physical Disability forecast assumes that there will be also be some increased activity over the winter months.

3.4.2 Children, Young People and Education Directorate

The forecast for Children, Young People and Education Directorate indicates an overall pressure of £6.2m, of which £2.3m relates to the Asylum service. Tackling Troubled Families has achieved additional income of -£0.9m as a result of more successful Payment By Results submissions to the MHCLG and is requesting roll forward of this surplus into the next financial year in order to ensure there is sufficient funding to maintain this programme in 2019-20. This roll forward increases the forecast pressure to £7.1m.

There is a risk in the deliverability of the £2m integration saving in the current year, due to a delay in the appointment of senior posts. We are continuing to look at short term options for compensating savings to meet the target for 2018-19. The wider impact of integration is being developed to deliver the full saving in 2019-20 through the Change for Kent Children Programme.

3.4.2.1 Education Services, Planning & Resources

There are a number of pressures from 2017-18 which are continuing into 2018-19, including:

- a continual shortfall in the recovery of costs for excepted items of +£0.2m such as maternity cover, resulting from higher than anticipated demand from schools.
- ongoing school security costs of +£0.3m;
- the installation, hire, and removal of mobile classrooms to support the Basic Need programme of +£0.8m;

- +£0.4m revenue maintenance costs associated with schools are expected to be more than the grant available. This covers both planned maintenance agreements and subsequent resultant work which falls under the Total Facilities Management contracts.

There are also emerging pressures on:

- The Education Psychology Service of +£0.6m, due to increasing statutory workloads which is resulting in the continual use of agency staff to cover staff vacancies and the need to offer enhanced salary packages to attract and retain permanent staff. In addition, as the service focused on meeting its statutory responsibilities, it has had to reduce traded activities which led to a shortfall in income;
- +£0.2m general shortfall in traded income for emergency planning;
- +£1.3m support of children with Special Education Needs (SEN). The pressure is resulting from the increasing provision of therapy services and higher demand for statutory assessments, along with additional payments to reflect the greater complexity of needs of the pupils placed in our special schools and specialist resource provision;

Where the demands and subsequent financial pressures are expected to continue into 2019-20, this is being highlighted in the medium-term plan submission.

3.4.2.2 Specialist Children's Services (excluding Asylum)

The Specialist Children's Service is forecasting a breakeven position, however this is formed from a number of compensating variances. The Care Leavers Service is forecasting a pressure of £0.6m resulting from the need to recruit additional staff and use of agency staff to meet the current demand of supporting citizen children. This also includes the anticipated impact of new legislation requiring local authorities to continue to offer support to young people up to the age of 25. The impact of this new legislation is expected to be ongoing and will increase in future years.

This pressure is offset by anticipated underspends on the safeguarding service and lower unit costs across adoption & special guardianship orders partially resulting from the full year effect of the means-testing which was introduced in 2017-18.

3.4.2.3 Specialist Children's Services – Asylum Seekers:

The pressure on the Asylum Service is expected to continue, with an estimate of +£2.3m shortfall in grant income based on a number of assumptions. The Home Office have recently confirmed in a letter to the Leader (dated 18 July 2018) that there has been a delay in completing their review of Local Authority funding rates. As such the Home Office have confirmed that whilst the review is ongoing, the current rates we receive will continue to be paid.

Negotiations continue with the Home Office to recover the shortfall in funding for this service over recent years.

The main variances for the Asylum service are:

- -£0.4m surplus in grant income from supporting under 16 year olds. This is in line with previous years and is normally used to offset any shortfalls in grant relating to 16-17 year olds and 18+ care leavers.
- +£0.5m shortfall in grant income for supporting 16-17 year olds. There is still a number of children placed in higher cost placements that arrived before the age of 16, which have

chosen to remain in their current placements. Attempts to move any individual who is settled in their placement is likely to result in legal challenge. This pressure is less than the previous year as it is assumed new 16-17 year olds will be placed in lower cost supported accommodation settings.

- +£0.7m shortfall in grant income to support the National Transfer Scheme Reception Centre. The pressure on this service has increased since 2017-18 as the number of new UASC arrivals has reduced leading to a reduction in the total grant received to run this service and therefore a greater overall shortfall in funding.
- +£1.1m shortfall in grant income for supporting care leavers (18+). Historically, the grant rate has not been sufficient to recover the costs associated with supporting this age group. Work is progressing to ensure care leavers are applying for both job seekers allowance and housing benefit where eligible to do so.
- +£0.4m costs associated with children who are presented to us as Asylum Children that are deemed not to be eligible for the Home Office Grant (referred to as ineligible children).

3.4.3 Growth, Environment and Transport

The overall position for the Directorate is a forecast variance of +£0.4m, with +£2.3m of pressures being partially offset by forecast underspends of -£1.9m.

3.4.3.1 Strategic Management & Directorate Budgets

The directorate is showing a pressure of +£0.7m against the “Budget & Savings Plans to be allocated” budget line, with offsetting management action now being shown against individual key services.

3.4.3.2 Environment, Planning & Enforcement

Public Protection is forecasting a pressure of +£0.8m relating primarily to the Coroner’s service of +£0.7m but also +£0.2m within Community Wardens following a forecast shortfall in income/grant funding.

Within the Coroner Service forecast is a contractual pressure of some +£0.4m (full year effect £0.6m) relating to body removals where costs have increased considerably following the end of the old contracts and whereby the market was only willing to continue with the service at full cost recovery. Options to mitigate this pressure, or deliver the service in a different way, are currently being explored but all future options are likely to cost in excess of the previous arrangements whereby funeral directors provided this service at a subsidised rate but which is no longer commercially viable.

The remaining Coroner’s pressures relate to increasing pathology, post mortem, toxicology and body storage costs - due to both a rising population/level of activity and legislative changes – partially offset by an increased contribution from Medway, as well as savings from within the Medical Examiner budget as this new pilot/service has been delayed.

3.4.3.3 Highways, Transportation and Waste

There is an overall pressure within Waste Facilities & Recycling Centres of +£0.5m despite the forecast volume of waste being -9,959 tonnes below budgeted levels (see below for explanation).

Increases in Materials Recycling Facilities (MRF) costs since the budget was set has led to a pressure of +£0.7m. Reduced paper and card waste income (-6,304 tonnes) has left an

income shortfall of +£0.3m, whilst additional composted waste of +7,559 tonnes has added a further +£0.4m to the forecast meaning a total pressure of +£1.4m. These pressures have been partially offset by a reduction of -4,413 tonnes of recycling credits of -£0.3m; the insurance settlement for North Farm of -£0.3m; as well as -£0.7m of savings due to the current mix of residual waste types (each with their own disposal cost) differing from the budgeted levels means total savings/underspends of -£1.3m (meaning net pressure of +£0.1m overall). Other minor variances of +£0.4m reconcile back to the +£0.5m overall pressure. Further details on activity can be found in Appendix 2.14.

The above pressures are more than offset as Residual Waste is forecasting a significant underspend of -£0.9m. Of this -£0.7m is due to a predicted volume variance of -6,518 tonnes across Waste to Energy and Waste Treatment Final Disposal contracts (see Appendix 2.13). An additional -£0.2m of trade waste income is also being forecast.

Highway Asset Management (Roads and Footways) is now forecasting a pressure of +£0.2m against non-recoverable works as mentioned in paragraph 3.3.4.2. However, this pressure is offset by an underspend of -£0.2m within Highway Asset Management (Other) through additional income for street permits and other savings.

The Highways, Transport & Waste Management Costs and Commercial Operations is now reporting a breakeven position as the previous pressures against staffing, non-staffing (including legal) and reduced income forecasts have been offset by the management action described in paragraphs 3.3.4.3 and 3.3.4.4.

Other minor variances add up to a further -£0.3m underspend; these are primarily Subsidised Buses and Community Transport and Young Person's Travel Pass which is based on current levels of forecast activity and may be subject to change for the remainder of the year.

3.4.3.4 Underspends against Environment & Planning of -£0.2m and Libraries, Registration & Archives of -£0.2m result from the management actions and changes referred to above.

3.4.3.5 The improved position has been achieved primarily through one-off savings meaning that a permanent solution to the £0.7m of unallocated savings plans is yet to be found. This will be re-aligned/delivered as part of the MTFP process.

The directorate remains committed to achieving a balanced position overall by the year-end, with further areas for management action being identified and implemented in subsequent months. The directorate does, however, have a significant number of activity led budgets and therefore there is the potential for further movements in the remainder of the year.

3.4.4 Strategic and Corporate Services

The overall variance reflected in Appendix 1 for the directorate is a pressure of +£1.3m which includes variances of +0.6m for EODD, +£0.8m for Infrastructure and -£0.1m for Finance.

3.4.4.1 Engagement, Organisation Design and Development (EODD)

The +0.6m pressure in EODD is made up of +£0.4m relating to the Contact Centre & Digital Web Services budget set in 2015 using a transformation plan suggested by Agilisys, predicting that the number of calls and average call duration would fall significantly. Although the call volumes and times have reduced, this is not in line with the original budgeted plan, hence resulting in a budget pressure. The commissioners of this service, together with

Agilisys, are working with directorate services to get these figures reduced further. Strategic Commissioning and Agilisys are also working together on changes to the contract which will further mitigate the position before the end of the financial year. The remainder of the divisional variance, +£0.2m, relates to staffing overspends due to re-phased plans for restructuring. The Division is currently working on management action to mitigate this position.

3.4.4.2 Finance

The variance for the Finance division of -£0.1m is due in the main to staffing budget vacancy management.

3.4.4.3 Infrastructure

For the Infrastructure budgets the variance of +£0.8m is largely due to Property related services, within which the largest single variance is a forecast pressure of +£0.2m for Oakwood House where income is expected to be below budget. The service is working on potential strategies to improve the situation going forward. There is a variance of +£0.1m on Education legal fees, where a change in accounting treatment relating to the use of capital grant funding on this demand led budget, has created this pressure. The Corporate Landlord variance is +£0.3m which, like the remainder of the Infrastructure variance, is made up of many smaller variances all individually under £0.1m. The commissioner and Gen2 are looking at ways of delivering savings to compensate for this position.

3.4.4.4 Strategic Commissioning including Public Health

Overall Public Health is forecasting a small underspend of -£0.1m which will be transferred to the ring-fenced reserve. Several Key Service budget lines are showing variances of more than £0.1m which require explanation.

“Public Health - Children's Programme” is forecasting a pressure of +£0.4m. This results primarily from school health continence costs of +£0.1m, infant feeding of +£0.1m, and oral health of +£0.1m. The latter is offset by an underspend within “Public Health - Advice and Other Staffing” as the budget for oral health remains on that line. Other minor variances make up the remaining balance of +£0.1m.

The Public Health - Sexual Health budget is reporting a pressure of +£0.2m resulting from increased contraceptive costs.

The pressures above are largely offset by an underspend of -£0.5m “Public Health - Advice and Other Staffing”; in part this relates to oral health as stated above of -£0.1m as well as underspends against campaigns of -£0.3m and workforce development of -£0.1m.

A -£0.2m underspend against “Public Health - Healthy Lifestyles” results from lower prescribing costs from 2017-18 as explained in paragraph 3.3.5, as well as other small variances.

3.4.5 Financing Items

A £2.3m underspend reflects additional retained Business Rates levy for 2017-18 above the debtor raised and the S31 grant reconciliation for 2017-18. Exact figures will not be known until the autumn.

3.5 Schools delegated budgets:

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £21.5m, compared to £30.0m at the start of the financial year. This is made up of a forecast surplus of £31.8m on individual maintained school balances, a surplus of £0.9m on the schools apprenticeship levy reserve and a deficit on the central schools reserve of £11.1m. The table below provides the detailed movements on each reserve:

	Individual School Reserves (£m)	Central Schools Reserve (£m)	Apprenticeship Levy Reserve (£m)	Total School Reserves (£m)
Balance b fwd	31.315	(2.155)	0.855	30.015
Forecast movement in reserves:				
Academy conversions and closing school deficits	0.465	(1.200)		(1.735)
Contribution to capital broadband		(1.000)		(1.000)
School Growth		4.372		4.372
High Needs		(9.520)		(9.520)
Various		0.408		0.408
Overspend on Central DSG budgets		(2.013)		(2.013)
Forecast reserve balance	31.780	(11.108)	0.855	21.527

Note: a negative figure indicates a draw down from reserves/deficit

The Schools' delegated budget is currently showing a pressure of £8.5m.

3.6 Table 2: Performance of our wholly owned companies

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	4.400	4.400	4.400	
GEN2	0.983	0.983	0.983	

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 -£38.687m on the 2018-19 capital budget (excluding schools and PFI). This is a movement of +£1.757m from the previous report and is made up of +£1.097m real movement and +£0.660m rephasing movement. Headline movements are detailed below by Directorate.

5.2 Table 3: Directorate **capital** position

Directorate	2018-19 Working Budget	2018-19 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	90.480	3.863	0.511	3.352	-1.618	0.000	2.129	3.352
Adult, Social Care & Health	9.375	-1.032	-0.239	-0.793	-0.217	-0.793	-0.022	0.000
Growth, Environment & Transport	156.588	-38.439	1.691	-40.130	2.675	-37.988	-0.984	-2.142
Strategic & Corporate Services	27.148	-3.079	-0.293	-2.786	-0.267	-2.236	-0.026	-0.550
TOTAL	283.591	-38.687	1.670	-40.357	0.573	-41.017	1.097	0.660

5.3 Capital budget monitoring headlines

The real variances over £0.100m and rephasing variances over £1.000m are as follows:

5.3.1 Children, Young People and Education

- Modernisation Programme: Rephasing movement of -£1.175m. The proposed 2018-19 Modernisation programme was approved by KCC in July 2018-19, which is seven months later than is required to deliver all schemes within the financial year, and subsequently there is a requirement to rephase some costs from 2018-19 to 2019-20.
- Basic Need: Rephasing movement of +£5.900m. This is due to several major secondary school expansions running ahead of programme. In addition, two significant schemes in Dartford and Sevenoaks achieved planning permission in July.
- Special Provision Fund: Real movement of +£2.193m. Following a cash limit adjustment as requested in the May monitoring report, this has created a movement.

5.3.2 Adult, Social Care & Health

There are no movements reported over £0.100m on real variances or over £1.0m on rephasing.

5.3.3 Growth, Environment & Transport

5.3.3.1 Highways, Transportation & Waste

- Highway Major Enhancement: Real movement of -£2.054m. This is mainly due to the change in cash limit reflected as per the June monitoring, to reflect additional £2.1m agreed by County Council for potholes, which will be funded from revenue reserves.
- Integrated Transport: Real movement of +£0.266m. This reflects schemes each below £1.000m which are to be funded from developer contributions and external funding.
- Waste Compactors: Real movement of +£0.335m. Replacement of five compactors is required this year and will be funded from a revenue contribution.

5.3.3.2 Environment, Planning and Enforcement and Libraries, Registration and Archives

- Coroners Phase 2: Rephasing movement of -£1.684m. The figures reflect the project plan which shows the design phase will go up to the end of this financial year. Construction is due to start April 2019, and is expected to last approximately six months.

5.3.3.3 Economic Development

- Kent Empty Property Initiative – No Use Empty: Real movement of +£0.300m. This relates to additional external funding from Shepway District Council and Dover District Council to top up the loans.

5.3.4 Strategic & Corporate Services

There are no movements reported over £0.100m on real variances or over £1.0m on rephasing.

6. CONCLUSIONS

- 6.1 It is not unusual at this point in the financial year for the revenue position to show an overspend. However, the forecasts show the majority of the £50.2m savings are on track to be delivered and the intention remains that where delivery proves to be unlikely, equivalent savings elsewhere within the relevant Directorate will be made as appropriate. It is clear that plans still need to be put in place to reduce the forecast pressure. Considering there is still a forecast pressure of £6.726m (including roll forwards), of which the majority falls within the Children, Young People and Education directorate, there will need to be a range of potential mitigations in order to reduce and then eliminate this forecast pressure. We cannot, under any circumstances, afford to enter 2019-20 with an underlying problem.

7. RECOMMENDATIONS

Cabinet is asked to:

- 7.1 **Note** the forecast revenue budget monitoring position for 2018-19 and capital budget monitoring position for 2018-19 to 2020-21, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

8. CONTACT DETAILS

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Breakdown of Directorate Monitoring Position

Adult Social Care & Health							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets - Adults							
Additional Adult Social Care Allocation	6.1	0.0	6.1	0.0	0.0	0.0	0.0
Budgets and Savings Plans to be allocated	-1.1	-0.5	-1.6	-1.2	0.0	-1.2	1.6
Safeguarding Adults	3.9	-0.2	3.7	-0.9	0.0	-0.9	-0.1
Community Based Preventative Services - Other Adults	0.6	-0.6	0.0	0.0	0.0	0.0	0.0
Housing Related Support - Other Adults	0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Strategic Management & Directorate Support	31.5	-4.6	26.9	-1.1	0.0	-1.1	-0.2
Total - Strategic Management & Directorate Budgets (ASCH)	41.2	-6.1	35.1	-3.1	0.0	-3.1	1.3
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Disabled Children, Adult Learning Disability & Mental Health							
Adult Learning & Physical Disability Pathway - Residential Care Services	77.5	-6.3	71.2	-0.4	0.0	-0.4	-0.4
Adult Learning & Physical Disability Pathway - Community Based Services	98.8	-7.6	91.2	2.8	0.0	2.8	-0.6
Adult Learning Disability - Assessment Service	5.5	-0.2	5.3	-0.1	0.0	-0.1	0.0
Adult Mental Health - Residential Care Services	12.7	-0.8	11.9	0.6	0.0	0.6	0.1
Adult Mental Health - Community Based Services	6.2	-0.7	5.5	-0.1	0.0	-0.1	-0.4
Adult Mental Health - Assessment Services	10.0	-0.5	9.5	-0.3	0.0	-0.3	-0.1
Community Based Preventative Services - Learning Disability & Mental Health	6.0	-3.5	2.5	0.0	0.0	0.0	0.0
Carers Support (Learning Disability & Mental Health)	2.8	-0.2	2.7	-0.2	0.0	-0.2	0.0
Housing Related Support (Learning Disability & Mental Health)	2.3	0.0	2.3	-0.3	0.0	-0.3	0.0
Looked After Children (with Disability) - Care & Support	11.9	-2.5	9.4	1.1	0.0	1.1	-0.2
Children in Need (Disability) - Care & Support	6.9	-0.1	6.9	-0.5	0.0	-0.5	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	6.0	0.0	6.0	0.3	0.0	0.3	-0.1
Divisional & Directorate Support	5.9	-0.3	5.7	-0.1	0.0	-0.1	0.0
Budgets and Savings Plans to be allocated	-0.4	0.0	-0.4	0.4	0.0	0.4	0.0
Total - Disabled Children, Adult Learning Disability & Mental Health	252.1	-22.6	229.5	3.2	0.0	3.2	-1.6
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Older People & Physical Disability							
Adult Physical Disability - Residential Care Services	15.5	-2.3	13.2	0.1	0.0	0.1	-0.1
Adult Physical Disability - Community Based Services	24.8	-3.5	21.3	0.0	0.0	0.0	0.0
Older People - Residential Care Services	113.0	-56.8	56.3	0.7	0.0	0.7	0.7
Older People - Community Based Services	67.1	-36.3	30.9	0.8	0.0	0.8	-0.3
Community Based Preventative Services - Older People & Physical Disability	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adaptive & Assistive Technology	10.8	-6.7	4.1	-0.9	0.0	-0.9	0.3
Carers Support (Older People & Physical Disability)	2.1	-1.3	0.8	-0.5	0.0	-0.5	-0.1
Housing Related Support (Older People & Physical Disability)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Older People & Physical Disability Assessment Services	29.0	-2.4	26.5	-0.4	0.0	-0.4	0.0
Children in Need (Disability) - Assessment Services	0.4	0.0	0.4	-0.1	0.0	-0.1	0.0
Divisional Management & Support Costs (including savings yet to be allocated)	0.6	-0.1	0.5	-0.1	0.0	-0.1	0.2
Budgets and Savings Plans to be allocated	-0.4	0.0	-0.4	-0.2	0.0	-0.2	-0.2
Total - Older People & Physical Disability	262.8	-109.3	153.5	-0.6	0.0	-0.6	0.3
Total - Adult Social Care & Health	556.1	-138.0	418.1	-0.5	0.0	-0.5	0.0

