

**CABINET SCRUTINY COMMITTEE – 28 JUNE 2006**

Report Title:	<b>Revenue and Capital Budget Outturn 2005-06 and Related Matters</b>
Document Attached:	Report to Cabinet, 19 June (Item 3). <i>Cabinet approved the recommendations set out in the report.</i>
Purpose of Consideration:	<p>Under the Constitution (<i>Appendix 4, Part 8</i>) because the decision by Cabinet to accept the recommendations in this report represents a variance from the approved budget, it is subject to automatic referral to this Committee.</p> <p>However, Members may wish to note that the report has already received consideration, including questioning of the Cabinet Member for Finance, by the Informal Member Group on Budgetary Issues at its meeting on 12 June (see Note 3 of Meeting at Item A3 on the Agenda for this meeting).</p>
Possible Decisions:	<p>The Constitution (<i>Appendix 4 Part 8</i>) requires the Committee to take one of the following decisions:-</p> <ul style="list-style-type: none"><li>(a) make no comments; or</li><li>(b) express comments but not require reconsideration of the decision; or</li><li>(c) require implementation of the decision to be postponed pending reconsideration of the matter by the Cabinet in the light of the Committee's comments; or</li><li>(d) require implementation of the decision to be postponed pending reconsideration of the matter by full Council.</li></ul>
Previous Consideration:	IMG on Budgetary Issues, 12 June 2006.
Background Documents:	None.

By: Nick Chard, Cabinet Member – Finance  
Lynda McMullan, Director of Finance

- (1) REVENUE AND CAPITAL BUDGET OUTTURN 2005-06**
  - (2) 2005-06 RE-PHASING OF PERFORMANCE REWARD GRANT**
  - (3) 2005-06 FINAL MONITORING OF KEY ACTIVITY INDICATORS**
  - (4) 2005-06 FINAL MONITORING OF PRUDENTIAL INDICATORS**
  - (5) IMPACT OF 2005-06 REVENUE BUDGET OUTTURN ON RESERVES**
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**1. Summary**

- 1.1 This report sets out the provisional revenue and capital budget outturn for 2005-06. It details:
  - where revenue projects have been rescheduled and/or are committed
  - where there is under or overspending.
- 1.2 Details of the re-phasing of projects funded from Performance Reward Grant are provided in Appendix 1
- 1.3 Final monitoring of key activity indicators for 2005-06 is detailed in Appendix 2.
- 1.4 The report also provides the year-end prudential indicators and impact on reserves.

**2. Recommendations**

- 2.1 To note the provisional outturn position for 2005-06.
- 2.2 To agree the transfer of the 2005-06 revenue budget underspending to the rolling budget reserve, pending a decision by Cabinet in July on its use.
- 2.3 To note the re-phasing of projects funded from Performance Reward Grant as summarised in Appendix 1.
- 2.4 To agree the transfers to reserves from the Finance portfolio underspending, as detailed in paragraph 3.2.10.
- 2.5 To agree the use of the 2005-06 LABGI grant, as detailed in paragraph 3.2.10.
- 2.6 To note the final monitoring of the key activity indicators for 2005-06 as detailed in Appendix 2.
- 2.7 To note the final monitoring of the prudential indicators for 2005-06 as detailed in Appendix 3.
- 2.8 To note the impact of the 2005-06 provisional revenue budget outturn on reserves as detailed in section 3.5.
- 2.9 To note that the 2006-07 Capital Programme will be adjusted to reflect the re-phasing and other variances, of the 2005-06 Capital Programme.
- 2.10 To agree to the transfer of the remaining balance on the provision set up in 04-05 for Asylum, to an Asylum Reserve as detailed in paragraph 3.2.7.

### 3. BUDGET OUTTURN 2005-06

#### 3.1 INTRODUCTION

3.1.1 This report sets out the provisional revenue and capital budget outturn for 2005-06. There may be minor variations in figures during the final stage of the closing of accounts process and the accounts are also still subject to external audit.

3.1.2 For the 6<sup>th</sup> consecutive year the Council is able to demonstrate sound financial management, by containing its revenue expenditure within the budgeted level.

#### 3.2 REVENUE BUDGET OUTTURN 2005-06

3.2.1 The provisional position for budgets other than those of schools is a budget variance of -£8.624m, which represents £6.700m of re-scheduling of revenue funded projects and £1.924m of underspending.

3.2.2 This outturn compares with the variance of -£1.675m last reported to Cabinet at its meeting on 24 April. This included £3.038m of re-scheduling/commitments and £0.876m of underspending, partially offset by a £2.239m pressure on Asylum. The movement by directorate is detailed in table 1 below and the provisional outturn position by portfolio is shown in table 2.

**TABLE 1: PROVISIONAL FINAL REVENUE OUTTURN BY DIRECTORATE**

	This month £m	Last month £m	Movement £m
Education & Libraries	-2.711	-1.798	-0.913
Social Services	-1.085	-0.186	-0.899
Asylum *	-	+2.239	-2.239
Strategic Planning	-1.449	-0.420	-1.029
Corporate Services	+0.169	-0.510	+0.679
Financing Items	-3.548	-1.000	-2.548
	-8.624	-1.675	-6.949
Schools	-7.834	+16.271	-24.105
	-16.458	+14.596	-31.054

**TABLE 2: PROVISIONAL FINAL REVENUE OUTTURN BY PORTFOLIO**

Portfolio	Budget £k	Variance £k	Directorate					
			E&L £k	SS £k	SP £k	CS £k	FI £k	
ES&PS	-67,929	-2,976	-2,976					
SO&EY	+32,617	+86	+112	-26				
CS	+36,386	-523	+190	-573	-140			
SC&CH	+318,457	-486		-486				
E&T	+115,083	+106			+117	-11		
Regen	+9,361	-1,463	-37		-1,426			
Finance	+84,521	-3,512				+38	-3,550	
Resources	+42,988	+135				+133	+2	
SIPP&BV	+1,909	+9				+9		
<b>SUB TOTAL (excl Schools)</b>	<b>+573,393</b>	<b>-8,624</b>	-2,711	-1,085	-1,449	+169	-3,548	
Asylum *	0	0		0				
<b>TOTAL (excl Schools)</b>	<b>+573,393</b>	<b>-8,624</b>	-2,711	-1,085	-1,449	+169	-3,548	
Schools	+779,265	-7,834	-7,834					
<b>TOTAL</b>	<b>+1,352,658</b>	<b>-16,458</b>	-10,545	-1,085	-1,449	+169	-3,548	

\* Although the Asylum Service is showing a nil variance, we are still waiting to hear if our Special Circumstances Bids of £1.871m will be successful. If not, that shortfall of grant will have to be met from the Asylum Reserve.

3.2.3 The £8.624m underspend will be transferred to the rolling budget reserve, pending a decision by Cabinet in July on its use.

3.2.4 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 24 April, as shown in Table 1, are as follows:

### 3.2.5 Education & Libraries Directorate:

The overall underspend for the directorate has increased by £0.9m since the last report to Cabinet. The main changes are:

Education Standards & Pupil Services Portfolio:

- -£0.5m on the match funded element of Standards Fund grant. These Standards Fund budgets run across 17 months to August 2006.
- -£0.2m on Personnel and Development largely due to the maternity recharge from schools being less than anticipated.
- -£0.2m increase in the underspend on the three and four year old payments as a result of a lower take up of early years sessions than anticipated.
- -£0.1m due to placements in the Independent Sector Provision in the last quarter of 2005-06 being less than expected.
- -£0.1m increase in the underspend on Clusters due to further re-phasing of projects into 2006-07.
- +£0.3m on Client Services. Some spend had previously been incorrectly attributed to Standards Fund grant and is in fact chargeable to base budget.
- +£0.2m as the previously reported potential VAT liability on Hadelot has been transferred to the Contingency budget from the Communities portfolio ahead of the transfer of Youth & Community to the new Communities directorate for 2006-07, as Hadelot is not part of this transfer.
- +£0.1m due to a reduction in recoupment income on AEN & Resources budget.
- +£0.1m increase in the pressure on SEN home to school transport.
- +£0.2m due to various small overspends across a range of units.

School Organisation & Early Years Portfolio:

- -£0.4m on Early Years due to maximising the usage of surestart grant funding, resulting in savings on the base budget.
- +£0.1m on School Organisation mainly due to a reduction in income and increased staffing costs.

Community Services Portfolio:

- -£0.5m on Adult Education due to accelerated delivery of savings which are required as a result of a reduction in LSC income.
- -£0.2m on Youth & Community relating to Hadelot, as detailed above.
- +£0.2m on Arts & Museums. Debtors for grant income have not been raised as a result of an ongoing GOSE investigation and the risk that this income may not be realised in 2006-07.
- +£0.1m on Libraries. Part of their underspend has been used to fully account for the undepreciated balances on purchases of audio/visual stock held on the balance sheet.

### 3.2.6 Social Services Directorate:

The overall underspend for the directorate (excluding Asylum) has increased by £0.9m since the last report to Cabinet. The main changes are:

Social Care & Community Health Portfolio:

- -£0.3m on Adult Services commissioning budgets, partly due to a further reduction in residential and nursing care client numbers.
- -£0.3m on Adult Services Provider Unit following the resolution of a two year dispute with Health regarding their financial liability in respect of a jointly funded scheme. It had previously been assumed that we would not receive this income in 2005-06.

- -£0.2m on the Youth Offending Service budget mainly due to re-phasing of the Careworkers project.
- -£0.1m on Children's Services. The final position for this service is an underspend of £0.150m, however this represents a pressure on direct services of £1.173m offset by an underspend on staffing of £1.023m.
- -£0.1m as a result of increased income from our work with Swindon.
- +£0.1m on the Performance, Contracting & Planning budget following further commitments agreed by the Boards in March, in respect of the Learning Disability Development Fund and Kent Equal Employability Partnership.

In addition, as reported to Cabinet on 6 March 2006, to reflect the re-phasing of the Assistive Technology initiative resulting from current usage and proposed future roll-out, £1.531m has been transferred to an earmarked reserve to be drawn down as the telecare programme is rolled out. Also, £0.956m has been transferred to the Supporting People reserve to meet likely funding shortfalls in future years, to be drawn down to support delivery of their 5 year plan. This is consistent with the practice adopted in 2004-05.

The activity indicators shown at Appendix 2 generally show an encouraging trend. However, the number of children in foster care has risen significantly in the last quarter and we will therefore need to work closely with the CF&E directorate to assess the financial implications of this in 2006-07.

### **3.2.7 Asylum:**

We have submitted two special circumstances bids, one to the Home Office for £1.180m and another to the DfES for £0.691m. We have assumed that we will be successful in receiving part of this income and the balance has been met from the provision set up in 2004-05. Cabinet is asked to agree that the remaining balance of the provision set up in 2004-05 be transferred to an Asylum reserve to offset future unfunded liabilities. If we receive less income than we have assumed from our two special circumstances bids, any shortfall will need to be met from this Asylum reserve. If we receive more income from the special circumstances bids than we have assumed, then this can be added to the reserve.

### **3.2.8 Strategic Planning Directorate:**

The overall underspend for the directorate has increased by £1.0m since the last report to Cabinet. The main changes are:

Environment & Transport Portfolio:

- -£0.6m on the Waste Management budget due to re-phasing of the revenue funded Civic Amenity site improvements to 2006-07 and continued lower waste tonnage compared to the budget assumption.
- -£0.3m due to re-phasing of the Shaw Grange restoration works.
- +£0.1m due to an increase in the level of the bad debt provision.

Regeneration Portfolio:

- -£0.1m re-phasing of production of Structure Plan and Waste Local Development Framework
- -£0.1m on the Regeneration & Projects budget as a result of reduced legal charges and savings resulting from the delay in the new Wetland creation project.

### **3.2.9 Corporate Services Directorate:**

The outturn position for the directorate has increased by £0.7m since the last report to Cabinet. The main changes are:

Resources Portfolio:

- +£0.6m on the Home Computing Initiative following confirmation of the accounting treatment from our External Auditors. We have needed to fully fund the capital costs of the first tranche of equipment purchased for employees from revenue. These costs will be met from employee contributions via salary deductions in future years.
- -£0.1m as a result of increased income and reduced costs across all units.

Supporting Independence, Policy, Performance & Best Value Portfolio:

- +£0.2m on Kent Works due to increased set up costs and lower income than expected from the LSC and schools.

In addition, £1.31m has been transferred back to the rolling budget reserve in respect of the Finance Business Solutions and e-procurement programme to reflect re-phasing into 2006-07.

### 3.2.10 Financing Items:

The overall underspend has increased by £2.5m since the last report to Cabinet. The main changes are:

Finance Portfolio:

- -£2.0m re-phasing of projects to be funded from additional income raised from second homes.
- -£1.1m as a result of reduced claims and future liabilities on the Insurance Fund.
- +£0.5m Emergency expenditure. As a result of the improvement in the outturn position since the last report, the emergency expenditure resulting from the December snow and several road collapses has been met from the overall underspending in year, rather than draw down the emergency conditions reserve, as previously anticipated.

The underspending within this portfolio is after the following transfers have been made, which have been assumed in the previous monitoring reports, which Cabinet is asked to agree:

- £0.772m to the LOBOs equalisation reserve (Lenders Option Borrowers Option). As highlighted in the quarterly monitoring reports to Cabinet, provision is needed to equalise the costs of LOBOs over the life of the loan – currently the interest costs on this borrowing are lower than they will be over the medium term. This provision is in line with practice agreed with our external auditors.
- £0.708m to a Pay Equalisation Reserve. The Reward Strategy budget of £0.708m has been transferred to this new reserve to fund the costs in 2006-07 and beyond of the restructure of the Kent Pay Scheme.
- £3.787m to the Prudential Equalisation Reserve, in addition to the £2.2m budgeted contribution. The additional contribution has been funded from £2.8m of savings made on borrowing costs and increased investment income as a result of holding high cash balances, which are due to the significant re-phasing of the capital programme, and £0.987m from unbudgeted LABGI (Local Authority Business Growth Incentive Scheme) grant. This reserve was established as part of the 2004-07 MTFP and is required to smooth the impact on the revenue budget of borrowing costs in future years resulting from the re-phased capital programme. (In addition, £0.131m of unbudgeted LABGI grant has been set aside to provide for the 2004-05 RSG Amending Report).
- £2.502m transfer to the Insurance Reserve. We are due to re-tender for our insurance provision during 2006-07 when we will explore the opportunity to increase our level of self-insurance, in which case we will need to have sufficient reserves to cover the additional risk.

Also:

- £0.257m has been drawn down from the Workforce Reduction provision to offset Workforce Reduction costs in excess of the 2005-06 base budget.

## 3.3 PERFORMANCE REWARD GRANT

Directorates have underspent against their PRG allocations as a result of re-phasing of projects. In line with practice agreed by Cabinet last year, these underspends have been transferred to the earmarked PRG reserve to be drawn down as spend is incurred. Details of the re-phasing against individual PRG allocations are given in Appendix 1.

### 3.4 DELEGATED SCHOOLS BUDGET

In 2005-06 schools underspent their delegated budgets by £7.834m, which included £6m of unallocated budgets including £3.6m of Special Transitional Grant, £1.9m of Standards Fund and £0.5m of unallocated ISB. This has increased total school revenue reserves to £65.6m, £38.7m of which is committed to various projects, Standards Fund phasing and protecting against falling rolls. This is a significant movement from the position previously being reported by schools. However, as reported in the monitoring reports throughout the year, we never expected that the level of draw down of reserves forecast by the schools would materialise.

### 3.5 IMPACT ON RESERVES

Account	Balance at 31/3/06 £m	Balance at 31/3/05 £m
Earmarked Reserves	73.8	59.9
General Fund balance	25.8	28.3
Schools Reserves *	65.6	60.7

\* the overall increase in schools reserves of £4.9m is made up of an underspend of £7.8m offset by an increase in school loans of £2.9m. Under the school loans scheme, loans to schools are financed from the aggregate of school reserves, hence the sum of such reserves is accordingly reduced by the value of the loans outstanding.

3.5.1 The general reserves position at 31 March 2006 is estimated at £25.8m and amounts to 4.5% of the 2005-06 revenue budget (excluding schools). This is a reduction of £2.5m compared to the £28.3m in general reserves as at 31 March 2005 and reflects the impact on reserves of the write-off of capital spend incurred on the Turner Contemporary project. Discussions are progressing to evaluate the opportunity to recoup part or all of this sum.