Appendix 1

Children, Young People & Education							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets - CYPE							
Strategic Management & Directorate Budgets	8.2	-3.6	4.5	0.1	0.0	0.1	0.0
Budget & Saving Plans to be allocated (CYPE)	-2.3	0.0	-2.3	1.0	0.0	1.0	0.0
Total - Strategic Management & Directorate Budgets (CYPE)	5.9	-3.6	2.3	1.1	0.0	1.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Education Services Planning & Resources							
Special Educational Needs & Psychology Services	67.1	-64.1	2.9	2.0	0.0	2.0	0.6
Early Years Education	65.5	-65.5	0.0	0.0	0.0	0.0	0.0
Home to School & College Transport	39.6	-3.7	35.9	-0.1	0.0	-0.1	0.0
Fair Access & Planning Services	2.9	-2.9	0.0	0.0	0.0	0.0	0.0
Education Services to be provided by the Education Services Company	1.0	0.0	1.0	0.0	0.0	0.0	-1.1
Community Learning & Skills (CLS)	12.6	-13.8	-1.2	0.0	0.0	0.0	0.0
Education Services & Planning Resources Management & Divisional Support	2.0	-1.0	1.0	0.0	0.0	0.0	0.1
Other School Services	38.4	-40.3	-1.9	1.7	0.0	1.7	0.0
Total - Education Services Planning & Resources	229.1	-191.3	37.7	3.7	0.0	3.7	-0.4
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Quality & Standards							
Education Services to be provided by the Education Services Company	18.0	-15.1	3.0	0.0	0.0	0.0	0.0
Total - Quality & Standards	18.0	-15.1	3.0	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Early Help & Preventative Services							
Early Help & Preventative Services	20.9	-12.0	8.9	-1.0	0.0	-1.0	0.0
Children's Centres	7.6	-3.7	3.8	0.0	0.0	0.0	-0.1
Youth Services	6.6	-2.5	4.0	0.1	0.0	0.1	0.0
Pupil Referral Units & Inclusion	4.7	-4.7	0.0	0.0	0.0	0.0	0.0
Early Help & Preventative Services Management & Directorate Support	3.7	-2.4	1.3	0.0	0.0	0.0	0.0
Total - Early Help & Preventative Services	43.5	-25.5	18.1	-0.9	0.0	-0.9	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Specialist Children's Services							
Looked After Children - Care & Support	59.4	-5.0	54.3	0.2	0.0	0.2	0.1
Children in Need - Care & Support	2.5	-0.2	2.3	0.1	0.0	0.1	0.0
Specialist Children's Service - Assessment & Safeguarding Service	50.9	-3.5	47.4	-0.1	0.0	-0.1	0.0
Adoption Service & Permanency Arrangements	14.8	-0.1	14.7	-0.7	0.0	-0.7	-0.1
Care Leavers Service	6.6	-3.5	3.1	0.6	0.0	0.6	-0.1
Asylum	17.9	-17.9	0.0	2.3	0.0	2.3	-0.2
Specialist Children's Service - Management & Support Costs	3.5	-0.3	3.2	0.0	0.0	0.0	0.1
Budgets and Savings Plans to be allocated (SCS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - Specialist Children's Services	155.5	-30.4	125.0	2.4	0.0	2.4	-0.1
Total - Children, Young People & Education	452.0	-265.9	186.1	6.2	0.0	6.2	-0.5

Appendix 1

Growth, Environment & Transport							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m				
Strategic Management & Directorate Budgets							
Strategic Management & Directorate Budgets	1.4	-0.1	1.4	-0.1	0.0	-0.1	0.0
Budget & Savings Plans to be allocated (GET)	-0.7	0.0	-0.7	0.7	0.0	0.7	0.3
Total - Strategic Management & Directorate Budgets (GET)	0.7	-0.1	0.7	0.6	0.0	0.6	0.4
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m				
Economic Development							
Economic Development	6.4	-3.6	2.8	0.0	0.0	0.0	-0.1
Arts	1.8	0.0	1.8	-0.1	0.0	-0.1	0.0
Total - Economic Development	8.2	-3.6	4.6	-0.1	0.0	-0.1	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m				
Highways, Transportation & Waste							
Highway Transportation (including School Crossing Patrols)	7.8	-2.3	5.5	-0.1	0.0	-0.1	-0.1
Highway Asset Management (Roads and Footways)	12.3	0.0	12.3	0.2	0.0	0.2	0.2
Highway Asset Management (Other)	21.9	-4.1	17.8	-0.2	0.0	-0.2	-0.1
Subsidised Buses & Community Transport	8.1	-2.1	6.0	-0.2	0.0	-0.2	-0.2
Concessionary Fares	17.2	0.0	17.2	0.1	0.0	0.1	0.1
Young Person's Travel Pass	15.1	-6.3	8.7	-0.1	0.0	-0.1	-0.1
Residual Waste	39.4	-0.1	39.3	-0.9	0.0	-0.9	-0.1
Waste Facilities & Recycling Centres	31.6	-1.9	29.7	0.5	0.0	0.5	-0.2
Highways, Transport & Waste Management Costs and Commercial Operations	7.6	-3.2	4.4	0.0	0.0	0.0	-0.4
Total - Highways, Transportation & Waste	161.0	-20.1	140.9	-0.5	0.0	-0.5	-0.9
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m				
Environment, Planning & Enforcement							
Public Protection (Enforcement)	13.2	-3.5	9.7	0.8	0.0	0.8	0.0
Environment & Planning	12.4	-8.1	4.2	-0.2	0.0	-0.2	-0.2
Environment, Planning & Enforcement Management Costs	0.6	0.0	0.6	0.0	0.0	0.0	0.0
Total - Environment, Planning & Enforcement	26.2	-11.6	14.6	0.6	0.0	0.6	-0.2
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m				
Libraries, Registration & Archives							
Libraries, Registration & Archives	15.9	-6.5	9.4	-0.2	0.0	-0.2	-0.2
Total - Growth, Environment & Transport	212.1	-41.9	170.2	0.4	0.0	0.4	-1.1

Appendix 1

Strategic & Corporate Services							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic & Corporate Services							
Strategic Management & Directorate Budgets (S&CS)	2.8	-4.9	-2.2	0.0	0.0	0.0	0.0
Budgets and Savings Plans to be allocated (S&CS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - Strategic & Corporate Services (excluding Public Health & BSC)	2.8	-4.9	-2.2	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Engagement, Organisation Design & Development							
Human Resources Related Services	8.5	-1.1	7.4	0.0	0.0	0.0	0.0
Customer Contact, Communications & Consultations	6.3	-0.8	5.5	0.6	0.0	0.6	-0.1
Local Member Grants	2.6	0.0	2.6	0.0	0.0	0.0	0.0
Total - Engagement, Organisation Design & Development	17.4	-1.8	15.5	0.6	0.0	0.6	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Finance	17.0	-5.9	11.1	-0.1	0.0	-0.1	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
General Counsel	5.2	-0.2	5.0	0.0	0.0	0.0	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Infrastructure							
Property Related Services	35.4	-12.6	22.7	0.8	0.0	0.8	0.1
ICT Related Services	18.6	-2.6	16.0	0.0	0.0	0.0	0.0
Total - Infrastructure	54.0	-15.3	38.7	0.8	0.0	0.8	0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic Commissioning including Public Health							
Strategic Commissioning	11.9	-3.8	8.1	0.0	0.0	0.0	0.0
Public Health - Children's Programme	31.5	-31.5	0.0	0.0	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	16.7	-16.7	0.0	0.0	0.0	0.0	0.0
Public Health - Sexual Health	12.6	-12.6	0.0	0.0	0.0	0.0	0.0
Public Health - Healthy Lifestyles	8.8	-8.8	0.0	0.0	0.0	0.0	0.0
Public Health - Advice & Other Staffing	4.4	-4.4	0.0	0.0	0.0	0.0	0.0
Total - Strategic Commissioning including Public Health	85.9	-77.8	8.1	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategy, Policy, Relationships & Corporate Assurance	2.2	-0.4	1.8	0.1	0.0	0.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Business Services Centre	23.9	-27.2	-3.3	0.0	0.0	0.0	0.0
Total - Strategic & Corporate Services	208.4	-133.7	74.7	1.3	0.0	1.3	-0.2

Appendix 1

Financing Items							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Financing Items & Unallocated	130.4	-15.6	114.8	-2.3	0.0	-2.3	0.0
TOTAL BUDGET (excluding Schools' Delegated Budgets)	1,558.9	-595.1	963.9	5.1	0.0	5.1	-1.8
Schools' Delegated Budgets	637.4	-637.4	0.0	8.5	0.0	8.5	3.9
TOTAL BUDGET	2,196.3	-1,232.4	963.9	13.6	0.0	13.6	2.1

Please note that budgets are held in the financial system to the nearest £100 and hence the figures in the table above may not add through exactly due to issues caused by rounding the figures for this report.

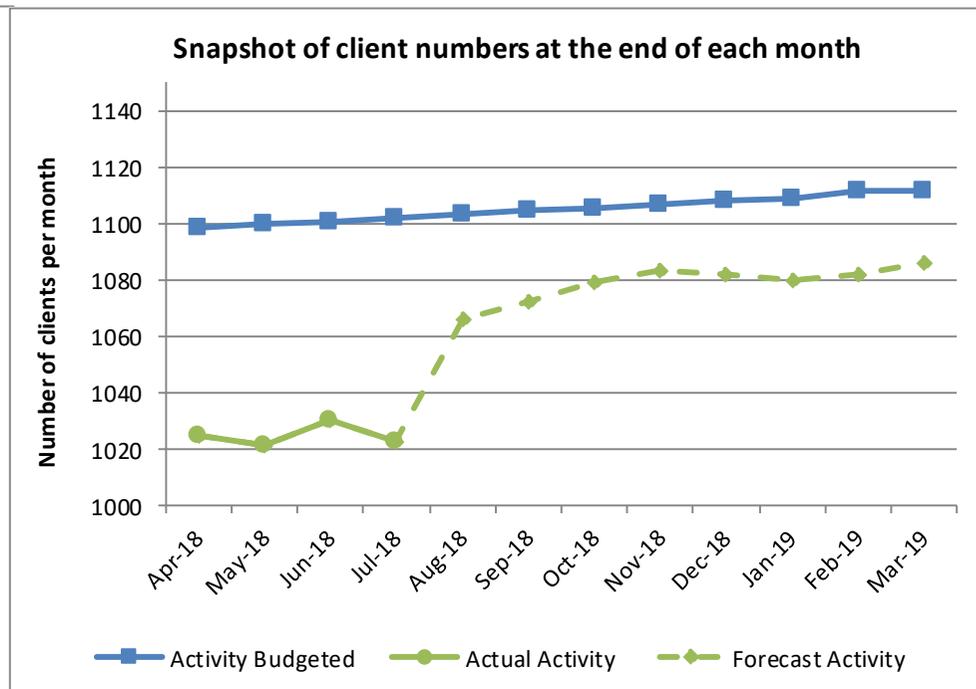
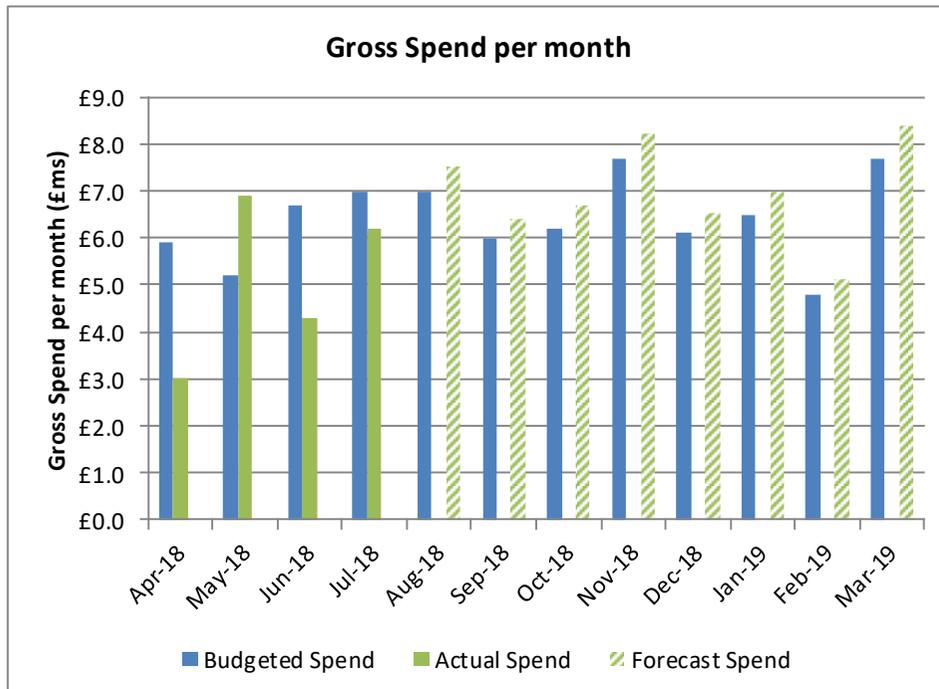
Appendix 2.1: Nursing & Residential Care - Learning Disability (aged 18+)

	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
2018-19				
Budget	£76.8	-£6.3	£70.5	1,100
Forecast	£75.8	-£5.6	£70.1	1,086
Variance	-£1.0	£0.6	-£0.4	-14

	Gross £m	Client Number as at 31/07/2018
Position as at 31st July 2018		
Budget: Spend/Activity Year to Date	£24.8	1,102
Actual: Spend/Activity Year to Date	£20.5	1,023
Variance as at 31st July 2018	-£4.3	-79

MAIN REASONS FOR VARIANCE:

The gross forecast underspend of -£1.0m is due to lower than anticipated demand (-£1.4m) higher unit cost (+£0.9m), along with an additional variance of -£0.5m predominately due to predicted net old year spend. This forecast underspend is partly offset by lower than expected income of +£0.6m. This leads to a net forecast pressure of -£0.4m.



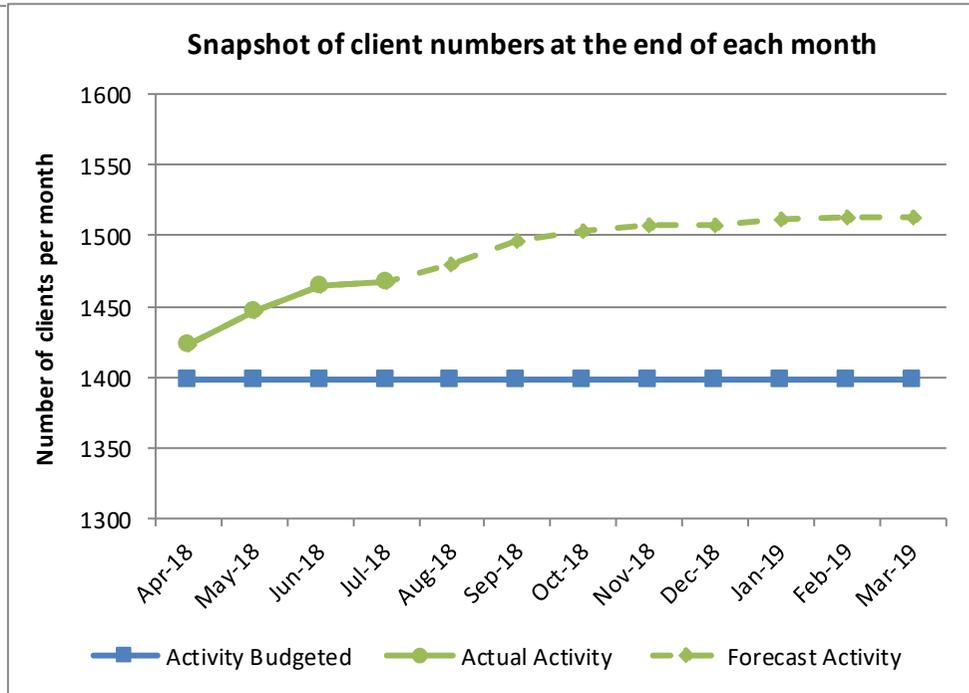
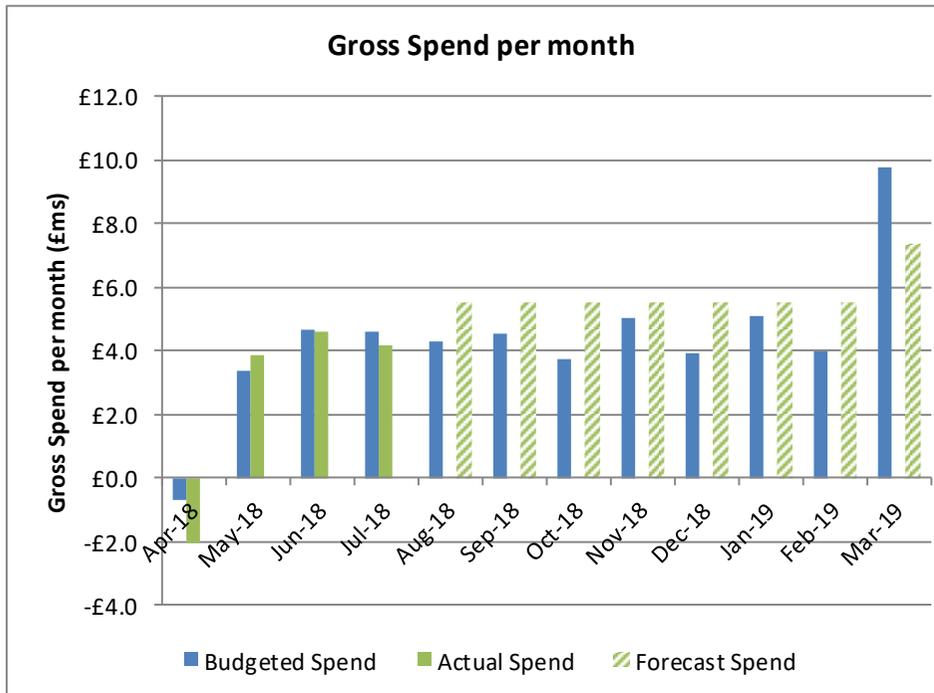
Appendix 2.2: Supported Living - Learning Disability (aged 18+) - Other Commissioned Supported Living arrangements

2018-19	Gross	Income	Net	Client Number
Outturn	£m	£m	£m	as at 31/03/2019
Budget	£52.2	-£0.2	£52.0	1,398
Outturn	£56.3	-£0.2	£56.1	1,513
Variance	£4.1	£0.0	£4.1	115

Position as at 31st May 2018	Gross	Client Number
	£m	as at 31/07/2018
Budget: Spend/Activity Year to Date	£11.9	1,398
Actual: Spend/Activity Year to Date	£10.5	1,468
Variance as at 31st May 2018	-£1.4	70

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£4.1m is due to higher than anticipated demand in hours (+£3.7m) and higher unit cost (+£1.0m), along with an additional variance of -£0.6m predominately due to the release of unrealised creditors. This leads to a net forecast pressure of +£4.1m.



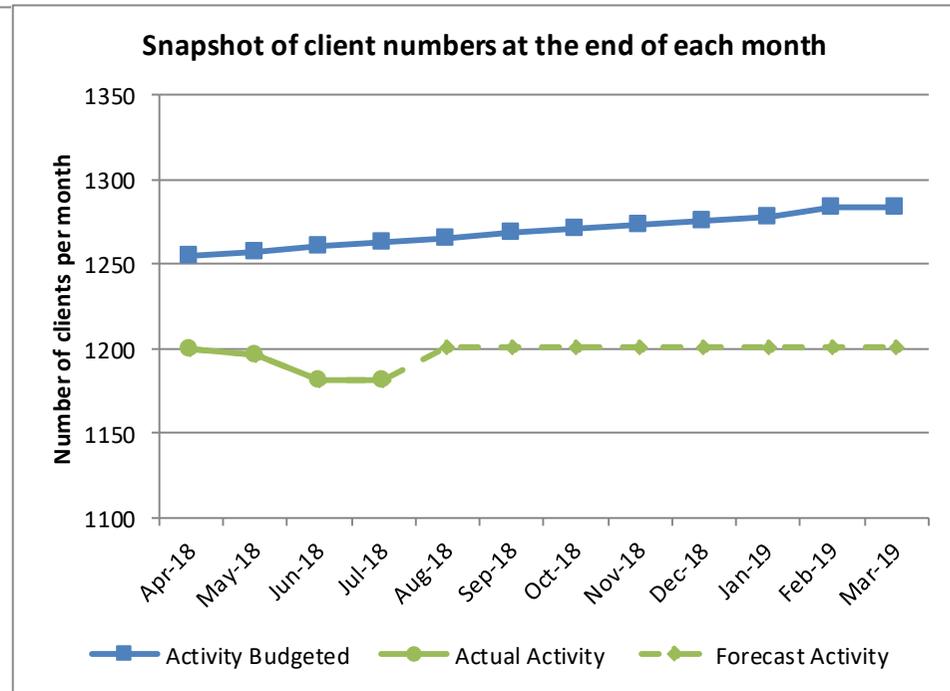
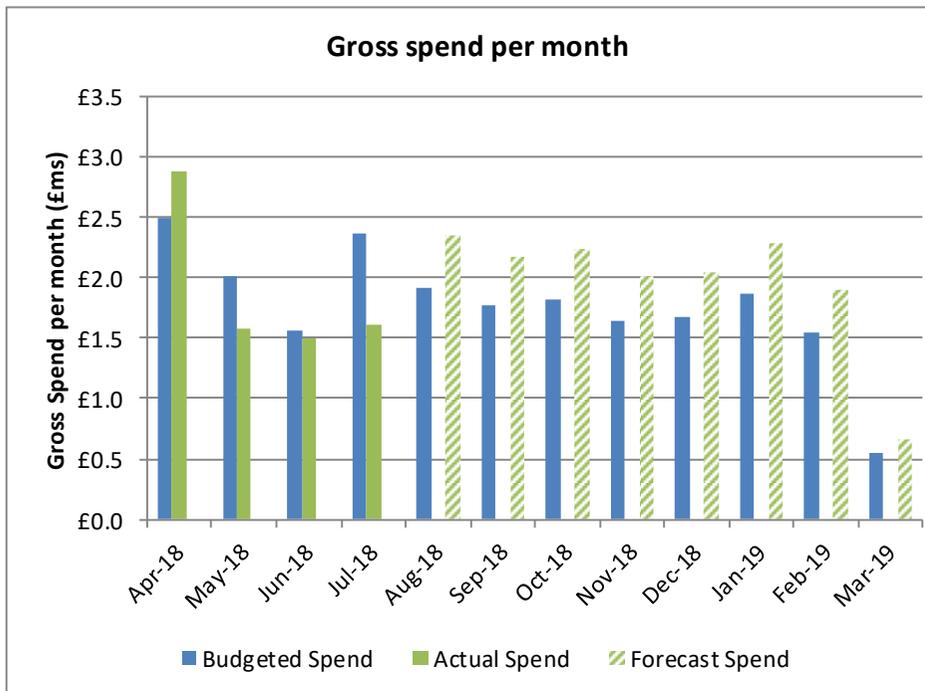
Appendix 2.3: Direct Payments - Learning Disability (aged 18+)

	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
2018-19				
Budget	£21.2	-£0.8	£20.4	1,283
Forecast	£20.1	-£0.8	£19.2	1,201
Variance	-£1.1	£0.0	-£1.1	-82

	Gross £m	Client Number as at 31/07/2018
Position as at 31st July 2018		
Budget: Spend/Activity Year to Date	£8.4	1,263
Actual: Spend/Activity Year to Date	£7.6	1,181
Variance as at 31st July 2018	-£0.9	-82

MAIN REASONS FOR VARIANCE:

The gross underspend of -£1.1m is due to lower than anticipated demand (-£1.1m)



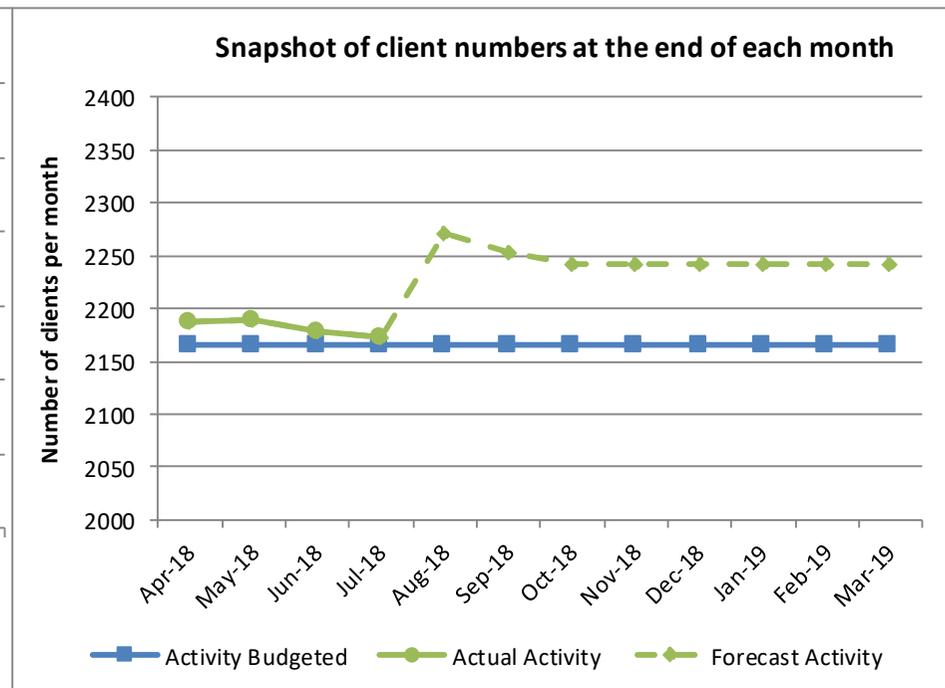
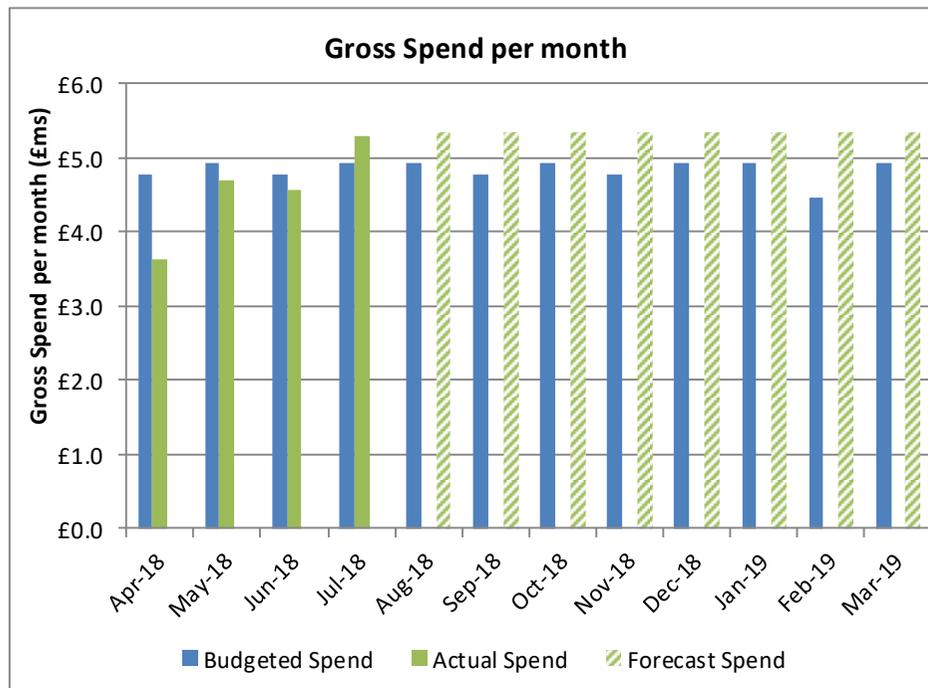
Appendix 2.4: Nursing & Residential Care - Older People (aged 65+) - Residential - Commissioned service

2018-19 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
Budget	£58.1	-£33.2	£24.9	2,165
Forecast	£61.0	-£34.9	£26.1	2,242
Variance	£2.9	-£1.7	£1.2	77

Position as at 31st July 2018	Gross £m	Client Number as at 31/07/2018
Budget: Spend/Activity Year to Date	£19.4	2,165
Actual: Spend/Activity Year to Date	£18.2	2,173
Variance as at 31st July 2018	-£1.2	8

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£2.9m is due to higher than anticipated demand (+£2.2m) and a higher unit cost (+£0.7m). This pressure is partly offset by greater than expected income of -£1.70m due to higher than anticipated service user contributions linked to the higher demand (-£0.9m) and a higher average contribution per service user (-£0.8m). This leads to a net forecast overspend of +£1.2m. 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 forecast client count and the previous month's actual client count shown below.



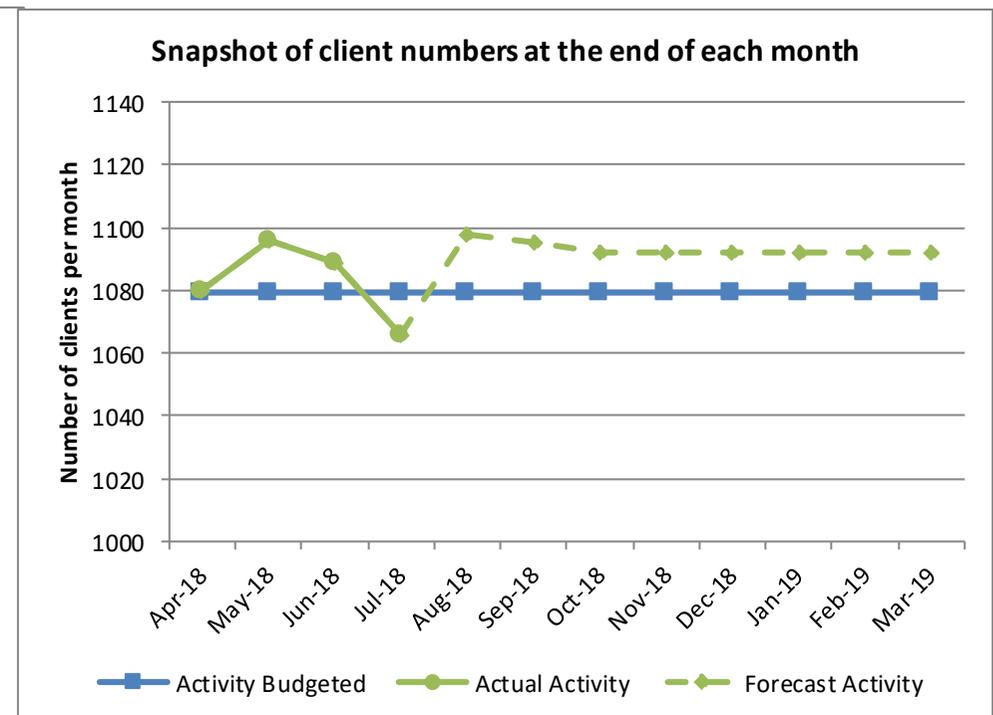
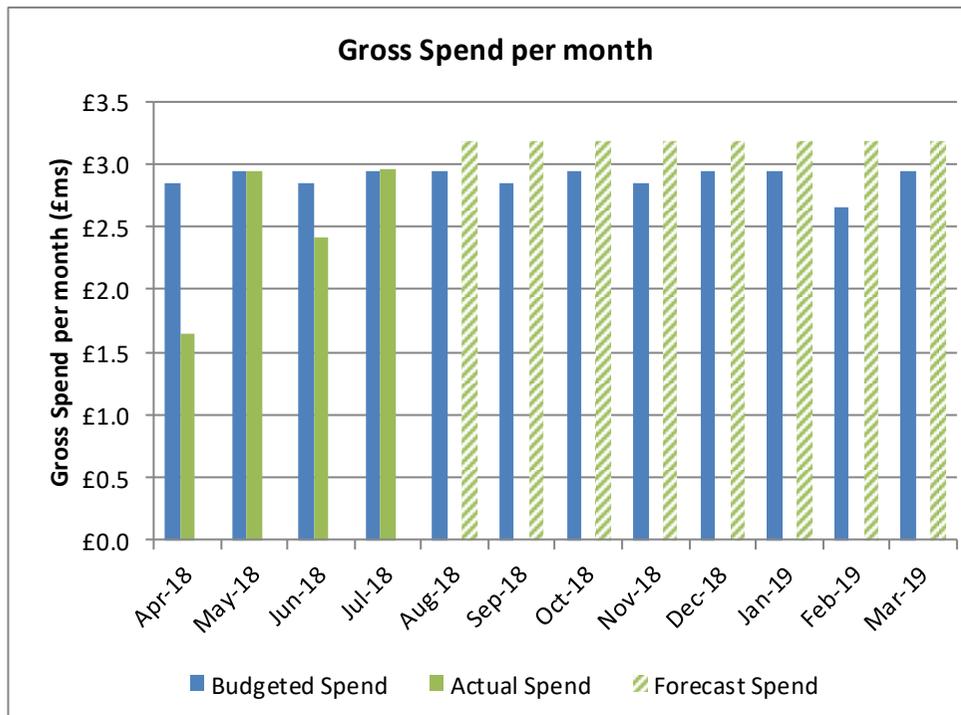
Appendix 2.5: Nursing & Residential Care - Older People (aged 65+) - Nursing

2018-19 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
Budget	£34.7	-£17.5	£17.2	1,079
Forecast	£35.4	-£18.6	£16.8	1,092
Variance	£0.7	-£1.0	-£0.4	13

Position as at 31st July 2018	Gross £m	Client Number as at 31/07/2018
Budget: Spend/Activity Year to Date	£11.6	1,079
Actual: Spend/Activity Year to Date	£10.0	1,066
Variance as at 31st July 2018	-£1.6	-13

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£0.7m is due to higher than anticipated demand (+£0.3m) and higher unit cost (+£0.4m). This pressure is partly offset by greater than expected income of -£1.0m primarily due to higher than anticipated service user contributions linked to the higher demand (-£0.1m) and a higher average contribution per service user (-£0.9m). This leads to a net forecast of -£0.4m.



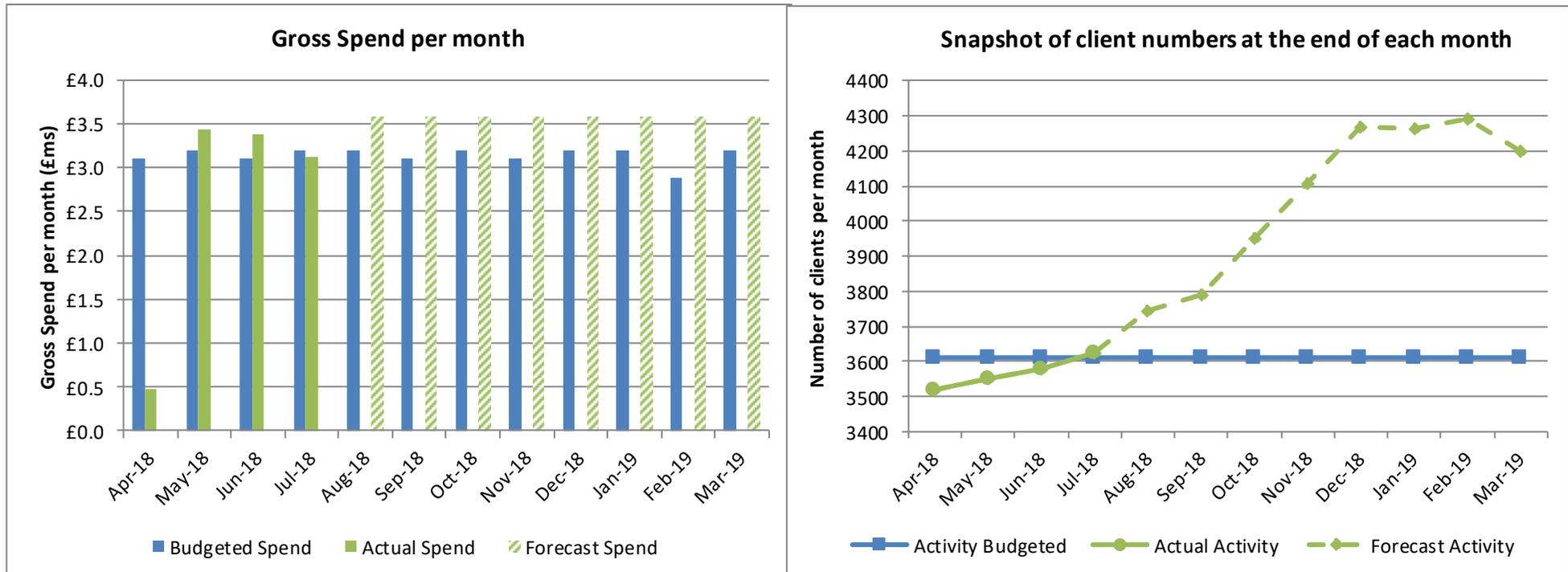
Appendix 2.6: Domiciliary Care - Older People (aged 65+) - Commissioned service

2018-19 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
Budget	£37.7	-£5.8	£31.9	3,611
Forecast	£39.1	-£5.8	£33.3	4,200
Variance	£1.4	-£0.0	£1.4	589

Position as at 31st July 2018	Gross £m	Client Number as at 31/07/2018
Budget: Spend/Activity Year to Date	£12.6	3,611
Actual: Spend/Activity Year to Date	£10.4	3,624
Variance as at 31st July 2018	-£2.2	13

MAIN REASONS FOR FORECAST VARIANCE:

The gross forecast pressure of +£1.4m is due to lower than anticipated demand (-£0.5m) and higher unit cost (+£2.2m), along with an additional non activity variance of -£0.4m due to a realignment of the gross cash limit with non residential charging income. This leads to a net forecast variance of +£1.4m.