3.5.2 The movement of £13.9m in earmarked reserves since 31 March 2005 is mainly due to:

- Increase in Insurance Reserve £2.5m
- Asylum Reserve £3.8m
- Increase in Prudential Equalisation Reserve £6.0m
- Increase in Supporting People Reserve £2.2m
- Assistive Technology (Telecare) Reserve £1.5m
- Reduction in IT Asset Maintenance Reserve -£2.1m

### 3.6 CAPITAL BUDGET OUTTURN 2005-06

3.6.1 The following changes have been made to the capital programme this quarter:

	£000's
1 As reported to Cabinet on 6 March (excl PFI)	256,057
2 Green Grid/Regional Parks - KCC is the lead and accountable body, (and therefore responsible to ODPM for the expenditure recovered by the 100% grant), but the actual expenditure is all being incurred through the accounts of third parties.	-2,407
3 Highways Maintenance, Bridge Assessment & Strengthening funded from supported borrowing	+255
4 Change in accounting practice for PFI development costs – now to be charged to revenue	-1,574
5 Schools - increase in resources including private contributions, additional revenue contributions and grant	+9,077
	261,408
6 PFI	38,647
	300,055

3.6.2 The provisional outturn for the capital budget, excluding schools devolved capital is £205.9m, a variance of -£24.676m. This outturn compares with the variance of -£24.856m last reported to Cabinet at its meeting on 24 April. The movement by directorate is detailed in table 3 below and the provisional outturn position by portfolio is shown in table 4.

**TABLE 3: PROVISIONAL FINAL CAPITAL OUTTURN BY DIRECTORATE**

	This month £m	Last month £m	Movement £m
Education & Libraries	-10.066	-14.411	+4.345
Social Services	-1.838	-0.123	-1.715
Strategic Planning	-13.291	-10.000	-3.291
Corporate Services	+0.519	-0.322	+0.841
	-24.676	-24.856	+0.180
Schools	+0.717	-	+0.717
	-23.959	-24.856	+0.897

**TABLE 4: PROVISIONAL FINAL CAPITAL OUTTURN BY PORTFOLIO**

Portfolio	Budget £k	Variance £k	Directorate			
			E&L £k	SS £k	SP £k	CS £k
ES&PS	+97,447	-6,120	-6,120			
CS	+24,148	-11,813	-3,946		-7,867	
SC&CH	+12,068	-1,838		-1,838		
E&T	+40,851	-5,126			-5,126	
Regen	+38,768	-298			-298	
Finance	+3,800	-14				-14
Resources	+13,041	+552				+552
SIPP&BV	+500	-19				-19
<b>TOTAL (excl Schools)</b>	<b>+230,623</b>	<b>-24,676</b>	-10,066	-1,838	-13,291	+519
<b>Schools</b>	<b>+30,785</b>	<b>+717</b>	+717			
<b>TOTAL</b>	<b>+261,408</b>	<b>-23,959</b>	-9,349	-1,838	-13,291	+519

3.6.3 The main reasons for the movement in the forecast since the last monitoring report to Cabinet on 24 April, as shown in Table 3, are as follows:



### **3.6.4 Education & Libraries Directorate:**

The overall capital position for the directorate (excluding capital devolved to schools) has moved by +£4.345m since the last report to Cabinet on 24 April. The main movements are:

Education Standards & Pupil Services Portfolio:

- +£1.1m Special Schools Review – following the removal of our advisors from the project management, Corporate Property have been able to get the implementation back on track quicker than was originally anticipated. The overall spend on the review will still be within budget.
- +£1m Emergency Building Maintenance – the end of the contract with Mouchel Parkman for building maintenance has resulted in the flushing out and close down of a large proportion of works.
- +£0.4m Building Maintenance Condition Programme – it is apparent that the previous forecast was an underestimate, with the quality of the forecasting towards year end affected by the closing of the Mouchel Parkman contract.
- +£0.4m The North School due to an earlier start to the project than anticipated.
- +£0.2m Minster College – previously the type and quantity of work was uncertain and the project has evolved to meet the schools needs
- +0.2m Mobile Moves – additional expenditure on planned works necessary to accommodate the demand for school places.
- +£0.1m Dartford Campus – surveying, planning and other details works have commenced on Phase 2 of this project.
- +£0.1m Norton Knatchbull School – work on the Sports Hall and sixth form suite has progressed faster than anticipated.
- +£0.1m Wilmington Grammar Boys – the project is self managed by the school and has progressed faster than anticipated.
- -£0.4m Mascalls School – the completion date has slipped due to the contractors non performance.
- -£0.2m School Access Initiative mainly due to planning delays at Westlands School.

Community Services Portfolio:

- +£0.4m NOF Physical Education & Sport – programme advanced due to improved weather conditions, resolution of certain issues at Swadelands School and changes to forecasts from the contractors regarding timing of expenditure.
- +£0.3m Annual Maintenance Programme – substantial increase in costs above estimates and additional work required at several locations.
- +£0.2m purchase of additional Youth Service vehicles, funded by revenue contributions.
- +£0.2m Adult Education DDA – additional works undertaken to maximise use of LSC grant.

### **3.6.5 Social Services Directorate:**

The overall capital position for the directorate has moved by -£1.715m since the last report to Cabinet on 24 April. The main movements are:

Social Care & Community Health Portfolio:

- -£0.7m delays to the Improving Information Management SRP project.
- -£0.3m rephasing of the Broadmeadow project
- -£0.2m re-phasing of Legionella works due to works not commencing within the financial year despite commissions being raised with the consultants.
- -£0.2m underspend on Public Access projects.
- -£0.1m re-phasing of DDA works due to delays in commissioning work.
- -£0.2m of re-phasing on smaller projects including Apollo House and Southdowns.

### **3.6.6 Strategic Planning Directorate:**

The overall capital position for the directorate has moved by -£3.291m since the last report to Cabinet on 24 April. The main movements are:

Regeneration Portfolio:

- -£0.9m East Kent Access Phase 1c, a land creditor valuation was less than previously forecast.
- -£0.25m PSA Property Target – the project has taken longer to get ‘up and running’, in terms of financial outlay, than previously forecast.
- +£0.3m Major Scheme Design – an assumption on ODPM grant debtors was not able to be supported by written confirmation, so the grant will be recorded when received in 2006-07.

Community Services Portfolio:

- -£2.4m Turner Contemporary – with the stopping of the ‘off-shore’ project, all of the spend has been written off to revenue.

### **3.6.7 Corporate Services Directorate:**

The overall capital position for the directorate has moved by +£0.841m since the last report to Cabinet on 24 April. The main movements are:

Finance Portfolio:

- +£0.6m increase in Commercial Services vehicle replacements.
- +£0.3m on LPSA2 pump priming activity, funded by pump priming grant

3.6.8 The 2006-07 Capital Programme will now be revised to reflect the re-phasing and other variations of the 2005-06 Capital Programme that resulted in the £24.676m variance in 2005-06. The details of the changes will be included in the first quarter’s monitoring report of the 2006-07 budget to be reported to Cabinet on 18 September 2006.

3.6.9 Capital Receipts realised in 2005-06 were £20.573m. All of these receipts are required to fund existing capital programme commitments.

## **3.7 SCHOOLS DEVOLVED CAPITAL**

3.7.1 Capital expenditure incurred directly by schools in 2005-06 was £31.5m. Schools have in hand some £11.4m of capital funding which will be carried forward as part of the overall schools reserves position. This represents a draw down of schools capital reserves of £0.7m.