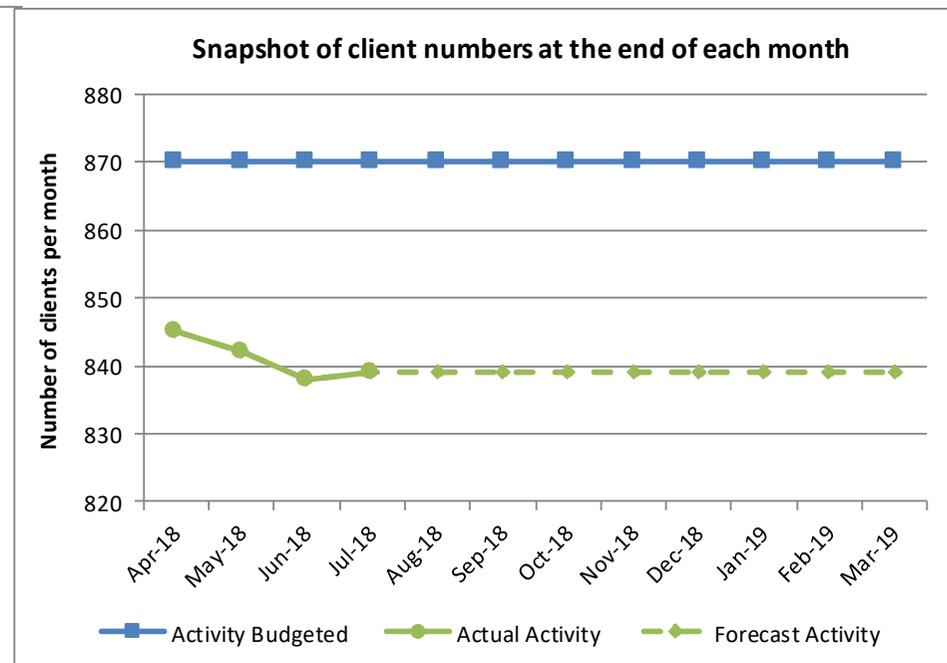
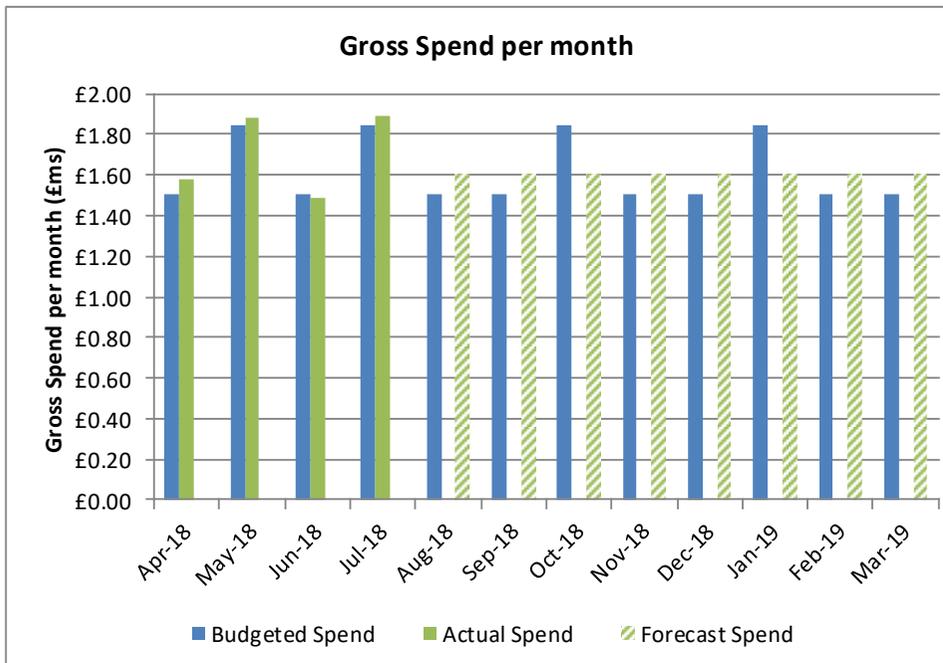
Appendix 2.7: Children in Care (Looked After) - Fostering - In house service

2018-19 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
Budget	£19.4	£0.0	£19.4	870
Forecast	£19.7	£0.0	£19.7	839
Variance	£0.3	£0.0	£0.3	-31

Position as at 31 Jul 18	Gross £m	Client Number as at 31/07/2018
Budget: Spend/Activity Year to Date	£6.7	870
Actual: Spend/Activity Year to Date	£6.8	839
Variance as at 31st July 2018	£0.1	-31

MAIN REASONS FOR VARIANCE:

The gross forecast pressure of +£0.3m is due to a higher unit cost (+£0.9m) partially offset by lower demand (-£0.7m).



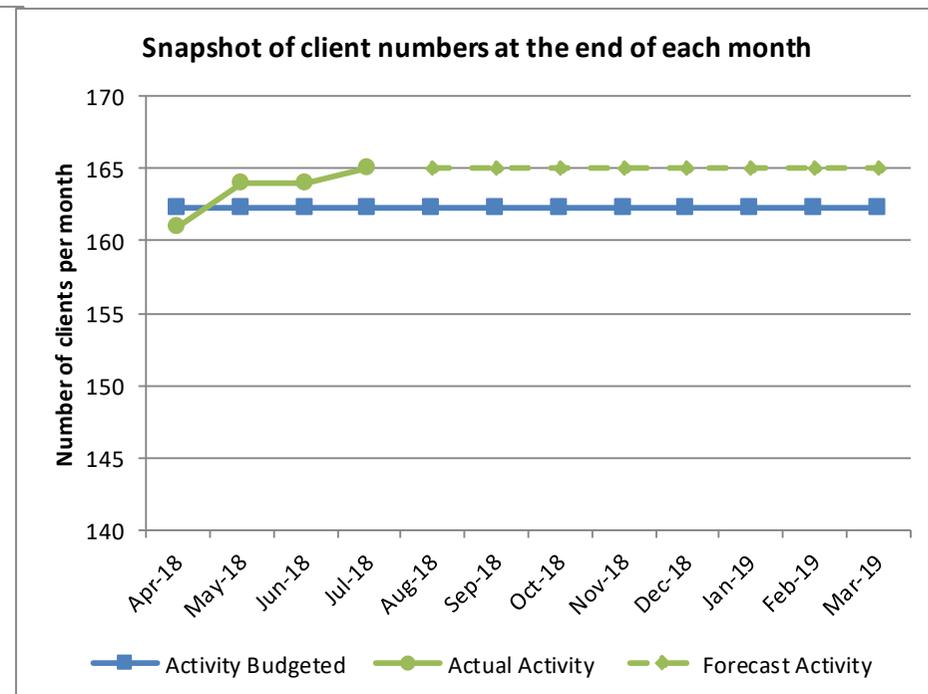
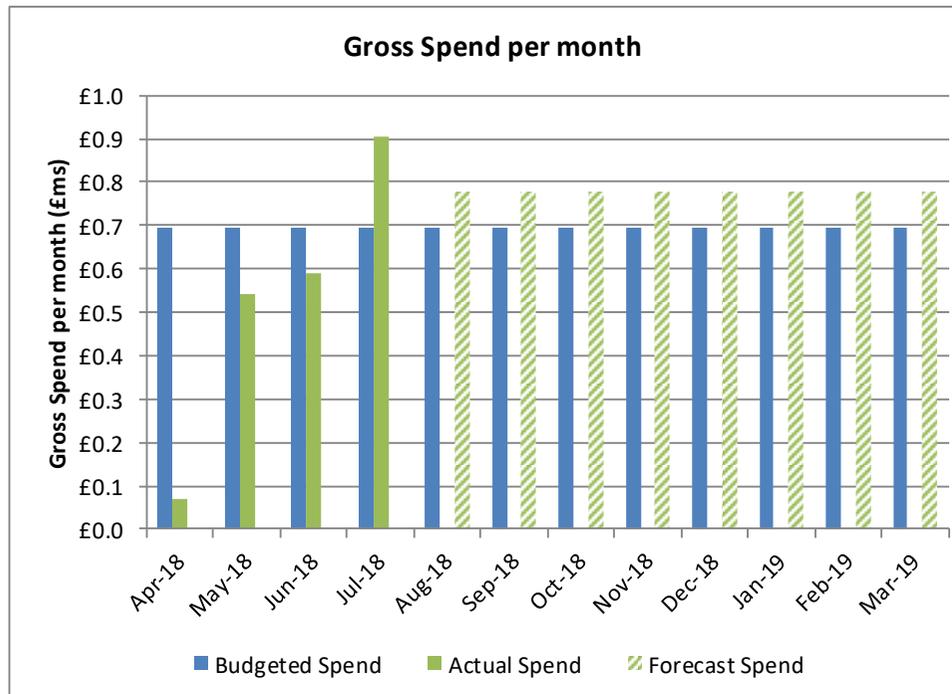
Appendix 2.8: Children in Care (Looked After) - Fostering - Commissioned from Independent Fostering Agencies

2018-19 Forecast	Gross £m	Income £m	Net £m	Client Number as at 31/03/2019
Budget	£8.3	£0.0	£8.3	162
Forecast	£8.3	£0.0	£8.3	165
Variance	£0.0	£0.0	£0.0	3

Position as at 31st Jul 2018	Gross £m	Client Number as at 31/07/2018
Budget: Spend/Activity Year to Date	£2.8	162
Actual: Spend/Activity Year to Date	£2.1	165
Variance as at 31st July 2018	-£0.7	3

MAIN REASONS FOR VARIANCE:

The gross forecast shows a balanced position, but within this there is higher than anticipated demand (+£0.2m) and lower unit cost (-£0.1m).



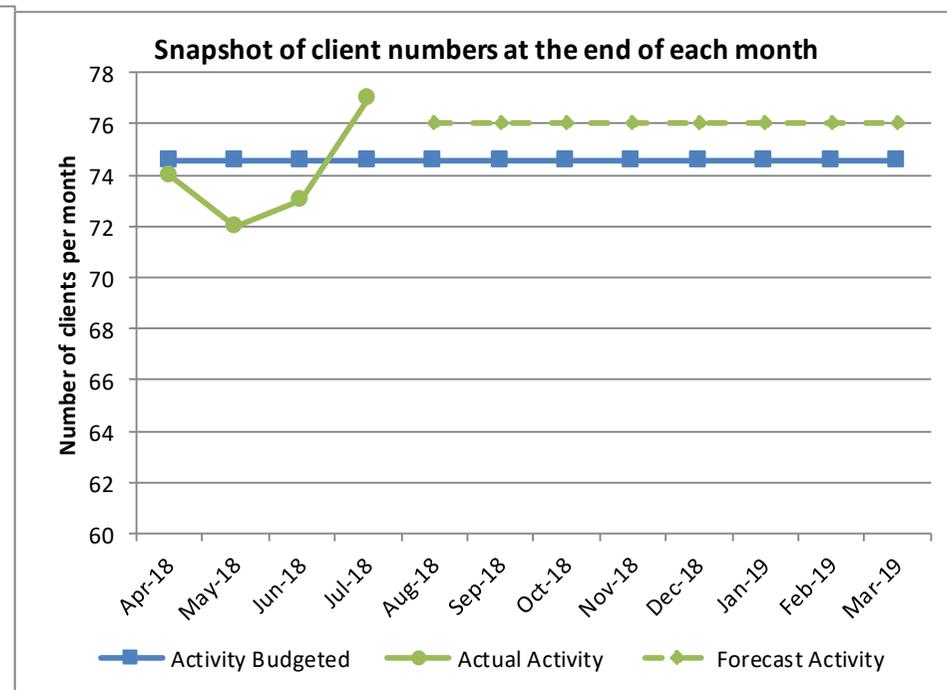
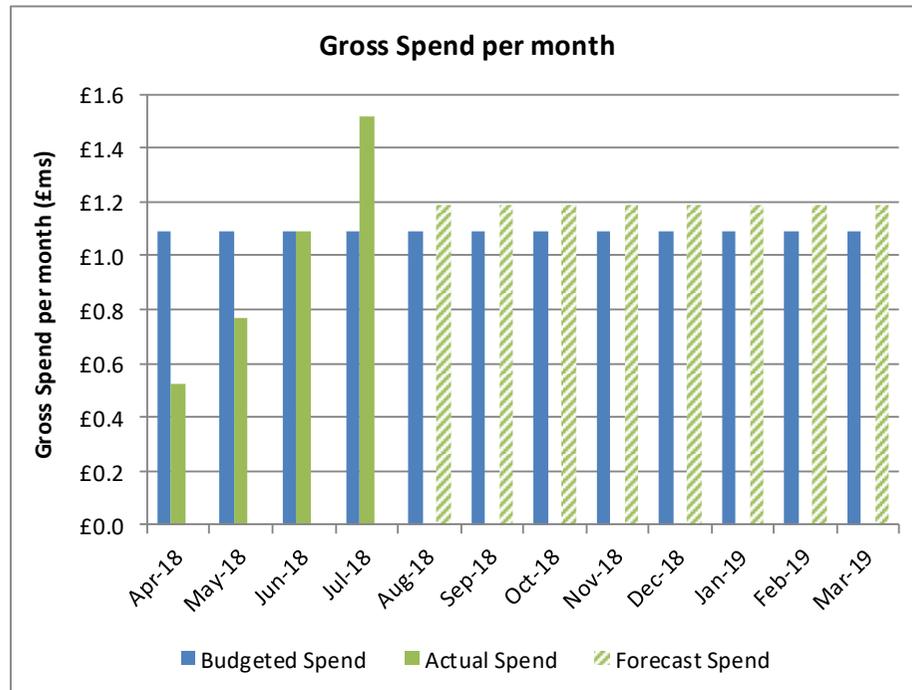
Appendix 2.9: Children in Care (Looked After) - Residential Children's Services - Commissioned from Independent Sector

2017-18	Gross	Income	Net	Client Number
Forecast	£m	£m	£m	as at 31/03/2019
Budget	£13.1	-£0.8	£12.3	75
Forecast	£13.4	-£0.9	£12.5	76
Variance	£0.3	-£0.1	£0.2	1

	Gross	Client Number
Position as at 31st July 2018	£m	as at 31/07/2018
Budget: Spend/Activity Year to Date	£4.4	75
Actual: Spend/Activity Year to Date	£3.9	77
Variance as at 31st July 2018	-£0.5	2

MAIN REASONS FOR VARIANCE:

The gross forecast overspend of +£0.3m is due to a higher than anticipated unit cost (+0.3m). This is partly offset by a greater than expected income of -£0.1m, primarily due to greater contributions for care costs from Health & Education, leading to a net forecast pressure of £0.2m. It is important to note, due to the high cost of these placements (£2,000 - £6,000 per week), a very relatively small change in numbers of placements can have a significant impact on the forecast.



Appendix 2.10: Assessment Services - Children's Social Care (CSC) staffing

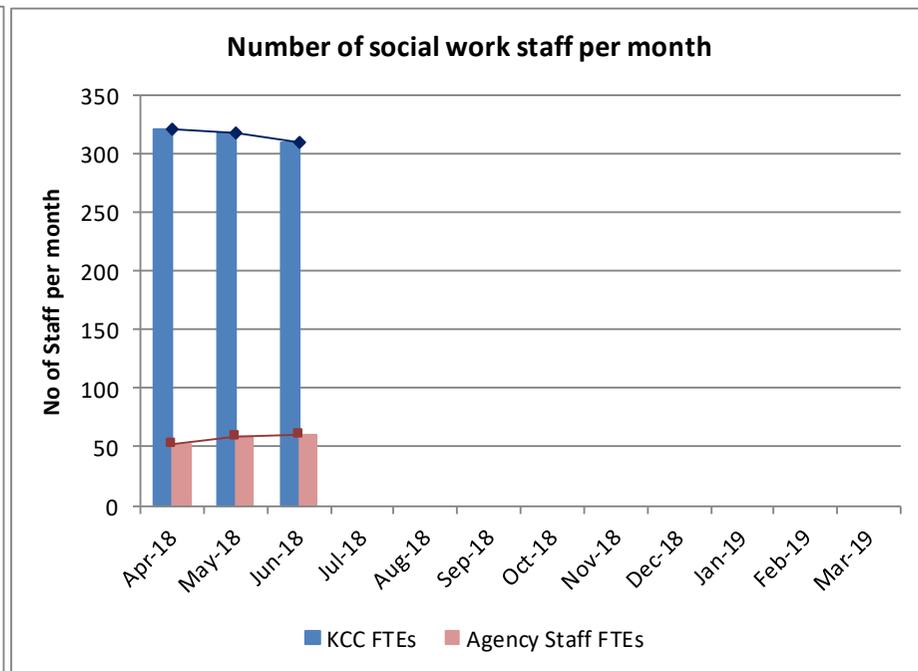
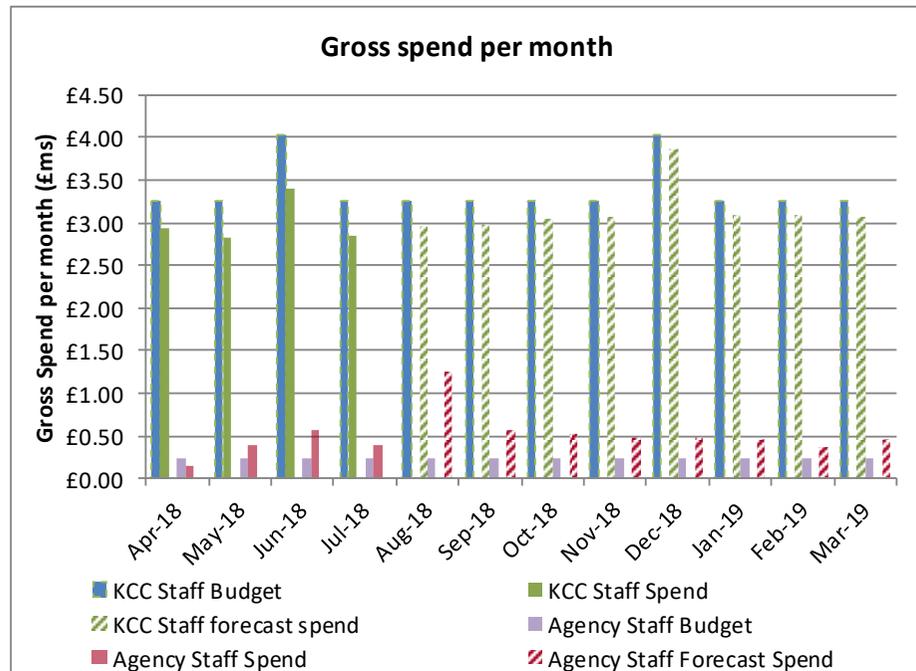
2018-19 Forecast	KCC £m	Agency £m	Gross £m
Budget	£40.6	£2.8	£43.3
Forecast	£37.2	£6.1	£43.3
Variance	-£3.4	£3.4	£0.0

Position as at 31/07/18	KCC £m	Agency £m	Gross £m
YTD Budget	£13.8	£0.9	£14.7
YTD Spend	£12.0	£1.5	£13.5
YTD Variance	-£1.8	£0.6	-£1.2

Staff numbers	KCC FTEs	Agency Nos
as at 31/07/18	322.4	57.0
as at 31/07/18	308.9	60.6
YTD Movement	-13.5	3.6

MAIN REASONS FOR VARIANCE:

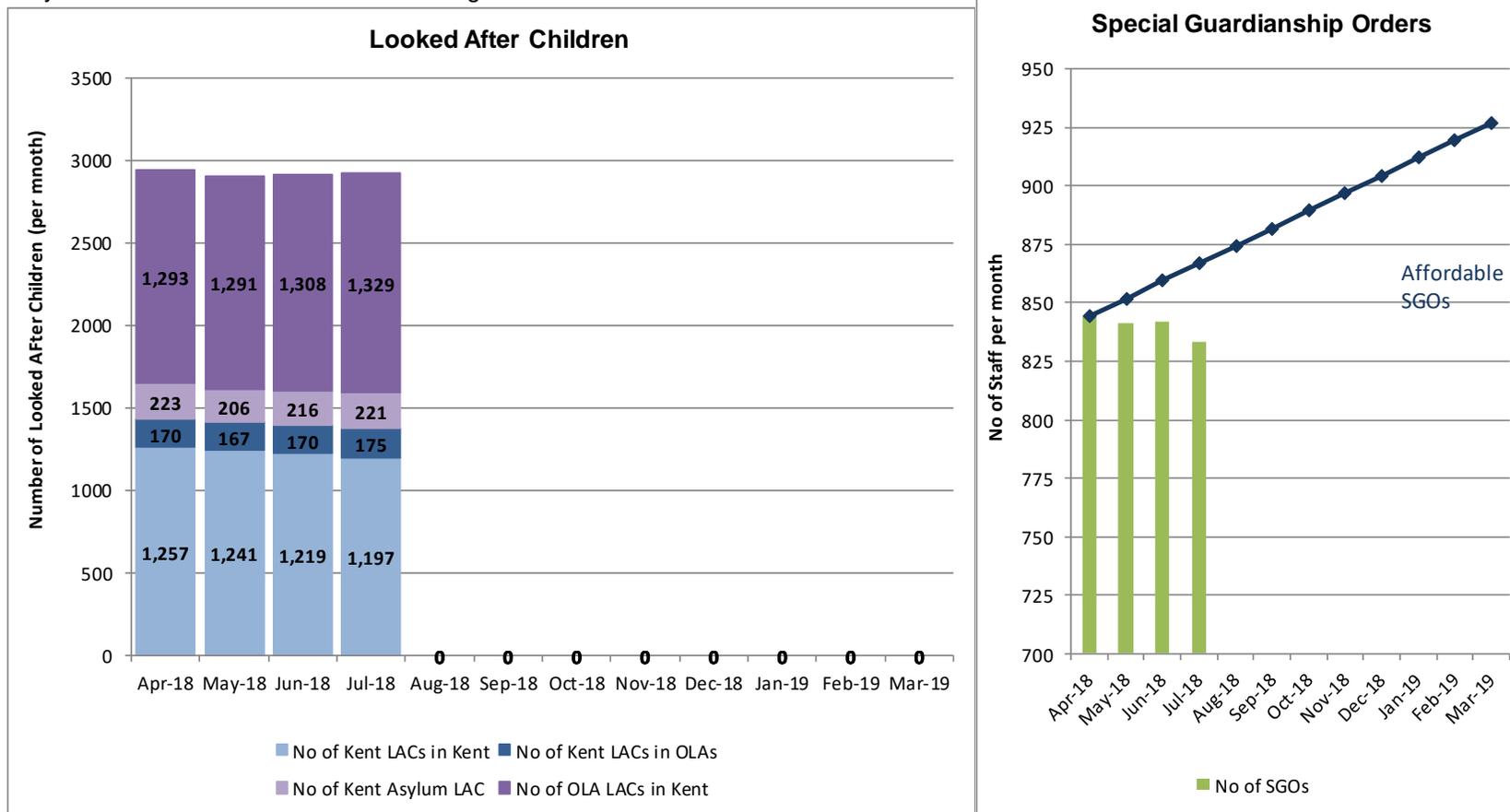
This measure focuses on the level of social workers & senior practitioners rather than the overall staffing level within this budget. The budget assumes that CSC Staffing will be met using salaried workers and a small proportion of agency, so any additional agency workers (who are more expensive than salaried staff) would result in a pressure on this budget. This measure shows the extent of the vacancies within CSC that are currently covered by agency workers. At present a reduced number of salaried workers in excess of agency use is contributing to a -£0.1m underspend against Children's Social Work Services - Assessment & Safeguarding Service Budget. However minor overspends on other services leads to the overall forecast variance for this budget being break even.



Appendix 2.11: 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.

Overall the Specialist Children's Services is forecasting a breakeven position, whilst Disabled Children's Services budget is forecasting a pressure of which a key part of this relates to the LAC heading in reference to those in residential care. Overall the number of LAC are remaining steady, however due to the increasing complexity of children being placed, the overall cost of suitable placements is increasing. 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.



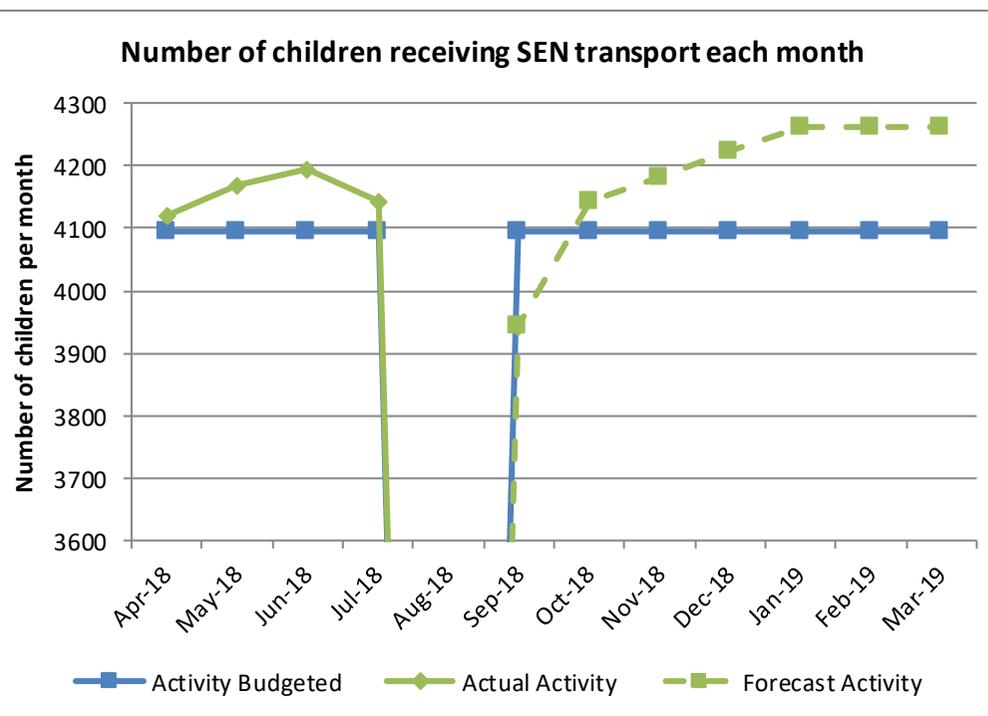
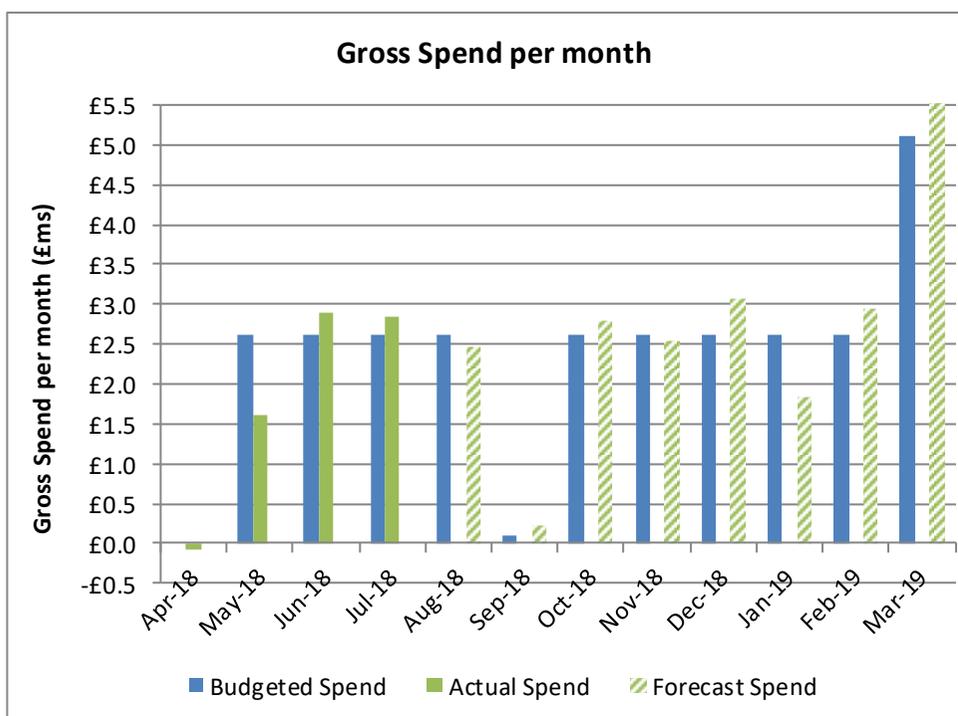
Appendix 2.12: Transport Services - Home to School / College Transport (Special Education Needs)

2018-19 Forecast	Gross £m	Income £m	Net £m	No of pupils as at 31/03/2019
Budget	£28.7	-£0.8	£27.9	4,096
Forecast	£29.1	-£0.8	£28.3	4,263
Variance	£0.4	£0.0	£0.4	167

YTD Position as at 31/07/2018	Gross £m	No of pupils as at 31/07/2018
Budget: Spend/Activity Year to Date	£7.8	4,096
Actual: Spend/Activity Year to Date	£7.3	4,143
Variance as at 31st July 2018	-£0.5	47

MAIN REASONS FOR VARIANCE:

The SEN transport forecast is currently forecasting a +£0.4m pressure however an overall breakeven position is currently being forecast for home to school & college SEN transport, home to school mainstream transport and 16+ Kent Card until the September 2018 monitoring report (reported to Cabinet in November 2018) when the forecasts for these budgets will be fully reviewed. These forecasts are heavily dependent on the September pupil numbers which will not be known until the end of September 18. At which time, there will also be further clarity on the impact of the recent procurement exercises.



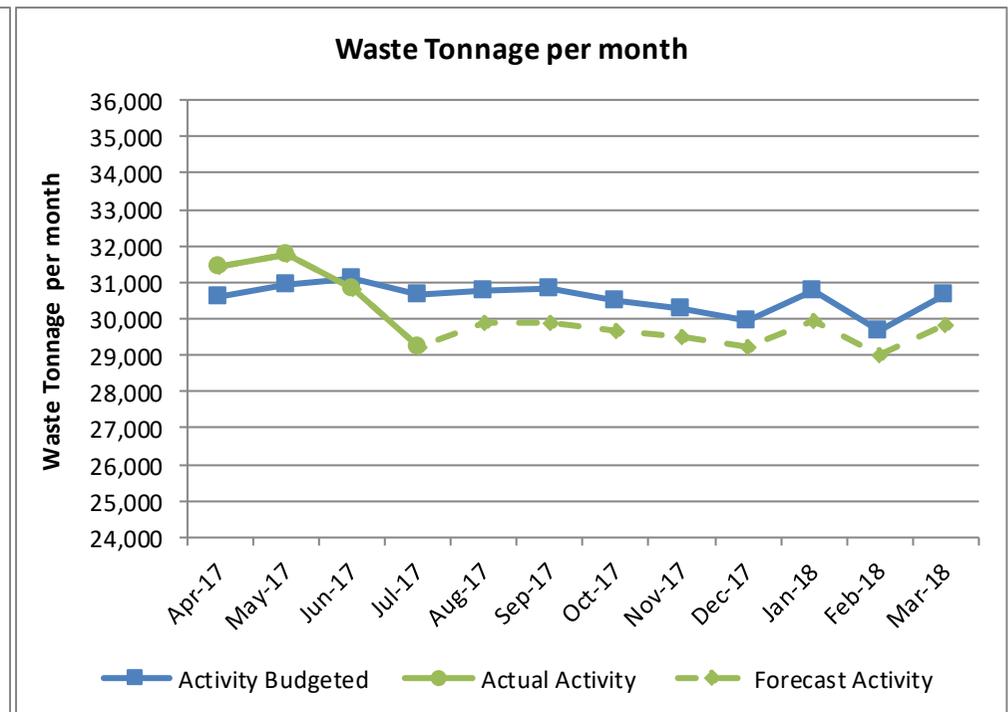
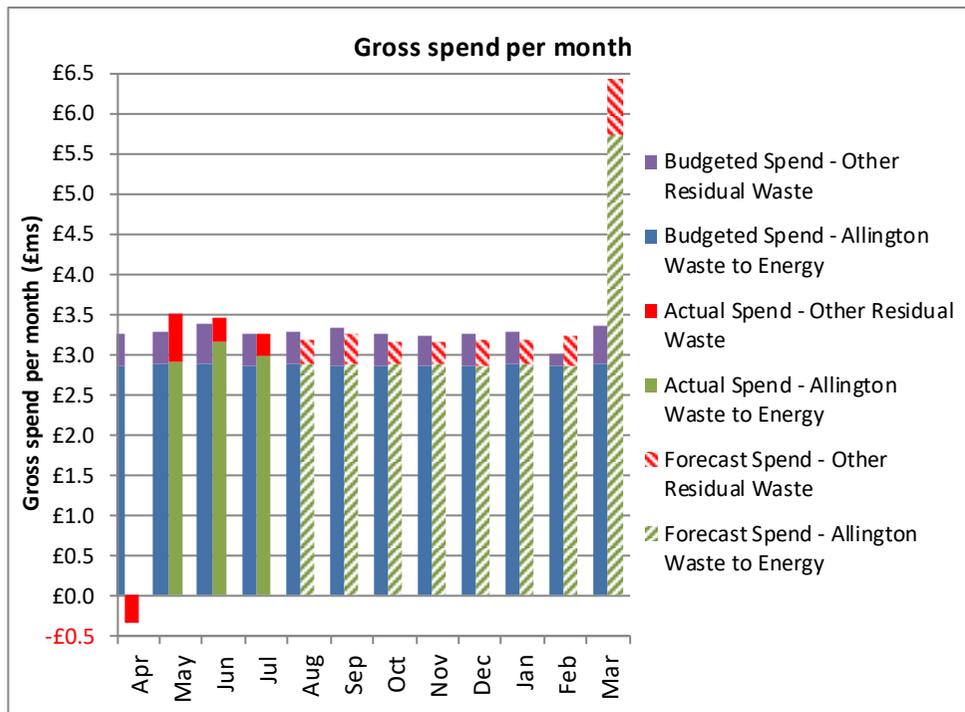
Appendix 2.13: Treatment and disposal of residual waste

2018-19 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2019
Budget	£39.4	-£0.1	£39.3	366,772
Actual	£38.7	-£0.3	£38.4	360,253
Variance	-£0.7	-£0.2	-£0.9	-6,519

Position as at 31st July 2018	Gross £m	Waste Tonnage to 31/07/2018
Budget: Spend/Activity Year to Date	£13.2	123,352
Actual: Spend/Activity Year to Date	£9.9	123,213
Variance as at 31st July 2018	-£3.3	-139

MAIN REASONS FOR FORECAST VARIANCE:

The gross underspend of -£0.7m is due to a volume variance of -6,519 tonnes. Income from additional trade waste tonnes has further increased the underspend (-£0.2m) leading to a net saving of -£0.9m. The -£3.3m underspend to date shown in the table above is due to no monthly payment being made in April; this is forecast to catch up in March as shown in the chart below.



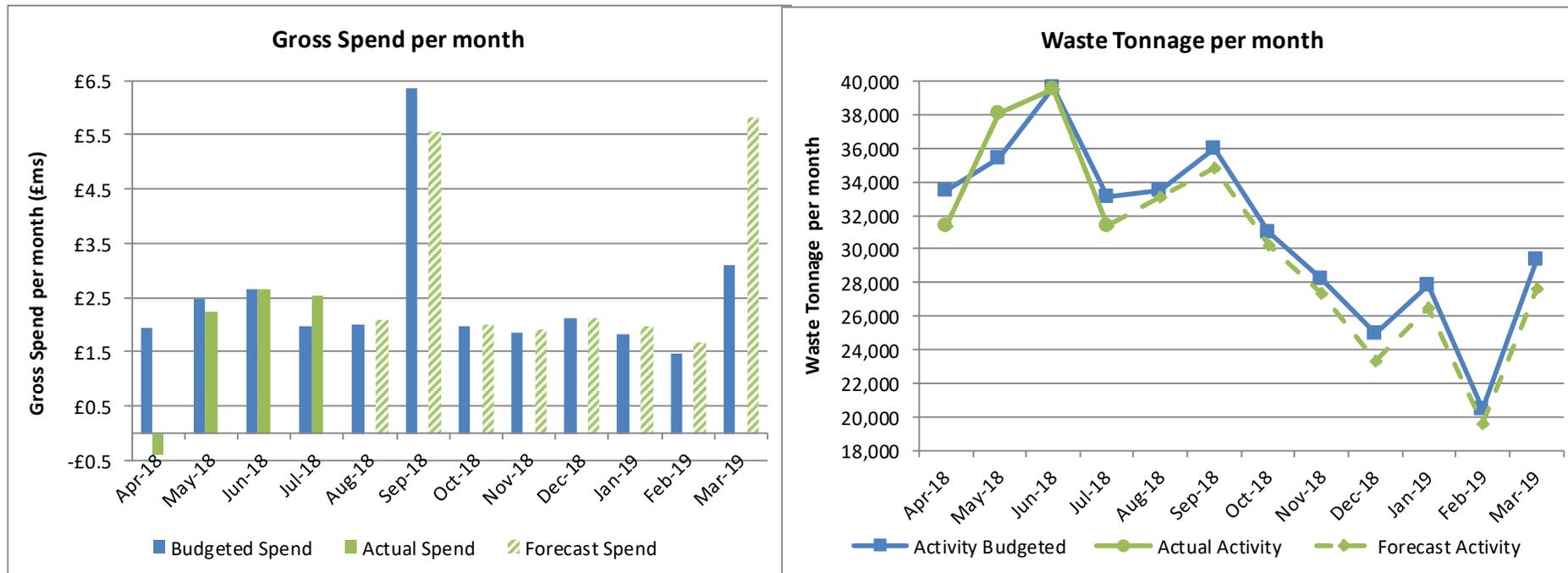
Appendix 2.14: Waste Processing

2018-19 Forecast	Gross £m	Income £m	Net £m	Waste Tonnage to 31/03/2018
Budget	£31.6	-£1.9	£29.7	373,013
Actual	£32.1	-£1.9	£30.2	363,054
Variance	£0.4	£0.0	£0.5	-9,959

Position as at 31st July 2018	Net £m	Waste Tonnage to 31/07/2018
Budget: Spend/Activity Year to Date	£9.1	141,644
Actual: Spend/Activity Year to Date	£7.0	140,454
Variance as at 31st July 2018	-£2.1	-1,190

MAIN REASONS FOR FORECAST VARIANCE:

Within Gross there is an overspend of +£0.4m. This is mainly due to a price variance of +£0.7m across all MRF contracts plus 7,559 tonnes of composted waste which add +£0.4m. This pressure is offset by reduced recycling credits (-4,413 tonnes/-£0.3m) as well as -£0.7m of savings due to actual waste types differing from the budgeted levels, with each waste type being disposed of in different ways, each with their own unit costs and indexation levels. Other gross variances add up to +£0.3m. A shortfall in income resulting from lower levels of paper and card waste (-6,304 tonnes/+£0.3m) is offset by the North Farm fire insurance payment (-£0.3m). The -£2.1m underspend to date shown in the table above is due to no monthly management payments being made in April; this is forecast to catch up in March as shown in the chart below. Variations in tonnes may not always impact on the financial position as not all changes in waste types attract an additional cost.