## **4. 2005-06 FINAL MONITORING OF KEY ACTIVITY INDICATORS**

4.1 Details of the final monitoring of key activity indicators for 2005-06 are detailed in Appendix 2.

## **5. PRUDENTIAL INDICATORS**

5.1 The final monitoring of the 2005-06 prudential indicators is detailed in Appendix 3.

**PERFORMANCE REWARD GRANT 2005-06**

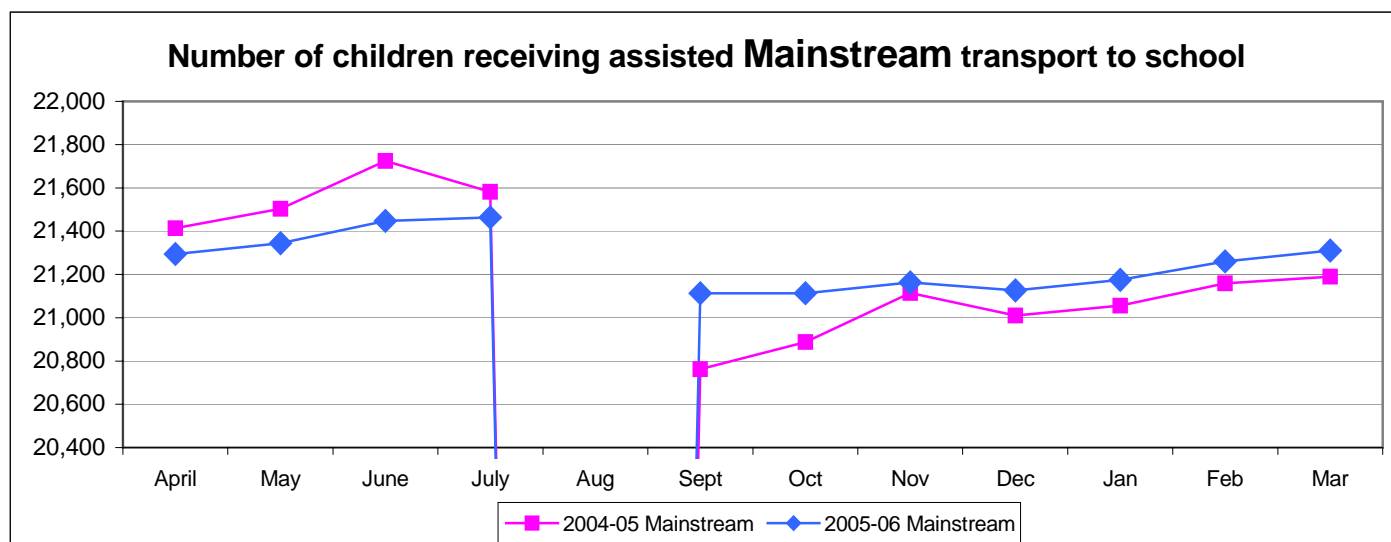
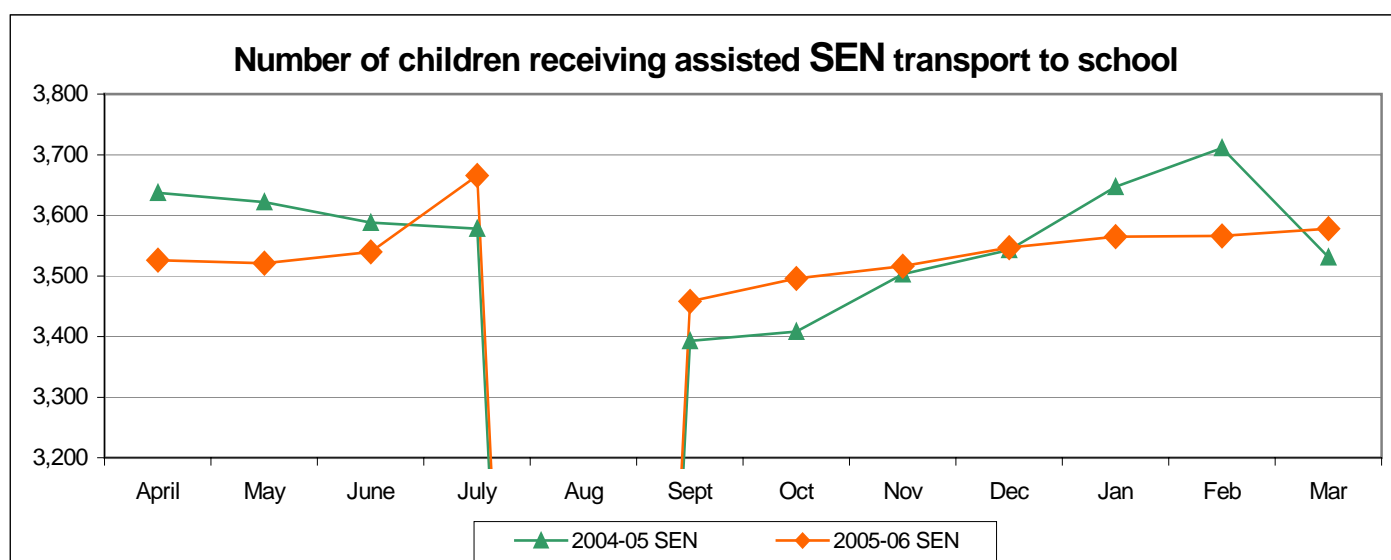
	2005-06 Budget	Transfer to PRG Reserve	Portfolio
	£000	£000	
<b>Education &amp; Libraries</b>			
▪ Sports on School Sites	165	4	CS
▪ Skill force	50	0	ES&PS
	215	4	
<b>Corporate Services</b>			
▪ Efficiency Review Team	620	266	Resources
▪ Web Manager	80	0	Resources
	700	266	
<b>Social Services</b>			
▪ Children – Preventive Strategy	1,320	830	SC&CH
▪ Social Care Training – Vocational Centres	130	30	SC&CH
▪ Family Group Conferencing	290	0	SC&CH
▪ Older People	1,005	69	SC&CH
▪ People with Learning Disabilities	432	0	SC&CH
▪ People with Physical Disabilities	145	0	SC&CH
▪ People with Mental Health Problems	114	96	SC&CH
▪ Adoption Services	100	0	SC&CH
▪ Youth Offending Service	40	40	SC&CH
	3,576	1,065	
<b>Strategic Planning</b>			
▪ Recycling (initiatives in districts)	350	150	E&T
▪ CCTV & PROW - Clean Kent	200	0	E&T
▪ Road Safety	450	174	E&T
▪ Clean Kent (contributions to districts)	180	180	E&T
▪ Empty Homes/Regenerate Coastal Areas	194	0	Regen
▪ Staying Healthy	94	0	E&T
	1,468	504	
	5,959	1,839	

## 2005-06 FINAL MONITORING OF KEY ACTIVITY INDICATORS

### 1. EDUCATION & LIBRARIES DIRECTORATE

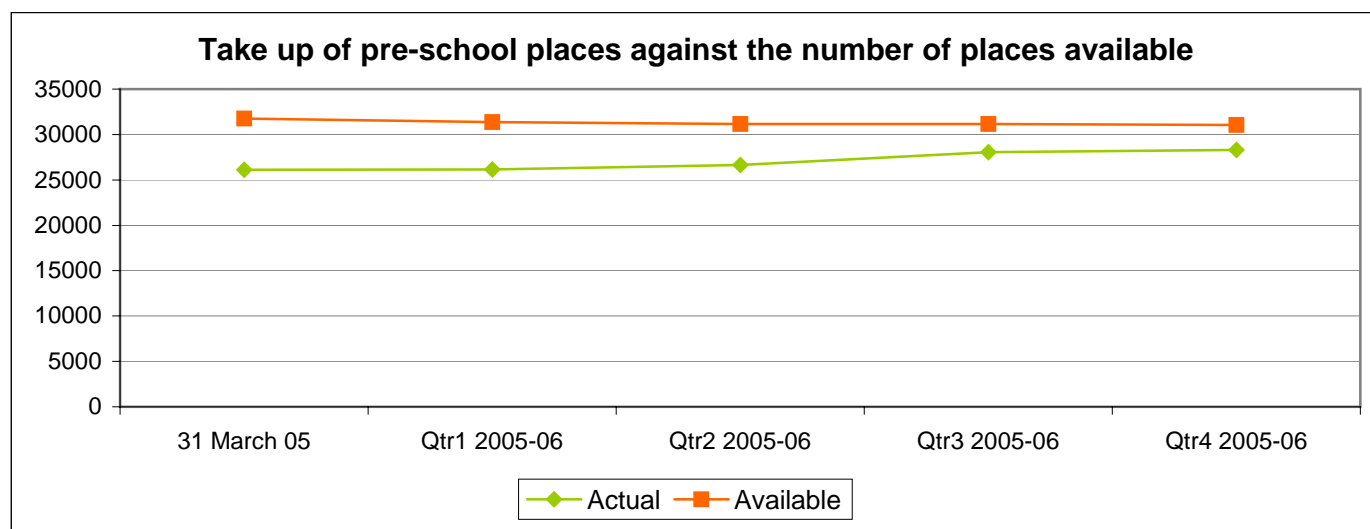
#### 1.1 Numbers of children receiving assisted SEN and Mainstream transport to school:

	2004-05		2005-06	
	SEN	Mainstream	SEN	Mainstream
April	3,637	21,414	3,526	21,295
May	3,622	21,504	3,521	21,344
June	3,588	21,724	3,540	21,447
July	3,578	21,582	3,666	21,464
August	0	0	0	0
September	3,393	20,762	3,458	21,113
October	3,408	20,887	3,496	21,113
November	3,503	21,115	3,516	21,163
December	3,543	21,010	3,547	21,126
January	3,647	21,056	3,565	21,175
February	3,711	21,159	3,566	21,261
March	3,531	21,190	3,578	21,310



## 1.2 Take up of pre-school places against the number of places available:

	2004-05			2005-06		
	as at 31/03/2005					
	Actual	Available	% take up	Actual	Available	% take up
April - June				26,152	31,378	83%
July - September				26,650	31,147	86%
October - December				28,047	31,147	90%
January - March	26,108	31,768	82%	28,319	31,062	91%



## 1.3 Number of schools with deficit budgets compared with the total number of schools:

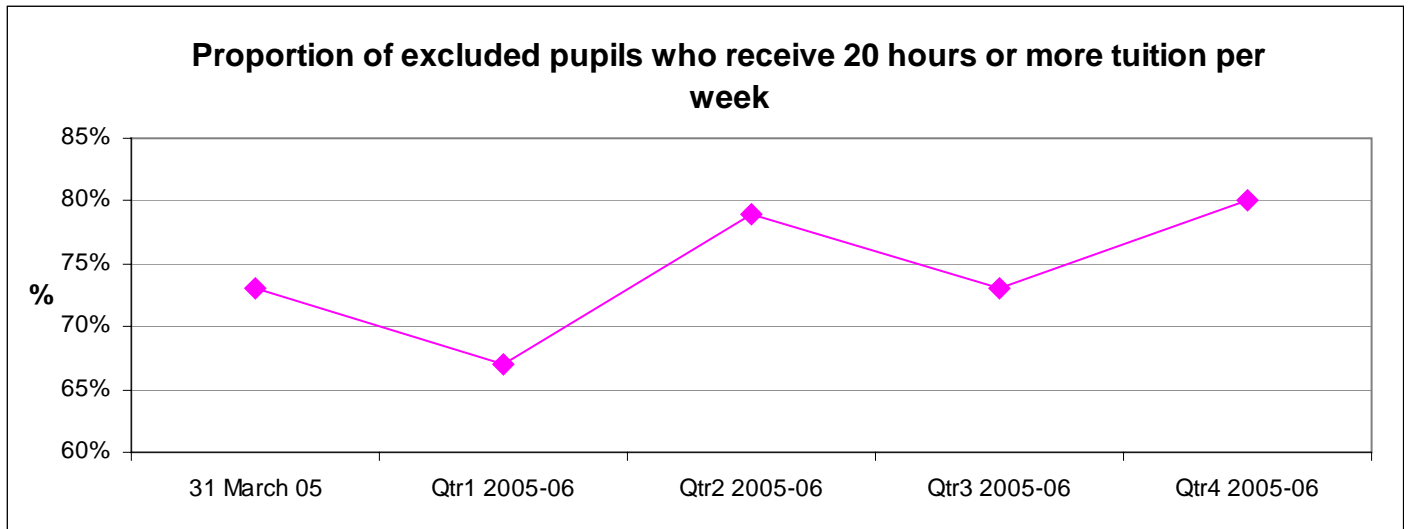
	2004-05	2005-06
	as at 31-3-05	as at 31-3-06
Total number of schools	604	600
Total value of school reserves	£62,823k	£70,657k
Number of deficit schools – STG Schools	4	4
Number of deficit schools – non STG Schools	5	5
Total value of deficits	£1,005k	£947k

### Comments:

- The 'number of deficit schools – STG schools' includes only those who received STG funding in 2004-05 and/or 2005-06.
- Of the 9 schools reporting a deficit at the end of the year, 6 are reporting a deficit for the first time. None of these 9 schools reported a deficit in 2004-05.
- KCC now has a "no deficit" policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year's budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LEA, which could ultimately mean suspending delegation.
- Although the number of deficit schools has remained the same as 2004-05, the total value of deficits has reduced.

1.4 Proportion of excluded pupils who receive 20 hours or more tuition per week:

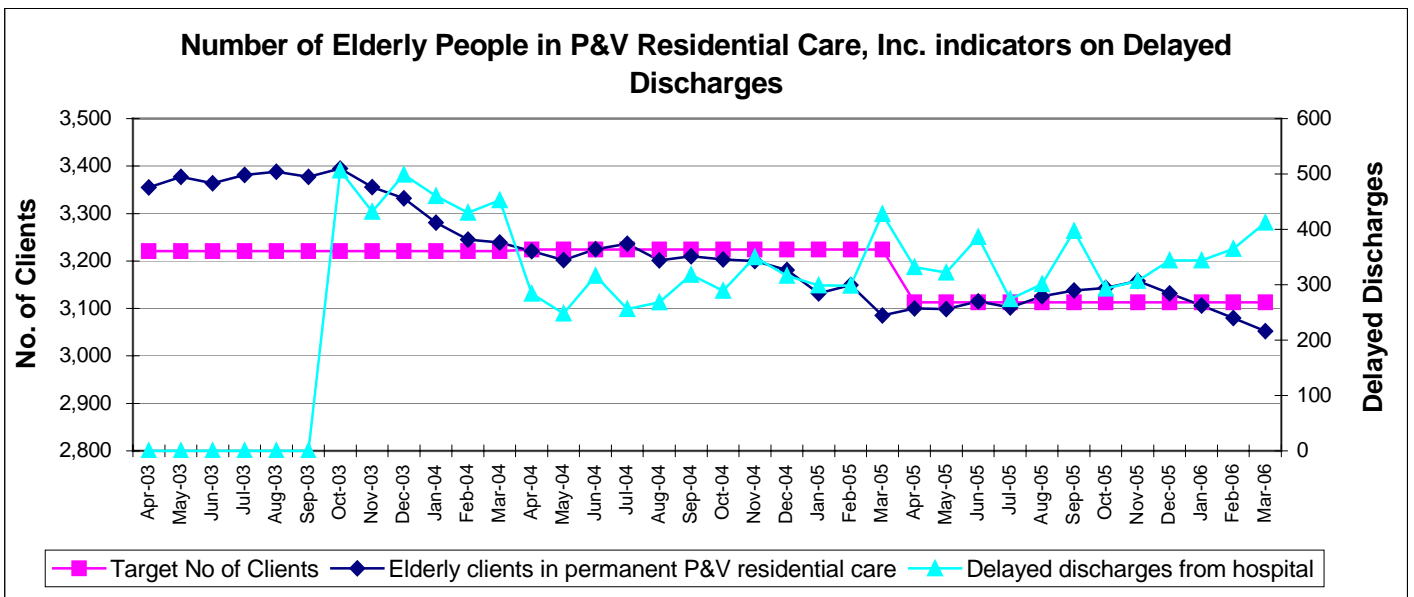
	2004-05	2005-06
	As at 31-03-05	
April - June		67%
July - September		79%
October - December		73%
January - March	73%	80%



## 2. SOCIAL SERVICES DIRECTORATE

### 2.1 Numbers of elderly people in permanent P&V residential care, including indicators on delayed discharges:

	03/04			04/05			05/06		
	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital	Target	Elderly clients in permanent P&V residential care	Delayed discharges from hospital
April	3,221	3,355		3,224	3,221	284	3,113	3,100	332
May	3,221	3,377		3,224	3,202	248	3,113	3,099	322
June	3,221	3,364		3,224	3,225	316	3,113	3,115	386
July	3,221	3,381		3,224	3,236	256	3,113	3,102	274
August	3,221	3,388		3,224	3,201	268	3,113	3,126	301
September	3,221	3,377		3,224	3,210	318	3,113	3,138	397
October	3,221	3,395	506	3,224	3,203	289	3,113	3,143	293
November	3,221	3,356	432	3,224	3,200	350	3,113	3,158	307
December	3,221	3,332	499	3,224	3,181	316	3,113	3,132	344
January	3,221	3,281	460	3,224	3,132	299	3,113	3,106	344
February	3,221	3,245	430	3,224	3,149	298	3,113	3,080	365
March	3,221	3,239	453	3,224	3,085	428	3,113	3,052	412