Appendix 2.15: All Staffing Budgets (excluding schools)

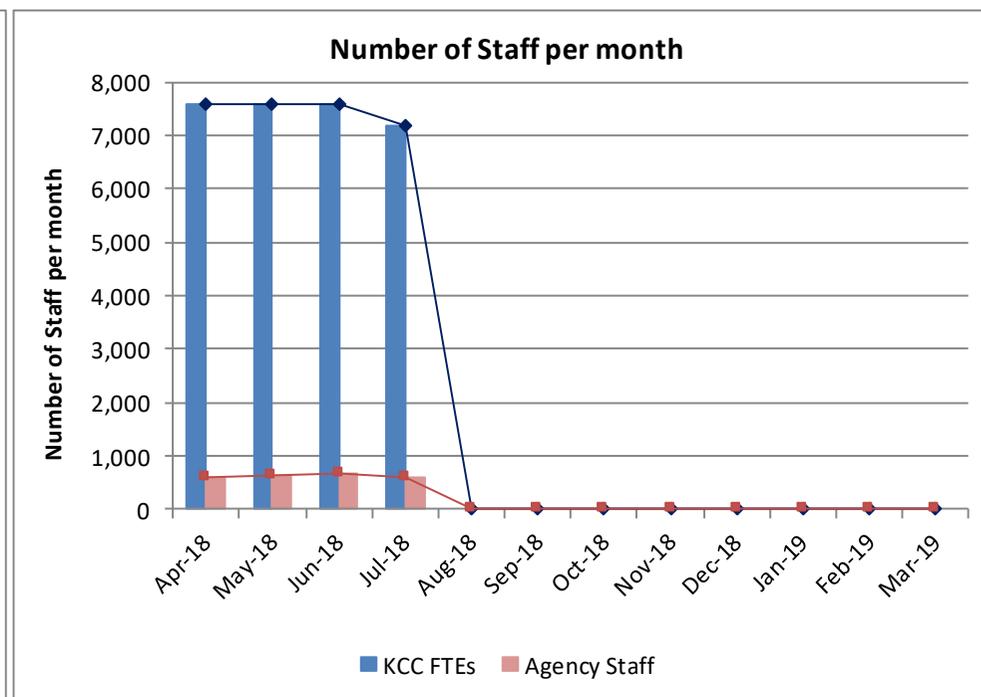
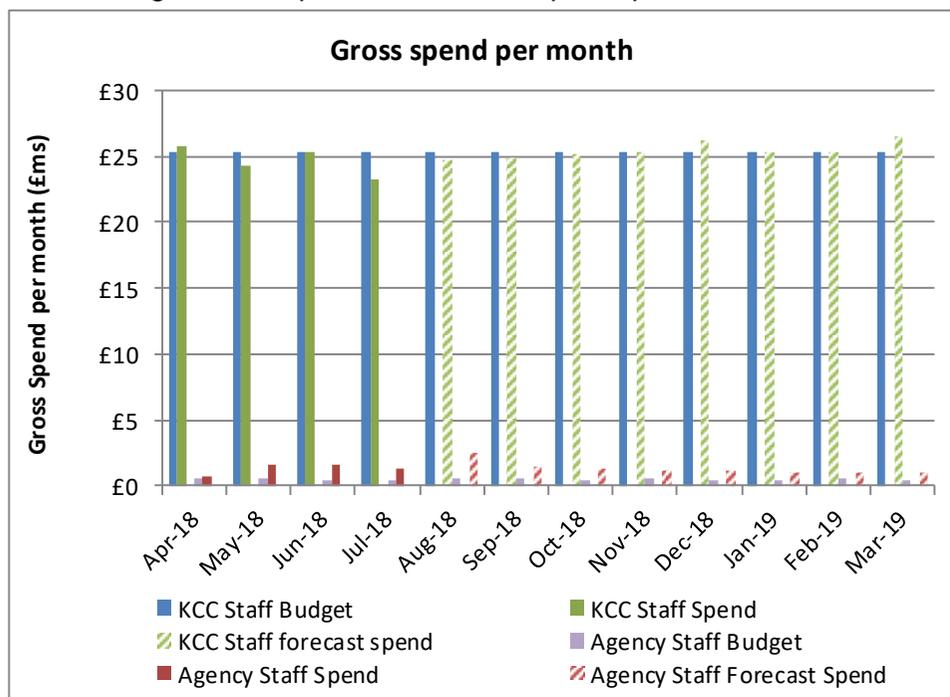
2018-19 Outturn	KCC £m	Agency £m	Gross £m
Budget	£304.7	£5.7	£310.4
Outturn	£302.3	£16.0	£318.3
Variance	-£2.4	£10.3	£7.9

as at 31 July 2018	KCC £m	Agency £m	Gross £m
YTD Budget	£101.6	£1.9	£103.4
YTD Spend	£98.7	£5.3	£104.0
YTD Variance	-£2.9	£3.5	£0.6

Staff numbers	KCC FTEs	Agency Nos
as at 31 Mar 2018	7,564.13	687
as at 31 July 2018	7,178.95	603
Annual Movement	-385.18	-84

MAIN REASONS FOR VARIANCE:

There is a small underspend against KCC staff budgets but this is being negated by an overspend on agency staff. The number of KCC staff has reduced by 385.18 FTE since last month. This is due to staff moving to Cantium Business Solutions Ltd. 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. The staffing numbers provided are a snapshot position at the end of the month.



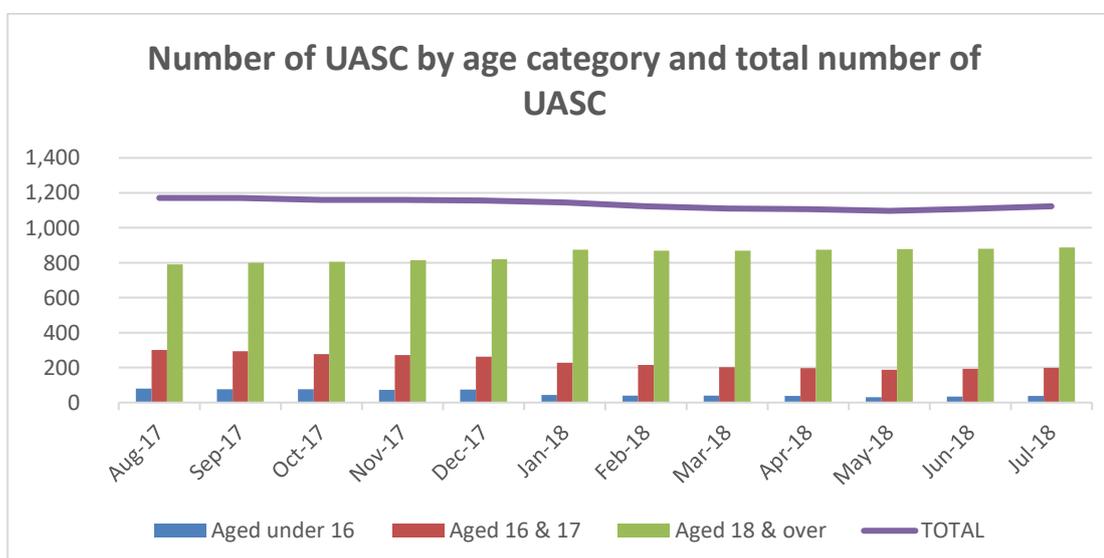
Unaccompanied Asylum Seeking Children (UASC)**1. July 18-19 position compared to budget by age category**

The July 18-19 position is a pressure of £2.3m as detailed below:

Jul-18	Cash Limit			Forecast Variance		
	Gross	Income	Net	Gross	Income	Net
	£m	£m	£m	£m	£m	£m
Aged under 16	1.9	-1.9	0.0	1.6	-1.9	-0.4
Aged 16 & 17	8.1	-8.1	0.0	9.3	-8.0	1.3
Aged 18 & over (care leavers)	7.90	-7.9	0.0	9.4	-8.1	1.4
	17.9	-17.9	0.0	20.3	-18.0	2.3

2. Number of UASC & Care Leavers by age category

	Aged under 16	Aged 16 & 17	Aged 18 & over	TOTAL
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
Apr-18	37	196	874	1,107
May-18	30	188	879	1,097
Jun-18	34	194	880	1,108
Jul-18	37	199	887	1,123



The number of Asylum LAC shown in Appendix 2.11 (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 number of UASC children is now below the minimum threshold of UASC for the authority as a % of population (231) meaning new arrivals are not being placed on the dispersal scheme. Under 18 arrivals may be expected to increase very slightly over the next few months to reach and maintain the minimum threshold. The number of UASC Care Leavers over 18 years old is continuing to increase slightly due to the Legacy UASC from 2015/16 becoming 18 years old and the over 21's choosing to remain within the service.

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

2018/19	Eligible Clients	of which AREs	Ineligible Clients	of which AREs	Total Clients	Total AREs
Outturn 2017/18	900	13	211	41	1,111	54
April	917	20	190	33	1,107	53
May	914	20	183	33	1,097	53
June						
July						

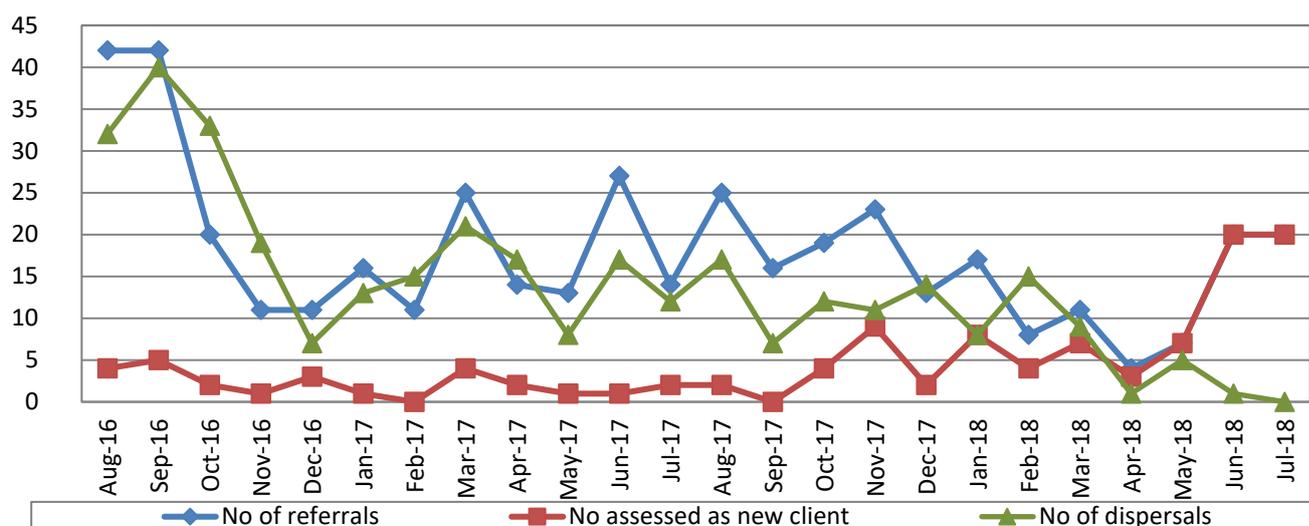
Eligible Clients are those who do meet the Home Office grant rules criteria. Appeal Rights Exhausted (ARE) clients are eligible for the first 13 weeks providing a human rights assessment is completed.

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
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	4	21%	12
Nov-17	23	9	39%	11
Dec-17	13	2	15%	14
Jan-18	17	8	47%	8
Feb-18	8	4	50%	15
Mar-18	11	7	64%	9
Apr-18	4	3	75%	1
May-18	7	7	100%	5
Jun-18	20	20	100%	1
Jul-18	20	20	100%	0

Number of UASC referrals, numbers assessed as requiring ongoing support



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

In total there have been 359 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.

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 - Jun 17	208	39	247
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
Apr-18	1	0	1
May-18	5	0	5
Jun-18	1	0	1
Jul-18	0	0	0

KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

1.1 Capital Receipts

The total receipts banked to 31.07.18 is **£0.224m**. This differs from the "sold" figure in table 1.2 below, due to the time it takes for the monies to be reflected in the capital receipts code.

1.2 Total Potential Receipts

	£m
Sold	1.33
Exchanged	8.30
Under Offer	15.33
Negotiation	14.35
On the market	7.88
Preparing	3.78
Total potential receipts	<u>50.97</u>

1.3 The table in 1.2 shows total potential receipts for 2018-19 at £50.97m. However it is unrealistic to expect all of these to materialise in the current financial year. If we assume to get in those sold, exchanged and under offer, this totals £24.96m. Compared to the £35.87m required to fund the capital programme this year, that would result in a deficit of £10.91m. This position will be closely monitored throughout the year.

	TOTAL £m
Banked capital receipts as at 31.03.18	0.00
Receipts sold, under offer or in negotiation	24.96
Capital receipt funding required for capital programme in 2018-19	<u>35.87</u>
Potential surplus of Useable Capital Receipts	<u>-10.91</u>

2018-19 OUTTURN MONITORING OF PRUDENTIAL INDICATORS

1. Estimate of Capital Expenditure (including PFI)

Actuals 2017-18	£188.249m
Original estimate 2018-19	£295.449m
Revised estimate 2018-19	£244.569m

2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

	2017-18	2018-19	2018-19
	Actual	Original Estimate	Forecast
	£m	£m	£m
Capital Financing requirement	1,322.493	1,373.692	1,334.090
Annual increase/reduction in underlying need to borrow	-39.901	45.406	11.597

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 2017-18	12.96%
Original estimate 2018-19	12.01%
Forecast 2018-19	12.02%

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 2018-19.

a) Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator	Position as at 31.07.18
	£m	£m
Borrowing	1,003	906
Other Long Term Liabilities	271	263
	1,274	1,169

- 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 31.07.18
	£m	£m
Borrowing	1,038	941
Other Long Term Liabilities	<u>271</u>	<u>263</u>
	1,309	1,204

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 2018-19 are:

	Authorised limit for debt relating to KCC assets and activities	Position as at 31.07.18	Authorise d limit for total debt managed by KCC	Position as at 31.07.18
	£m	£m	£m	£m
Borrowing	1,043	906	1,078	941
Other long term liabilities	<u>271</u>	<u>263</u>	<u>271</u>	<u>263</u>
	1,314	1,169	1,349	1,204

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 2018-19

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2018-19

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	Position as at
	%	%	%
Under 12 months	10	0	2.56
12 months and within 24 months	10	0	2.11
24 months and within 5 years	15	0	7.26
5 years and within 10 years	15	0	8.75
10 years and within 20 years	20	5	11.35
20 years and within 30 years	25	5	18.98
30 years and within 40 years	25	10	17.05
40 years and within 50 years	30	10	28.76
50 years and within 60 years	30	10	3.18

9. Upper limit for principal sums invested for periods longer than 364 days

Indicator	£250m
Actual	£220m

By: Cabinet Member for Finance, Peter Oakford
Interim Corporate Directors of Finance, Cath Head and Dave Shipton

To: Corporate Board, Cabinet – For Information

Subject: **REVENUE & CAPITAL BUDGET MONITORING - JUNE 2018-19**

Classification: Unrestricted

1. SUMMARY

- 1.1 This report provides the budget monitoring position up to 30 June 2018-19 for both revenue and capital 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, as determined by Corporate Directors.
 - Appendix 1 – a high level breakdown of the directorate monitoring positions;
- 1.3 Please note the forecast revenue and capital monitoring position. In the light of further government funding reductions in the short to medium term, it is essential that a balanced revenue position is achieved in 2018-19, as any residual pressures rolled forward into 2019-20 will only compound an already extremely challenging 2019-20 budget position. The forecast revenue pressure is £6.860m (with no Corporate Director adjustments this month) increasing to £8.455m including roll forwards. Although this is an improvement on last month's forecast of £10.730m (£11.480m including roll forwards), this position still needs to be managed down to at least a balanced position.
- 1.4 Evidence from previous years indicates that the position improves as the year progresses. This is in part due to the delivery of management action, although history suggests that managers also have a tendency to be pessimistic with their forecasting, by declaring pressures early but holding back on declaring underspending until towards year end. That's not to say that such a significant turnaround can be repeated again this year, especially as the risk of non-delivery of savings increases each year due to the aggregated impact of year on year reductions and the ability to find new areas in which to make savings are becoming fewer. Clearly, much depends on our negotiation with the Home Office, where we will be seeking full reimbursement of the costs of supporting unaccompanied asylum seekers and care leavers.
- 1.5 There is a reported variance of -£40.444m on the 2018-19 capital budget (excluding schools and PFI). This is made up of +£0.573m real variance and -£41.017m rephasing.

2. RECOMMENDATIONS

- 2.1 **Note** the forecast revenue budget monitoring position for 2018-19 and capital budget monitoring position for 2018-19 to 2020-21, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

3. SUMMARISED REVENUE MONITORING POSITION

3.1 Overall the net projected revenue variance for the Council as reported by budget managers is a pressure of £6.860m. After allowing for roll forwards the position increases to £8.455m. This forecast position, after roll forward requirements, represents a movement of -£3.025m from the May monitoring position. The main reasons for the movement this month are provided in section 3.3 below.

In total, this position reflects that we are on track to deliver the majority of the £50.2m of savings included in the approved budget for this year, but further work is urgently required to identify options to eliminate the residual £8.455m forecast pressure. The position by directorate, together with the movement from the last report, is shown in table 1a & 1b below.