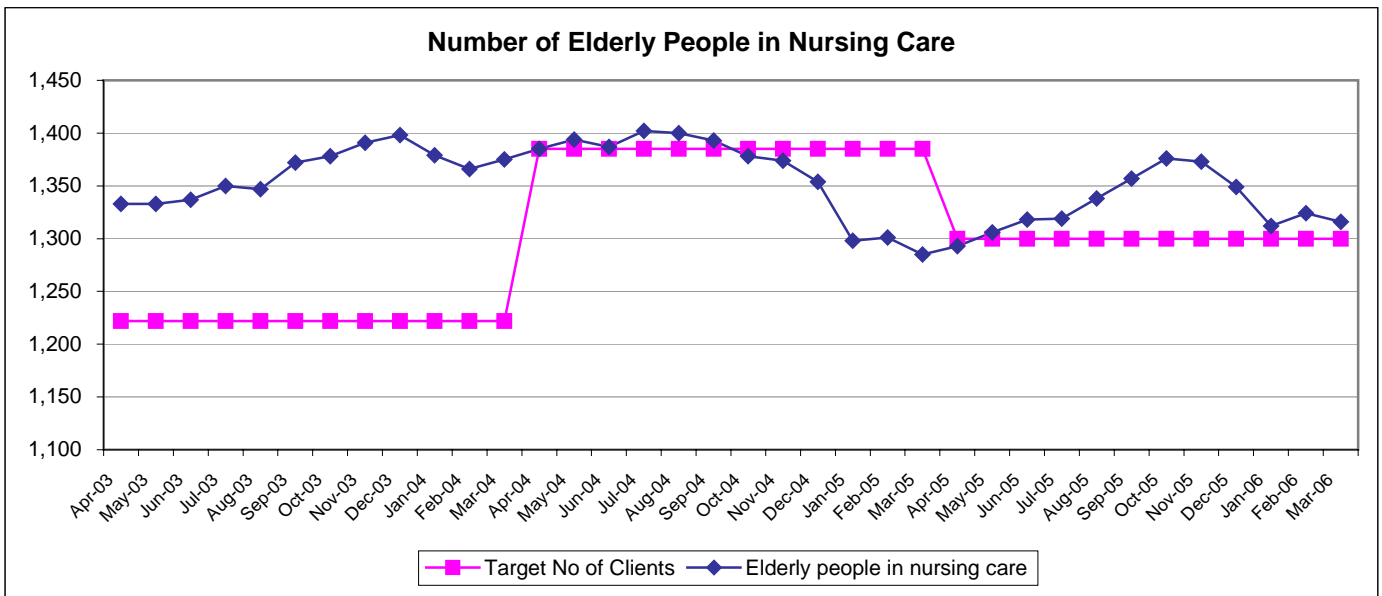


#### Comments:

The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system over which we have very little influence. Overall we consistently see a level of some 65-75 DTCs per week (measured by the number of delayed discharges as at midnight Thursday), approximately 30%-40% of which will be the responsibility of Social Services, but this occasionally rises and there are some more predictable "seasonal" variations throughout the year. It should also be noted that each third month is a five-week month.

## 2.2 Numbers of elderly people in nursing care:

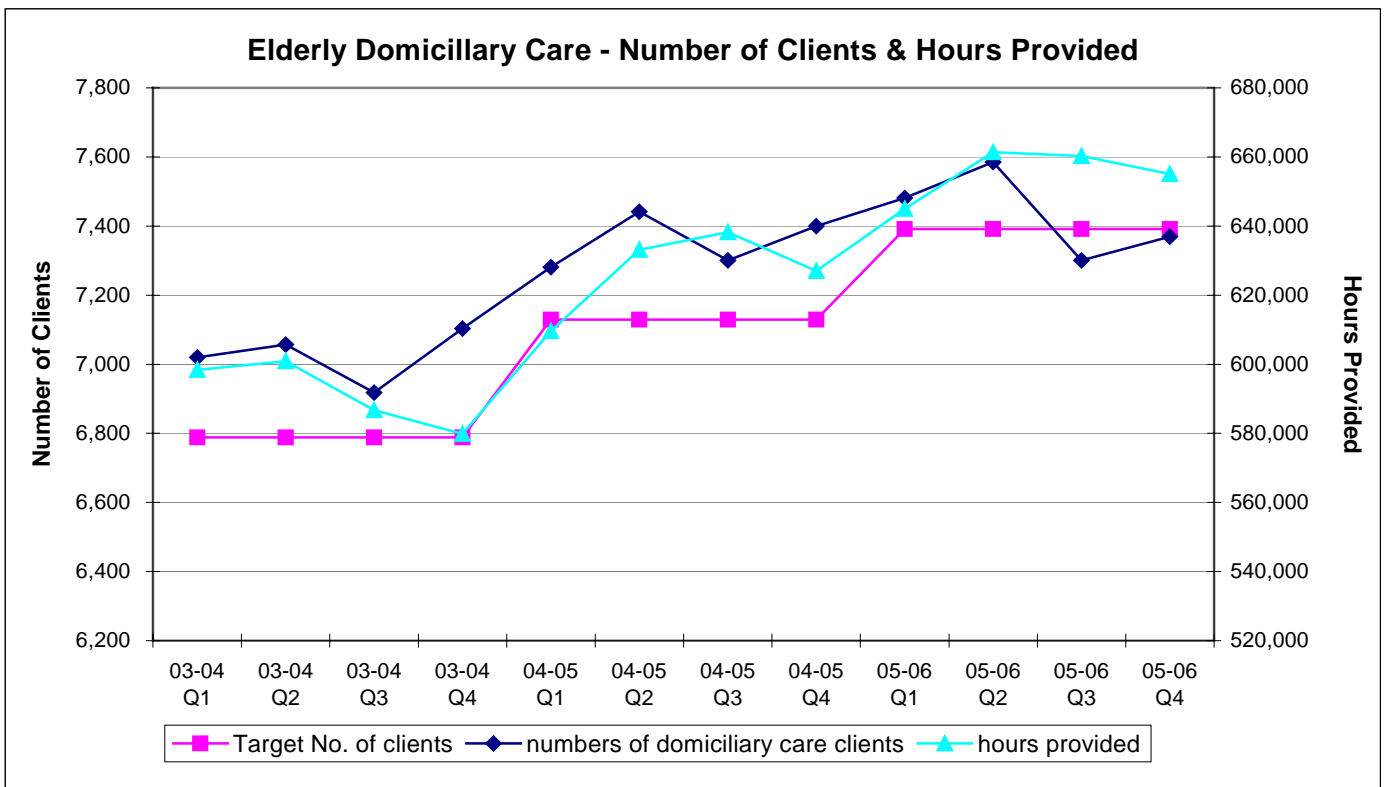
	2003-04		2004-05		2005-06	
	Target	Elderly people in nursing care	Target	Elderly people in nursing care	Target	Elderly people in nursing care
April	1,222	1,333	1,385	1,385	1,300	1,293
May	1,222	1,333	1,385	1,394	1,300	1,306
June	1,222	1,337	1,385	1,387	1,300	1,318
July	1,222	1,350	1,385	1,402	1,300	1,319
August	1,222	1,347	1,385	1,400	1,300	1,338
September	1,222	1,372	1,385	1,393	1,300	1,357
October	1,222	1,378	1,385	1,378	1,300	1,376
November	1,222	1,391	1,385	1,374	1,300	1,373
December	1,222	1,398	1,385	1,354	1,300	1,349
January	1,222	1,379	1,385	1,298	1,300	1,312
February	1,222	1,366	1,385	1,301	1,300	1,324
March	1,222	1,375	1,385	1,285	1,300	1,316