BACKGROUND INFORMATION – JUNE MONITORING REPORT

3.2 Table 1: Directorate **revenue** position

Directorate	Budget	Net Forecast Variance *	Corporate Director Adjustment	Revised Net Variance	Last Reported Position	Movement
	£m	£m	£m	£m	£m	£m
Adult Social Care & Health						
Strategic Management & Directorate Budgets (ASCH)	35.347	-4.379		-4.379	-3.163	-1.216
Disabled Children, Adult Learning Disability & Mental Health	228.462	4.821		4.821	4.703	0.118
Older People & Physical Disability	154.316	-0.909		-0.909	-0.158	-0.752
<i>Total Adult Social Care & Health</i>	<i>418.124</i>	<i>-0.467</i>	<i>0.000</i>	<i>-0.467</i>	<i>1.382</i>	<i>-1.850</i>
Children, Young People & Education						
Strategic Management & Directorate Budgets (CYPE)	2.270	1.061		1.061	1.063	-0.002
Education Services, Planning & Resources	37.76	4.135		4.135	4.184	-0.049
Quality & Standards	2.958	0.000		0.000	0.000	0.000
Early Help & Preventative Services	18.060	-0.942		-0.942	0.022	-0.963
Specialist Children's Services	125.027	2.453		2.453	2.917	-0.464
<i>Total Children, Young People & Education</i>	<i>186.075</i>	<i>6.707</i>	<i>0</i>	<i>6.707</i>	<i>8.185</i>	<i>-1.477</i>
Growth, Environment & Transport						
Strategic Management & Directorate Budgets (GET)	0.662	0.204		0.204	0.250	-0.046
Economic Development	4.612	0.063		0.063	0.000	0.063
Highways, Transportation & Waste	140.859	0.255		0.255	-0.033	0.288
Environment, Planning & Enforcement	14.609	0.801		0.801	0.822	-0.021
Libraries, Registration & Archives	9.413	0.048		0.048	-0.002	0.050
<i>Total Growth, Environment & Transport</i>	<i>170.155</i>	<i>1.370</i>		<i>1.370</i>	<i>1.036</i>	<i>0.334</i>
Strategic & Corporate Services						
Strategic Management & Directorate Budgets (S&CS)	-2.151	-0.007		-0.007	-0.003	-0.004
Engagement, Organisation Design & Development	15.438	0.722		0.722	0.819	-0.097
Finance	10.918	-0.007		-0.007	-0.248	0.241
General Counsel	5.014	0.066		0.066	0.103	-0.036
Infrastructure	38.529	0.700		0.700	1.606	-0.906
Strategic Commissioning including Public Health	8.098	-0.001		-0.001	-0.001	0.000
Strategy, Policy, Relationships & Corporate Assurance	1.719	0.053		0.053	0.128	-0.076
Business Services Centre	-3.304	0.000		0.000	0.000	0.000
<i>Sub Total Strategic & Corporate Services</i>	<i>74.261</i>	<i>1.527</i>	<i>0</i>	<i>1.527</i>	<i>2.404</i>	<i>-0.877</i>
Financing Items & Unallocated	114.690	-2.277		-2.277	-2.277	0.000
TOTAL (Excl Schools)	963.306	6.860	0.000	6.860	10.730	-3.870
<i>Schools (CYPE Directorate)</i>	<i>0</i>	<i>4.520</i>		<i>4.520</i>	<i>7.519</i>	<i>-2.999</i>
TOTAL	963.306	11.379	0	11.379	18.249	-6.869

BACKGROUND INFORMATION – JUNE MONITORING REPORT

Variance from above (excl Schools)					6.860	10.730	-3.870
Roll Forwards	- committed						0.000
	- re-phased				1.595	0.750	0.845
	- bids						0.000
Total Roll Forward Requirements					1.595	0.750	0.845
(-ve) Uncommitted balance / (+ve) Deficit					8.455	11.480	-3.025

* the variances reflected in appendix 1 will feature in this column

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

Directorate	Variance	Roll Forwards			Revised Variance
	£m	Committed	Re-phased	Bids	£m
		£m	£m	£m	
Adult Social Care & Health	-0.467	0.750			0.283
Children, Young People & Education	6.707	0.845			7.552
Growth, Environment & Transport	1.370				1.370
Strategic & Corporate Services	1.527				1.527
Financing Items & Unallocated	-2.277				-2.277
TOTAL (Excl Schools)	6.860	1.595	0.000	0.000	8.455

3.3.1 The main reasons for the movement of -£3.870m before roll forward requirements and -£3.025m after roll forward requirements, are:

3.3.2 Adult Social Care and Health:

The overall movement for the Directorate forecast variance since the May monitoring is a reduction of £1.850m, an explanation of significant movements is detailed below.

3.3.2.1 Strategic Management and Directorate Budgets – Adults

The pressure within Strategic Management and Directorate has decreased since May by -£1.216m.

-£0.611m relates to 'Housing Related Support' services commissioned for clients with Learning Disabilities, where contracts with several providers have come to an end. Support for these clients is being provided through 'Learning Disability Community Based Services' such as 'Supporting Independence Living' services. There is also a -£0.387m decrease within Safeguarding Adults. This reflects a planned underspend on a dedicated piece of work to clear the DOL's backlog. The contract will not commence until October and as this project is funded with one off budget, a request is being made to roll forward £0.750m to 2019-20.

3.3.2.2 Disabled Children, Adult Learning Disability and Mental Health

The pressure on Disabled Children, Adult Learning Disability & Mental Health has increased by +£0.118m since May.

There are several offsetting variances which make up this movement. +£0.193m relates to new 18-25 clients receiving Supported Living who had higher support needs than anticipated.

There have also been increases within Adult Learning & Physical Disability Pathway - Community Based Services related to the transfer of clients from Housing Related support

contracts into Supported Living. This has been offset by a forecast adjustment in anticipation of budget virements expected in July.

3.3.2.4 Older People and Physical Disability

The pressure on Older People & Physical Disability has decreased since May by -£0.752m. This position includes several forecast adjustments in anticipation of budget virements expected in July. In addition, savings forecasts previously held within Budget & Saving Plans to be allocated have now been assigned to the appropriate services in line with the Directorate's ongoing Transformation Plan.

The main movements relate to: a net decrease in Adult Physical Disability Residential Care Services of -£1.551m, (-£1.600m of which is an adjustment for July Virements); this is offset by an increase of +£0.639m within Older People - Residential Care Services (+£2.500m of which is an adjustment for July Virements). In addition to this there is a net increase in Older People - Community Based Services of +£1.548m which is directly offset by a decrease of -£1.514m within Budget & Saving Plans to be allocated (OPPD). This reflects the previously mentioned transfer of planned savings forecasts to the appropriate services to reflect the Directorate's Transformation agenda.

3.3.3 Children, Young People and Education Directorate:

The initial forecast for Children, Young People and Education Directorate indicates an overall pressure of £6.707m, of which £2.487m relates to the Asylum service. This variance represents a movement of -£1.477m from May monitoring. -£0.826m of which is in Early Help and Preventative Services for the Tackling Troubled Families programme.

For the Asylum Service the current variance represents a movement of -£0.413m from the May monitoring position. There is a -£0.2m reduced pressure on both the NTS Reception Centre and 18+ care leavers grant shortfall.

3.3.4 Growth, Environment & Growth:

The current position is a forecast pressure of +£1.370m, representing an increase of +£0.334m since last month.

The forecast pressure against Waste Facilities & Recycling Centres has increased by +£0.185m primarily due to higher volumes of compostable waste.

The movement against Highways, Transport & Waste Management Costs and Commercial Operations of +£0.185m results from a number of minor changes.

Other small movements make up the balance of -£0.036m.

3.3.5 Strategic & Corporate Services:

The overall forecast for the Strategic and Corporate Services Directorate has decreased by -£0.877m since the May monitoring report. This is mainly due to a rephasing of the Asset Utilisation savings target of -£0.900m.

For Public Health the current forecast outturn is an underspend of -£0.1m which is a reduction of -£0.1m from the position reported to Cabinet in July. Within this is an increase in Public Health - Children's Programme of +£0.2m primarily resulting from costs incurred following the school health continence review. The increase is offset by small reductions in Public

Health - Sexual Health of -£0.1m and Public Health - Healthy Lifestyles of -£0.1m as well as other minor movements of -£0.1m.

3.4.6 Financing Items

There is no movement in the variance of -£2.277 from the May monitoring report.

3.5 Revenue budget monitoring headlines (please refer to Appendix 1)

3.4.1 Adult Social Care and Health

The overall forecast variance for the Directorate is an underspend of -£0.5m and an explanation of significant variances are detailed in the paragraphs below.

This variance position reflects activity data to date in the 2018-19 financial year and we will continue to refine the forecast alongside activity trends over the remaining months.

3.5.1.1 Strategic Management and Directorate Budgets – Adults

The forecast variance for Strategic Management & Directorate Budgets - Adults is -£4.4m.

- This variance relates mainly to centrally held funds still to be allocated which cover pressures already recognised within the forecast position. This includes -£1.7m variance against sustainability funding, and -£1.5m against Social Care Support monies. This partially offsets pressures from unachievable in year savings of +£0.4m.
- There is an underspend of -£0.8m within Safeguarding Adults. This underspend primarily relates to a planned underspend of -£0.750m on the dedicated piece of work to clear the DOL's backlog, as the contract will not now commence until October, meaning that £0.750m will be required in 2019-20.

3.5.1.2 Disabled Children, Adult Learning Disability and Mental Health

Disabled Children, Adult Learning Disability and Mental Health Services are forecasting a net pressure of +£4.8m.

- +£3.4m of this pressure relates to Learning Disability Community Based Services (18+) where there is increasing activity within the Supporting Independent Living Service. The cost of growing complexity and increasing client numbers is creating the pressure. This will partially be offset by the allocation of centrally held funds in the Strategic Management and Directorate Budgets (see 3.4.1.1).
- A forecast pressure of +£0.9m is reported within services for children with a disability (0-18), which relates to an increase in cost of placements for complex residential placements for young children, reflecting the full year effect of increases in both activity and the cost of care packages in the final quarter of the previous financial year of £0.9m. The +£0.4m pressure on children & young people social care staffing reflects the need for the service to maintain low numbers of vacancies and the use of agency to meet the current demands for the service. This is partially offset by lower demand for individual services for children

in need resulting in a -£0.4m underspend. The pressures on this service are expected to continue and will need to be reflected in the 2019-22 MTFP.

3.5.1.3 Older People and Physical Disability

Older People and Physical Disability services are forecasting a net underspend of -£0.9m, which includes several offsetting variances. The most significant variances are detailed below.

- Older People (65+) Community Services is reporting an overspend of +£1.1m. This position reflects anticipated July budget virements in combination with an adjustment built into the position for projected future demographic growth.
- The pressure in Older People (65+) Community Services is partially offset by a variance of -£1.1m against Adaptive & Assistive Technology as efficiencies within the procurement and running of this service come into full effect in 18-19.
- There is also an underspend forecast of -£0.4m against Assessment Staffing and a variance of -£0.4m against Carers Support Services.
- The Older People and Physical Disability forecast assumes that there will be also be some increased activity over the winter months.

3.4.2 Children, Young People and Education Directorate

The initial forecast for Children, Young People and Education Directorate indicates an overall pressure of £6.7m, of which £2.5m relates to the Asylum service. Tackling Troubled Families has achieved additional income of £0.845m as a result of more successful Payment By Results submissions to the DCLG and is therefore requesting roll forward of this surplus into the next financial year in order to ensure there is sufficient funding to maintain this programme in 2019-20. This roll forward would increase the forecast pressure to £7.6m.

3.4.2.1 Education Services, Planning & Resources

There are a number of pressures from 2017-18 which are continuing into 2018-19, including:

- The Education Psychology Service of +£1.1m, due to increasing statutory workloads which is resulting in the continual use of agency staff to cover staff vacancies and the need to offer enhanced salary packages to attract and retain permanent staff. In addition, as the service focuses on meeting its statutory responsibilities, it is temporarily ceasing traded activities leading to a shortfall in income;
- +£0.2m general shortfall in traded income for emergency planning;
- +£1.3m support of children with Special Education Needs (SEN). The pressure is resulting from the increasing provision of therapy services and higher demand for statutory assessments, along with additional payments to reflect the greater complexity of needs of the pupils placed in our special schools and specialist resource provision;
- There is a risk in the deliverability of the £2m Integration saving, due to a delay in the appointment of senior posts. We are continuing to look at short term options but at this stage we only have plans in place to deliver +£1m. We are confident that the full saving will be delivered in 2019-20.

Where the demands and subsequent financial pressures are expected to continue into 2019-20, this is being highlighted in the medium-term plan submission.

3.4.2.2 Specialist Children's Services (excluding Asylum)

The Specialist Children's Service is forecasting a breakeven position, however this is formed from a number of compensating variances. The Care Leavers Service is forecasting a pressure of £0.7m resulting from the need to recruit additional staff and use of agency to meet the current demand of supporting citizen children. This also includes the anticipated impact of new legislation requiring local authorities to continue to offer support to young people up to the age of 25. The impact of this new legislation is expected to be ongoing and will increase in future years.

This pressure is offset by anticipated underspends on the safeguarding service and lower unit costs across adoption & special guardianship orders partially resulting from the full year effect of the means-testing which was introduced in 2017-18.

3.4.2.3 Specialist Children's Services – Asylum Seekers:

The pressure on the Asylum Service is expected to continue, with an estimate of +£2.5m shortfall in grant income based on a number of assumptions. The Home Office have recently confirmed in a letter to the Leader (dated 18 July 2018) that there has been a delay in completing their review of Local Authority funding rates. As such the Home Office have confirmed that whilst the review is ongoing, the current rates we receive will continue to be paid.

Negotiations continue with the Home Office to recover the shortfall in funding for this service over recent years.

The main variances for the Asylum service are:

- -£0.4m surplus in grant income from supporting under 16 year olds. This is in line with previous years and is normally used to offset any shortfalls in grant relating to 16-17 year olds and 18+ care leavers.
- +£0.7m shortfall in grant income for supporting 16-17 year olds. There is still a number of children placed in higher cost placements that arrived before the age of 16, which have chosen to remain in their current placements. Attempts to move any individual who is settled in their placement is likely to result in legal challenge. This pressure is less than the previous year as it is assumed new 16-17 year olds will be placed in lower cost supported accommodation settings.
- +£1.2m shortfall in grant income for supporting care leavers (18+). Historically, the grant rate has not been sufficient to recover the costs associated with supporting this age group. Work is progressing to ensure care leavers are applying for both job seekers allowance and housing benefit where eligible to do so.
- +£0.7m shortfall in grant income to support the National Transfer Scheme Reception Centre. The pressure on this service has increased since 2017-18 as the number of new UASC arrivals has reduced leading to a reduction in the total grant received to run this service and therefore a greater overall shortfall in funding.
- +£0.5m costs associated with children who are presented to us as Asylum Children that are deemed not to be eligible for the Home Office Grant (referred to as ineligible children).

3.4.3 Growth, Environment and Transport

The overall position for the Directorate, is a forecast variance of +£1.4m, with +£2.5m of pressures being partially offset by forecast underspends of -£1.1m.

3.4.4.1 Environment, Planning & Enforcement

Public Protection is forecasting a pressure of +£0.8m relating primarily to the Coroner's service of +£0.6m and Community Wardens of +£0.2m. Within this is a contractual pressure of some +£0.3m (full year effect £0.4m) relating to body removals with the contract due for re-tender in July. Options to mitigate this pressure or deliver the service in a different way are currently being explored. The remaining Coroner's pressures relate to increasing pathology, post mortem, toxicology and body storage costs - due to a rising population and legislative changes – offset by adjustments for income and the Medical Examiner budget.

3.4.4.2 Highways, Transportation and Waste

There is an overall pressure within Waste Facilities & Recycling Centres of +£0.6m despite the forecast volume of waste being -9,500 tonnes below budgeted levels. Increases in Materials Recycling Facilities (MRF) costs since the budget was set has led to a pressure of +£0.8m. Reduced paper and card waste income (-5,300 tonnes) has left an income shortfall of +£0.3m, whilst additional composted waste of +7,500 tonnes has added a further +£0.4m to the forecast. In part these specific pressures have been offset by a reduction of -4,400 tonnes of recycling credits of -£0.4m; the pressures are further offset by -£0.7m savings as the budget was built based on certain tonnage levels being disposed of in different ways, each with their own unit costs and indexation levels, and this forecast shows slight variances to the budgeted activity levels. Other minor variances make up the balance of +£0.2m.

The above pressures are more than offset as Residual Waste is forecasting a significant underspend of -£0.9m. Of this -£0.7m is due to a predicted volume variance of -5,900 tonnes across Waste to Energy and Waste Treatment Final Disposal contracts. An additional -£0.1m of trade waste income is being forecast along with -£0.1m of other small variances.

3.4.5 Strategic and Corporate Services

The overall variance reflected in Appendix 1 for the directorate is a pressure of +£1.5m which includes variances of +£0.7m for EODD and +£0.7m for Infrastructure, together with other smaller variances totaling +£0.1m.

3.4.5.1 Engagement, Organisation Design and Development

The pressures in EODD are made up of +£0.4m relating to the Contact Centre & Digital Web Services budget set in 2015 using a transformation plan suggested by Agilisys, predicting that the number of calls and average call duration would fall significantly. Although the call volumes and times have reduced, this is not in line with the original budgeted plan, hence resulting in a budget pressure. The commissioners of this service, together with Agilisys, are working with directorate services to get these figures reduced further. The remainder of the divisional variance +£0.3m relates to staffing overspends due to re-phased plans for restructuring. The Division is currently working on management action to mitigate this position.

3.4.5.2 Infrastructure

For the Infrastructure budgets the variance of +£0.7m is largely due to Property related services. Within this, the largest single variance is a forecast pressure of +£0.3m for Oakwood House where income is expected to be below budget. The service is working on potential strategies to improve the situation going forward. There is a variance of +£0.1m on Education legal fees, where a change in accounting treatment relating to the use of capital

grant funding on this demand led budget, has created this pressure. The remaining variance is made up of many smaller variances all individually under £0.1m.

3.4.5.3 Strategic Commissioning including Public Health

Overall Public Health is forecasting a small underspend of -£0.1m which will be transferred to the ring-fenced reserve. Several Key Service budget lines are showing variances of more than £0.1m which require explanation.

Public Health - Children's Programme is forecasting a pressure of +£0.3m relating to increased school health costs referred to above of +£0.1m. In addition, the pressure on oral health of +£0.1m reported last month continues with the budget remaining within Public Health - Advice and Other Staffing, although the latter continues to report an offsetting underspend. Other minor variances add up to a further +£0.1m pressure.

The Public Health - Sexual Health budget is reporting a pressure of +£0.2m resulting from increased contraceptive costs.

The two pressures above are largely offset by an underspend of -£0.5m in Public Health - Advice and Other Staffing; in part this relates to oral health as stated above of -£0.1m. In addition, there are a number small underspends which make up the balance of the underspend, primarily campaigns of -£0.3m and workforce development of -£0.1m.

A minor -£0.1m underspend against Public Health - Healthy Lifestyles leaves the service reporting a small underspend overall.

3.4.5.4 Other Divisions within the Directorate have variances, all of which are under £0.1m.

3.4.6 Financing Items

A £2.3m underspend reflects additional retained Business Rates levy for 2017-18 above the debtor raised and the S31 grant reconciliation for 2017-18. Exact figures will not be known until the autumn.