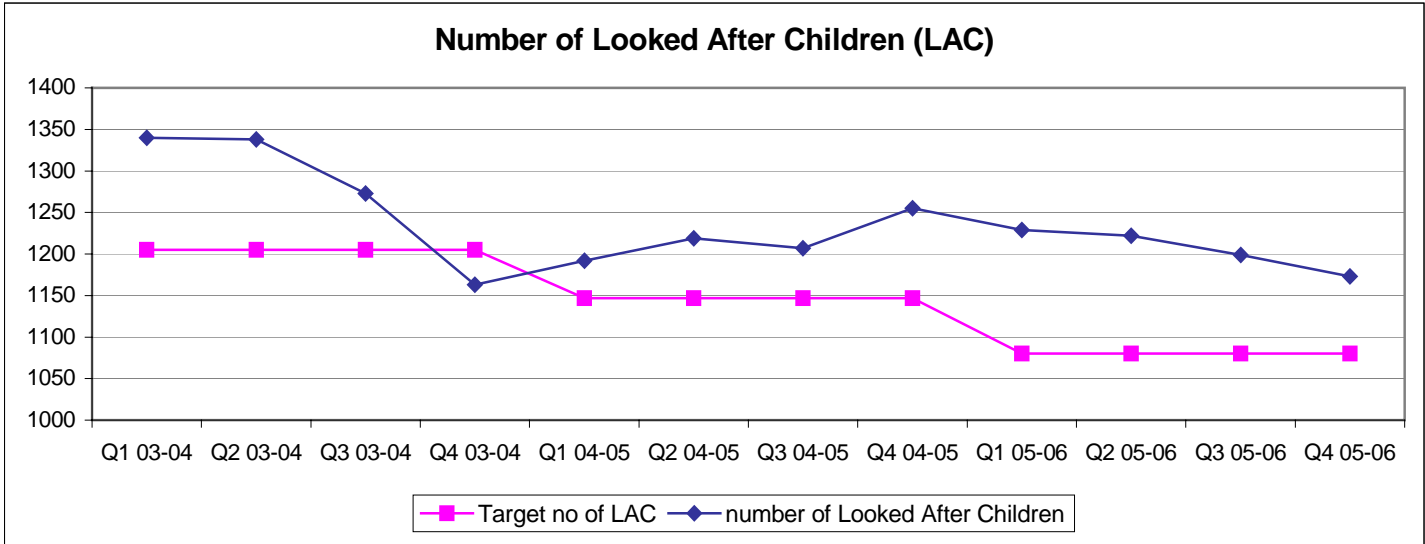
**2.3 Elderly domiciliary care – numbers of clients and hours provided:**

	2003-04			2004-05			2005-06		
	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided	Target	numbers of domiciliary care clients	hours provided
Apr - Jun	6,788	7,020	598,395	7,129	7,281	609,577	7,391	7,481	644,944
Jul - Sep	6,788	7,057	600,864	7,129	7,441	633,134	7,391	7,585	661,415
Oct - Dec	6,788	6,918	586,748	7,129	7,301	638,187	7,391	7,301	660,282
Jan - Mar	6,788	7,103	579,888	7,129	7,400	626,996	7,391	7,369	655,071



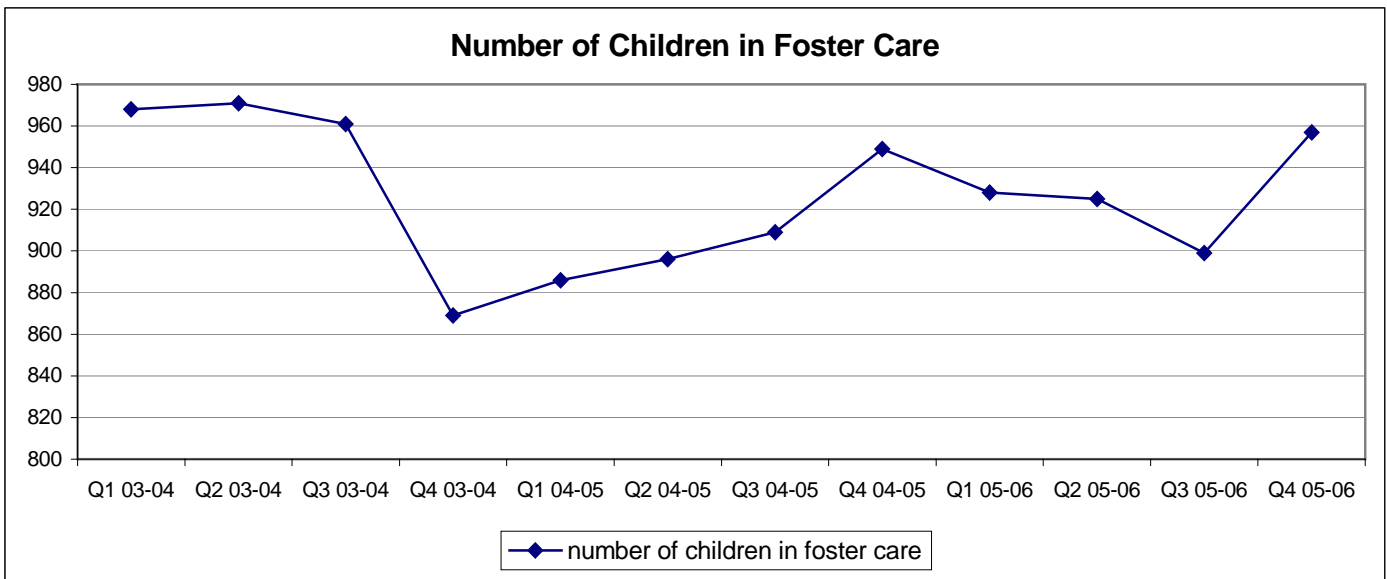
**2.4 Numbers of Looked After Children (LAC):**

	2003-04		2004-05		2005-06	
	Target	number of Looked After Children	Target	number of Looked After Children	Target	number of Looked After Children
Apr – Jun	1,205	1,340	1,147	1,192	1,080	1,229
Jul – Sep	1,205	1,338	1,147	1,219	1,080	1,222
Oct – Dec	1,205	1,273	1,147	1,207	1,080	1,199
Jan – Mar	1,205	1,163	1,147	1,255	1,080	1,173



**2.5 Number of Children in Foster Care:**

	2003-04	2004-05	2005-06
	number of children in foster care	number of children in foster care	number of children in foster care
Apr - Jun	968	886	928
Jul - Sep	971	896	925
Oct - Dec	961	909	899
Jan - Mar	869	949	957

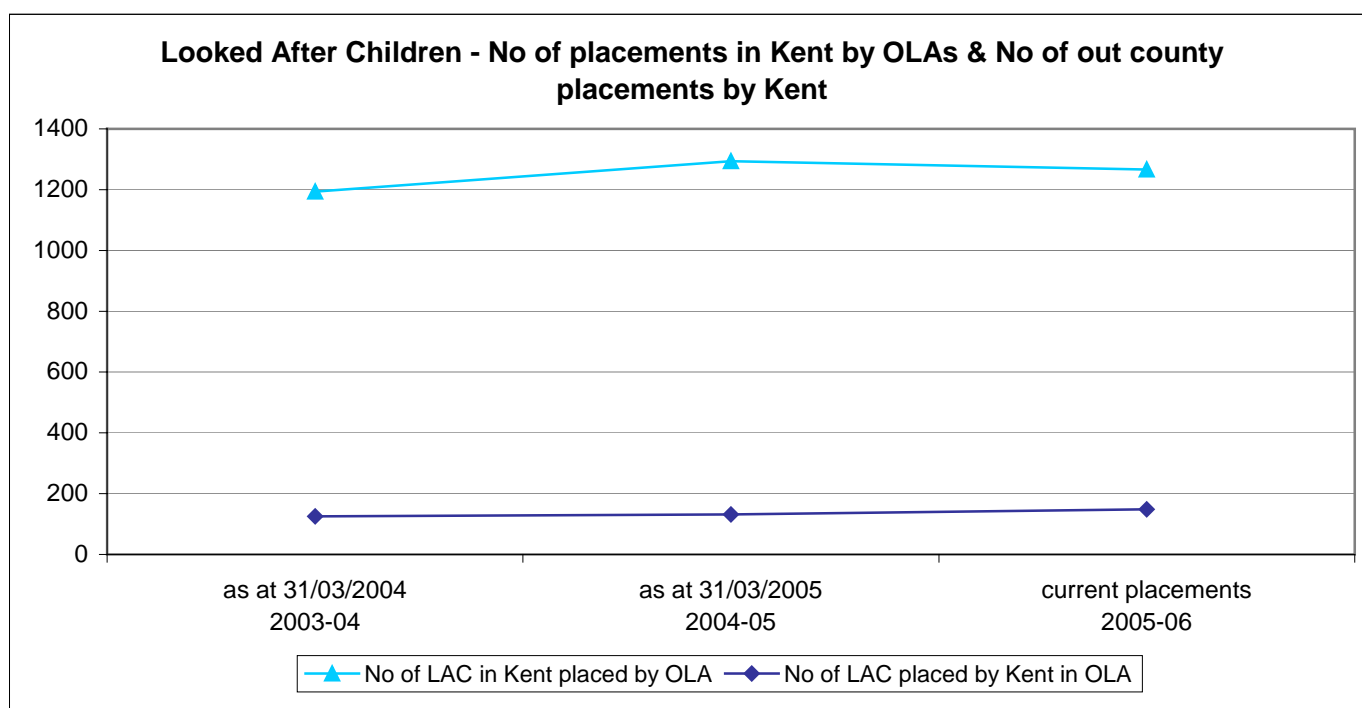


**2.6 Number of Placements in Kent of LAC by other Authorities:**

2003-04 as at 31/03/2004	2004-05 as at 31/03/2005	2005-06 as at 31/03/2006
1,194	1,294	1,266