3.5 **Schools delegated budgets:**

The schools delegated budget reserves are currently forecast to end the financial year in surplus by £21.1m, compared to £22.5m in the May report. This is made up of a forecast surplus of £31.3m on individual maintained school balances, a surplus of £0.9m on the schools' apprenticeship levy reserve and a deficit on the central schools' reserve of £11.1m. The table below provides the detailed movements on each reserve:

	Individual School Reserves (£m)	Central Schools Reserve (£m)	Apprenticeship Levy Reserve (£m)	Total School Reserves (£m)
Balance b fwd	31.315	(2.155)	0.855	30.015
Forecast movement in reserves:				
Academy conversions and closing school deficits	0.007	(1.200)		(1.193)
Contribution to capital broadband		(1.000)		(1.000)
School Growth		4.402		4.402
High Needs		(9.419)		(9.419)
Various		(0.028)		(0.028)
Overspend on Central DSG budgets		(1.673)		(1.673)
Forecast reserve balance	31.322	(11.073)	0.855	21.104

Note: a negative figure indicates a draw down from reserves/deficit

The Schools' delegated budget is currently showing a pressure of £4.5m.

3.6 Table 2: **Performance of our wholly owned companies**

Dividends/Contributions (£m)	Budget	Forecast	From trading surplus	from reserves
Commercial Services	4.400	4.400	4.400	
GEN2	0.983	0.983	0.983	

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 -£40.444m on the 2018-19 capital budget (excluding schools and PFI). This is made up of +£0.573m real variance and -£41.017m rephasing. Headline variances are detailed below by Directorate.

5.2 Table 3: Directorate **capital** position

Directorate	2018-19 Working Budget	2018-19 Variance	Real variance	Re- phasing variance
	£m	£m	£m	£m
Children, Young People & Education	92.673	-1.618	-1.618	0.000
Adult, Social Care & Health	9.375	-1.010	-0.217	-0.793
Growth, Environment & Transport	154.488	-35.313	2.675	-37.988
Strategic & Corporate Services	27.122	-2.503	-0.267	-2.236
TOTAL	283.658	-40.444	0.573	-41.017

5.3 **Capital budget monitoring headlines**

The real variances over £0.100m and rephasing variances over £1.000m are as follows:

5.3.1 **Children, Young People and Education**

- Modernisation Programme: Real variance of +£0.575m to be funded by additional developer contributions and grant.

5.3.2 **Adult, Social Care & Health**

- Home Support Fund & Equipment. Real underspend of -£0.217m. This is a reactive budget and is subject to in year fluctuations. The current forecast shows a decrease the revenue contributions required.

5.3.3 **Growth, Environment & Transport**

5.3.3.1 Highways, Transportation & Waste

- Highway Major Enhancement: Real variance of +£2.100m. This is to reflect additional money agreed for potholes, which will be funded from revenue.
- Integrated Transport: Real variance of +£1.593m. This reflects numerous schemes each below £1.000m which are to be funded from developer contributions and external funding.
- National Productivity Investment Fund: Rephasing of -£3.492m. Design work is to be completed by the end of the year, with a commencement date of summer 2019. There was a delay in obtaining survey data on the HE network therefore the forecast has been reprofiled.
- Rathmore Road Link: Real variance of -£0.477m. The forecast underspend is due to some of the key risks not materialising. Any underspend of the grant must be repaid to the Kent Thameside Strategic Transport Programme.

- Kent Thameside Strategic Transport Programme: Rephasing of -£2.762m. the profiling for the Strategic Transport Infrastructure Programme (STIP) contribution to the Bean and Ebbsfleet scheme is an initial estimate and will need to be revised as the development progresses.
- Thanet Parkway: Rephasing of -£2.077m. Due to addressing design changes following the public consultation in 2017, led to delays in submitting the planning application. There has also been a need to explore options to complete the funding package before the project can be progressed beyond outline design.
- Open Golf: Real underspend of -£0.735m and rephasing of -£1.376m. The budget has been reduced due to a redesign of the platform extension materials, and Network Rail are undertaking the power upgrade via internal funding. The rephasing reflects amendments to the original profile of spend.
- A28 Chart Road: Rephasing of -£9.747m. The security bond required to safeguard KCC's forward funding of the scheme has not been confirmed to date, therefore the scheme has been reprofiled to future years.
- Maidstone Integrated Transport: Rephasing of -£3.576m. There have been delays to this project, including construction, therefore more realistic programming has been carried out. This may change once agreements have been reached for particular locations.
- Dartford Town Centre: Rephasing of -£3.330m. This project is being managed by a third party. Delays in development and procurement have caused the spend to be reprofiled over future years.
- A2 off slip Wincheap: Rephasing of -£1.799m. This project is managed by a third party and has been reprofiled according to the Local Growth Fund profile.

5.3.3.2 Environment, Planning and Enforcement and Libraries, Registration and Archives

- There are no variances that require reporting.

5.3.4 Strategic & Corporate Services

- Dover Discovery Centre: rephasing of £1.636m into 2019-20. This is due to ongoing definition of the master planning for integration with the wider Dover Strategy. The project will now follow a formal project governance structure, with sign-off of RIBA stage 0 (strategic definition) expected in July 18, and all sectional completions by 2020.
- Invicta Car Park: forecast real underspend of £0.293m, due to tenders coming in lower than expected.

5.4 Cash Limit Adjustments

To note:

Directorate	Project	Year	Amount £m	Reason
GET	Highway Major Maintenance	2018-19	+2.100	Additional funding agreed from revenue
CYPE	Modernisation Prog	2018-19	+0.225	Additional developer contributions
CYPE	Modernisation Prog	2018-19	+0.350	Additional grant

6. CONCLUSIONS

- 6.1 It is not unusual at this point in the financial year for the revenue position to show an overspend. However, the forecasts show the majority of the £50.2m savings are on track to be delivered and the intention remains that where delivery proves to be unlikely, equivalent savings elsewhere within the relevant Directorate will be made as appropriate. It is clear that plans still need to be put in place to reduce the forecast pressure. Considering there is still a forecast pressure of £8.455m (including roll forwards), of which the majority falls within the Children, Young People and Education directorate, there will need to be a range of potential mitigations in order to reduce and then eliminate this forecast pressure. We cannot, under any circumstances, afford to enter 2019-20 with an underlying problem.

7. RECOMMENDATIONS

Cabinet is asked to:

- 7.1 **Note** the forecast revenue budget monitoring position for 2018-19 and capital budget monitoring position for 2018-19 to 2020-21, and that the forecast pressure on the revenue budget needs to be eliminated as we progress through the year.

8. CONTACT DETAILS

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Breakdown of Directorate Monitoring Position

Adult Social Care & Health							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets - Adults							
Additional Adult Social Care Allocation	6.1	0.0	6.1	0.0	0.0	0.0	0.0
Budgets and Savings Plans to be allocated	-1.1	-0.5	-1.6	-2.7	0.0	-2.7	0.0
Safeguarding Adults	3.9	-0.2	3.7	-0.8	0.0	-0.8	-0.4
Community Based Preventative Services - Other Adults	0.6	-0.6	0.0	0.0	0.0	0.0	0.0
Housing Related Support - Other Adults	0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Strategic Management & Directorate Support	31.8	-4.6	27.1	-0.9	0.0	-0.9	-0.8
Total - Strategic Management & Directorate Budgets (ASCH)	41.5	-6.1	35.3	-4.4	0.0	-4.4	-1.2
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Disabled Children, Adult Learning Disability & Mental Health							
Adult Learning & Physical Disability Pathway - Residential Care Services	77.5	-6.3	71.2	0.0	0.0	0.0	0.1
Adult Learning & Physical Disability Pathway - Community Based Services	97.8	-7.6	90.2	3.4	0.0	3.4	-0.2
Adult Learning Disability - Assessment Service	5.5	-0.2	5.3	-0.1	0.0	-0.1	-0.1
Adult Mental Health - Residential Care Services	12.7	-0.8	11.9	0.4	0.0	0.4	0.0
Adult Mental Health - Community Based Services	6.2	-0.7	5.5	0.3	0.0	0.3	0.2
Adult Mental Health - Assessment Services	10.0	-0.5	9.5	-0.2	0.0	-0.2	0.1
Community Based Preventative Services - Learning Disability & Mental Health	6.0	-3.5	2.5	0.0	0.0	0.0	0.0
Carers Support (Learning Disability & Mental Health)	2.8	-0.2	2.7	-0.2	0.0	-0.2	-0.1
Housing Related Support (Learning Disability & Mental Health)	2.3	0.0	2.3	-0.3	0.0	-0.3	0.0
Looked After Children (with Disability) - Care & Support	11.9	-2.5	9.4	1.3	0.0	1.3	0.3
Children in Need (Disability) - Care & Support	6.9	-0.1	6.9	-0.5	0.0	-0.5	0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	6.0	0.0	6.0	0.4	0.0	0.4	-0.2
Divisional & Directorate Support	5.9	-0.3	5.7	-0.1	0.0	-0.1	0.0
Budgets and Savings Plans to be allocated	-0.4	0.0	-0.4	0.4	0.0	0.4	0.0
Total - Disabled Children, Adult Learning Disability & Mental Health	251.1	-22.6	228.5	4.8	0.0	4.8	0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net				
	£m	£m	£m	£m	£m	£m	£m
Older People & Physical Disability							
Adult Physical Disability - Residential Care Services	13.7	-2.1	11.6	0.2	0.0	0.2	-1.6
Adult Physical Disability - Community Based Services	24.4	-3.5	20.9	0.0	0.0	0.0	-0.2
Older People - Residential Care Services	117.2	-58.4	58.8	0.0	0.0	0.0	0.6
Older People - Community Based Services	69.3	-36.7	32.7	1.1	0.0	1.1	1.5
Community Based Preventative Services - Older People & Physical Disability	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adaptive & Assistive Technology	11.4	-6.8	4.6	-1.1	0.0	-1.1	0.3
Carers Support (Older People & Physical Disability)	2.1	-1.3	0.8	-0.4	0.0	-0.4	0.1
Housing Related Support (Older People & Physical Disability)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Older People & Physical Disability Assessment Services	28.6	-2.4	26.2	-0.4	0.0	-0.4	0.2
Children in Need (Disability) - Assessment Services	0.4	0.0	0.4	-0.1	0.0	-0.1	0.0
Divisional Management & Support Costs (including savings yet to be allocated)	0.7	-0.1	0.6	-0.3	0.0	-0.3	-0.2
Budgets and Savings Plans to be allocated	-2.3	0.0	-2.3	0.0	0.0	0.0	-1.5
Total - Older People & Physical Disability	265.5	-111.2	154.3	-0.9	0.0	-0.9	-0.8
Total - Adult Social Care & Health	558.1	-140.0	418.1	-0.5	0.0	-0.5	-1.9

Children, Young People & Education							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets - CYPE							
Strategic Management & Directorate Budgets	8.2	-3.6	4.5	0.1	0.0	0.1	0.0
Budget & Saving Plans to be allocated (CYPE)	-2.3	0.0	-2.3	1.0	0.0	1.0	0.0
Total - Strategic Management & Directorate Budgets (CYPE)	5.9	-3.6	2.3	1.1	0.0	1.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Education Services Planning & Resources							
Special Educational Needs	63.9	-63.1	0.7	1.3	0.0	1.3	0.0
Early Years Education	65.5	-65.5	0.0	0.0	0.0	0.0	0.0
Home to School & College Transport	39.6	-3.7	35.9	0.0	0.0	0.0	0.0
Fair Access & Planning Services	2.9	-2.9	0.0	0.0	0.0	0.0	0.0
Education Services to be provided by the Education Services Company	4.2	-1.0	3.2	1.1	0.0	1.1	0.0
Community Learning & Skills (CLS)	12.6	-13.8	-1.2	0.0	0.0	0.0	0.0
Education Services & Planning Resources Management & Divisional Support	2.0	-1.0	1.0	0.0	0.0	0.0	0.0
Other School Services	38.4	-40.3	-1.9	1.7	0.0	1.7	0.0
Total - Education Services Planning & Resources	229.1	-191.3	37.8	4.1	0.0	4.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Quality & Standards							
Education Services to be provided by the Education Services Company	18.0	-15.1	3.0	0.0	0.0	0.0	0.0
Total - Quality & Standards	18.0	-15.1	3.0	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Early Help & Preventative Services							
Early Help & Preventative Services	20.9	-12.0	8.9	-1.0	0.0	-1.0	-1.0
Children's Centres	7.6	-3.7	3.8	0.0	0.0	0.0	0.0
Youth Services	6.6	-2.5	4.0	0.1	0.0	0.1	0.1
Pupil Referral Units & Inclusion	4.7	-4.7	0.0	0.0	0.0	0.0	0.0
Early Help & Preventative Services Management & Directorate Support	3.7	-2.4	1.3	0.0	0.0	0.0	0.0
Total - Early Help & Preventative Services	43.5	-25.5	18.1	-0.9	0.0	-0.9	-1.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Specialist Children's Services							
Looked After Children - Care & Support	59.4	-5.0	54.3	0.1	0.0	0.1	0.1
Children in Need - Care & Support	2.5	-0.2	2.3	0.1	0.0	0.1	0.0
Specialist Children's Service - Assessment & Safeguarding Service	50.9	-3.5	47.4	-0.1	0.0	-0.1	0.0
Adoption Service & Permanency Arrangements	14.8	-0.1	14.7	-0.6	0.0	-0.6	-0.2
Care Leavers Service	6.6	-3.5	3.1	0.7	0.0	0.7	0.0
Asylum	17.9	-17.9	0.0	2.5	0.0	2.5	-0.4
Specialist Children's Service - Management & Support Costs	3.5	-0.3	3.2	-0.1	0.0	-0.1	-0.1
Budgets and Savings Plans to be allocated (SCS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - Specialist Children's Services	155.5	-30.4	125.0	2.5	0.0	2.5	-0.4
Total - Children, Young People & Education	452.0	-265.9	186.1	6.7	0.0	6.7	-1.5

Growth, Environment & Transport							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic Management & Directorate Budgets							
Strategic Management & Directorate Budgets	1.4	-0.1	1.4	-0.2	0.0	-0.2	-0.4
Budget & Savings Plans to be allocated (GET)	-0.7	0.0	-0.7	0.4	0.0	0.4	0.4
Total - Strategic Management & Directorate Budgets (GET)	0.7	-0.1	0.7	0.2	0.0	0.2	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Economic Development							
Economic Development	6.4	-3.6	2.8	0.1	0.0	0.1	0.1
Arts	1.8	0.0	1.8	-0.1	0.0	-0.1	-0.1
Total - Economic Development	8.2	-3.6	4.6	0.1	0.0	0.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Highways, Transportation & Waste							
Highway Transportation (including School Crossing Patrols)	7.8	-2.3	5.5	0.0	0.0	0.0	0.0
Highway Asset Management (Roads and Footways)	13.3	0.0	13.3	0.0	0.0	0.0	0.0
Highway Asset Management (Other)	20.9	-4.1	16.8	0.0	0.0	0.0	0.0
Subsidised Buses & Community Transport	8.1	-2.1	6.0	0.0	0.0	0.0	0.0
Concessionary Fares	17.2	0.0	17.2	0.0	0.0	0.0	0.9
Young Person's Travel Pass	15.1	-6.3	8.7	0.0	0.0	0.0	-0.4
Residual Waste	39.4	-0.1	39.3	-0.9	0.0	-0.9	-1.2
Waste Facilities & Recycling Centres	31.6	-1.9	29.7	0.6	0.0	0.6	0.7
Highways, Transport & Waste Management Costs and Commercial Operations	7.6	-3.2	4.4	0.5	0.0	0.5	0.5
Total - Highways, Transportation & Waste	161.0	-20.1	140.9	0.3	0.0	0.3	0.3
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Environment, Planning & Enforcement							
Public Protection (Enforcement)	13.2	-3.5	9.7	0.8	0.0	0.8	0.8
Environment & Planning	12.1	-7.8	4.2	0.0	0.0	0.0	-0.8
Environment, Planning & Enforcement Management Costs	0.6	0.0	0.6	0.0	0.0	0.0	0.0
Total - Environment, Planning & Enforcement	25.9	-11.3	14.6	0.8	0.0	0.8	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Libraries, Registration & Archives	15.9	-6.5	9.4	0.0	0.0	0.0	0.1
Total - Growth, Environment & Transport	211.8	-41.6	170.2	1.4	0.0	1.4	0.3

Strategic & Corporate Services							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic & Corporate Services							
Strategic Management & Directorate Budgets (S&CS)	2.8	-4.9	-2.2	0.0	0.0	0.0	0.0
Budgets and Savings Plans to be allocated (S&CS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - Strategic & Corporate Services (excluding Public Health & BSC)	2.8	-4.9	-2.2	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Engagement, Organisation Design & Development							
Human Resources Related Services	8.2	-0.9	7.3	0.0	0.0	0.0	0.0
Customer Contact, Communications & Consultations	6.3	-0.8	5.5	0.7	0.0	0.7	-0.1
Local Member Grants	2.6	0.0	2.6	0.0	0.0	0.0	0.0
Total - Engagement, Organisation Design & Development	17.1	-1.6	15.4	0.7	0.0	0.7	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Finance	16.8	-5.9	10.9	0.0	0.0	0.0	0.2
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
General Counsel	5.2	-0.2	5.0	0.1	0.0	0.1	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Infrastructure							
Property Related Services	35.4	-11.8	23.6	0.7	0.0	0.7	-0.9
ICT Related Services	17.4	-2.4	14.9	0.0	0.0	0.0	0.0
Total - Infrastructure	52.8	-14.2	38.5	0.7	0.0	0.7	-0.9
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategic Commissioning including Public Health							
Strategic Commissioning	11.9	-3.8	8.1	0.0	0.0	0.0	0.0
Public Health - Children's Programme	31.5	-31.5	0.0	0.0	0.0	0.0	0.0
Public Health - Mental Health, Substance Misuse & Community Safety	16.7	-16.7	0.0	0.0	0.0	0.0	0.0
Public Health - Sexual Health	12.6	-12.6	0.0	0.0	0.0	0.0	0.0
Public Health - Healthy Lifestyles	8.8	-8.8	0.0	0.0	0.0	0.0	0.0
Public Health - Advice & Other Staffing	4.4	-4.4	0.0	0.0	0.0	0.0	0.0
Total - Strategic Commissioning including Public Health	85.9	-77.8	8.1	0.0	0.0	0.0	0.0
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Strategy, Policy, Relationships & Corporate Assurance	2.2	-0.4	1.7	0.1	0.0	0.1	-0.1
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Business Services Centre	23.9	-27.2	-3.3	0.0	0.0	0.0	0.0
Total - Strategic & Corporate Services	206.6	-132.4	74.3	1.5	0.0	1.5	-0.9

Financing Items							
	Cash Limit			Variance	CD Adj	Revised Variance	Movement
	Gross	Income	Net	Net	Net	Net	Net
	£m	£m	£m	£m	£m	£m	£m
Financing Items & Unallocated	130.3	-15.6	114.7	-2.3	0.0	-2.3	0.0
TOTAL BUDGET (excluding Schools' Delegated Budgets)	1,558.8	-595.4	963.3	6.9	0.0	6.9	-3.9
Schools' Delegated Budgets	646.4	-646.4	0.0	4.5	0.0	4.6	-2.9
TOTAL BUDGET	2,205.1	-1,241.8	963.3	11.4	0.0	11.4	-6.8

Please note that budgets are held in the financial system to the nearest £100 and hence the figures in the table above may not add through exactly due to issues caused by rounding the figures for this report.