**2.7 Number of Out County Placements of LAC by Kent:**

2003-04 as at 31/03/2004	2004-05 as at 31/03/2005	2005-06 as at 31/03/2006
125	132	149



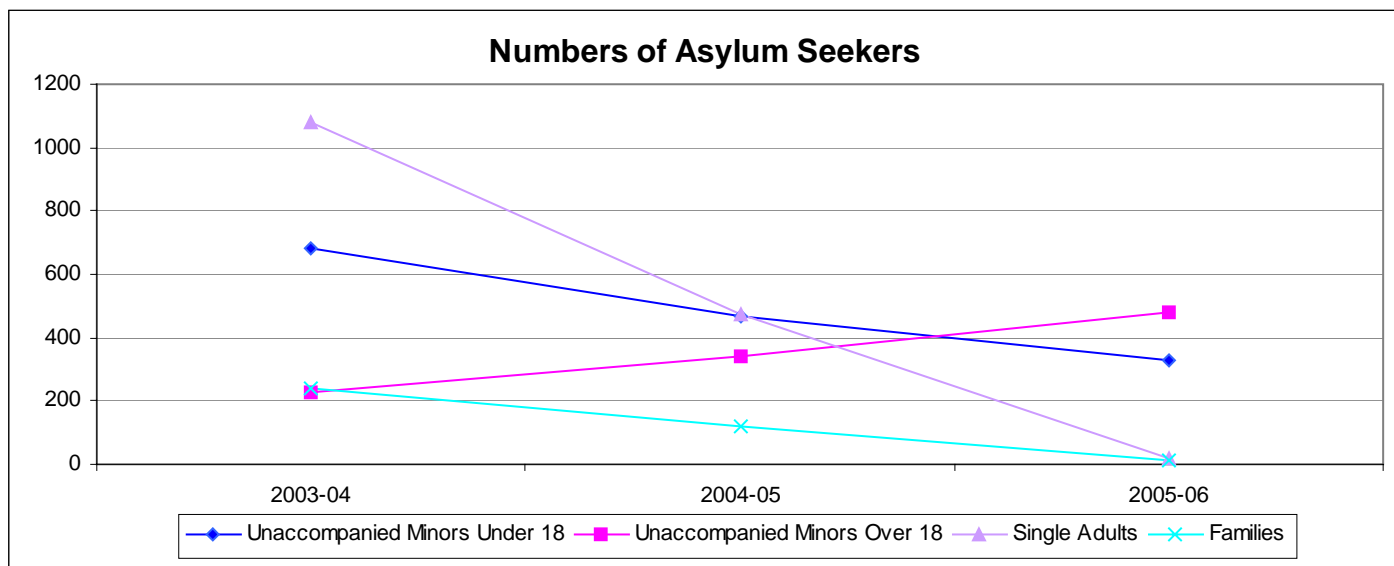
**Comments:**

These are our best estimates of children placed in Kent, but we are not automatically kept informed, despite there being a requirement for local authorities to notify each other of changes.

Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority of Looked After Children placed out of the Authority (over 99%) are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.

**2.8 Numbers of Asylum Seekers (by category), gross cost and estimated grant income:**

	2003-04	2004-05	2005-06
	Number	Number	Number
Unaccompanied Minors Under 18	681	466	330
Unaccompanied Minors Over 18	227	343	480
Single Adults	1,080	474	20
Families	240	123	10



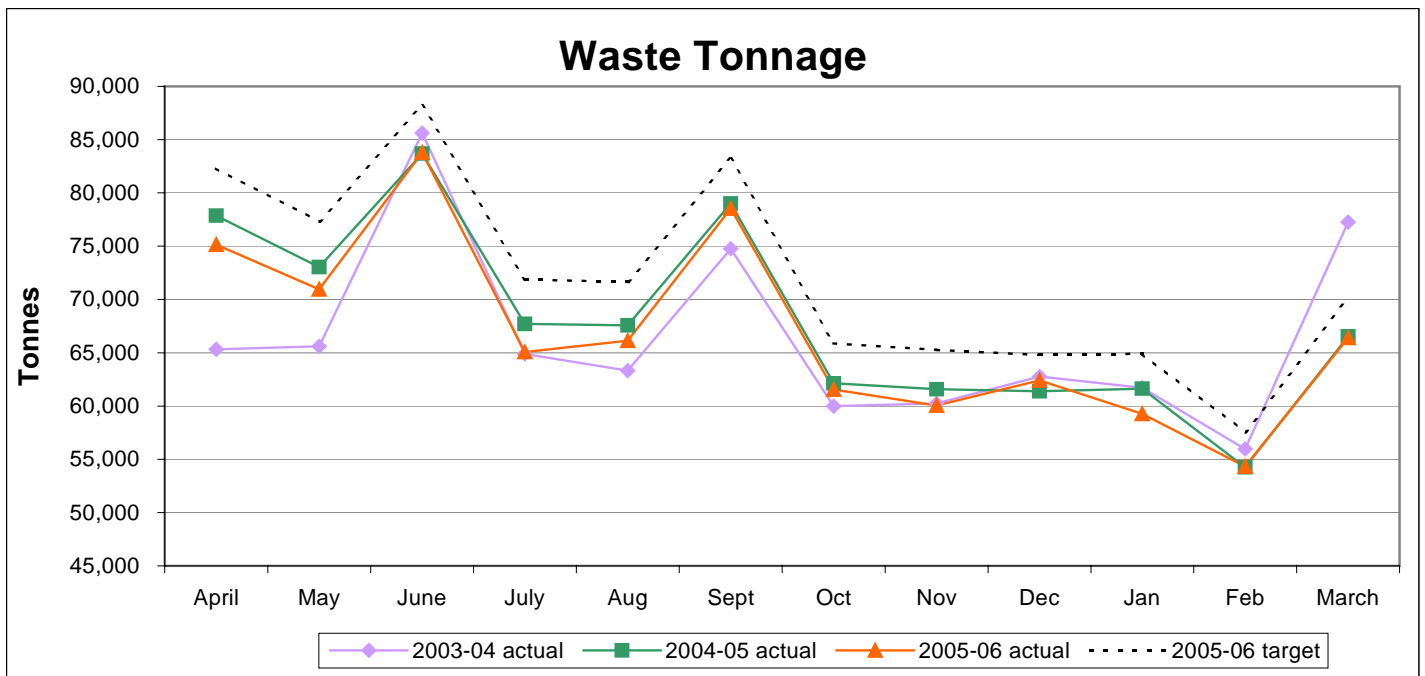
**Comment:**

Forecast expenditure and estimates of the corresponding grant income have not been included, as discussions with the Home Office are ongoing and to make any kind of assumptions might be misleading at this time.

### 3. STRATEGIC PLANNING DIRECTORATE

#### 3.1 Waste Tonnage:

	2003-04	2004-05	2005-06	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Business Plan Target
April	65,313	77,866	75,142	82,278
May	65,595	73,042	70,964	77,326
June	85,623	83,690	83,770	88,202
July	64,882	67,709	65,063	71,862
August	63,326	67,556	66,113	71,655
September	74,768	78,999	78,534	83,222
October	59,997	62,118	61,553	65,881
November	60,250	61,580	60,051	65,258
December	62,753	61,379	62,397	64,790
January	61,701	61,630	59,279	64,901
February	55,974	54,235	54,337	57,535
March	77,269	66,546	66,402	70,090
<b>TOTAL</b>	<b>797,451</b>	<b>816,350</b>	<b>803,605</b>	<b>863,000</b>

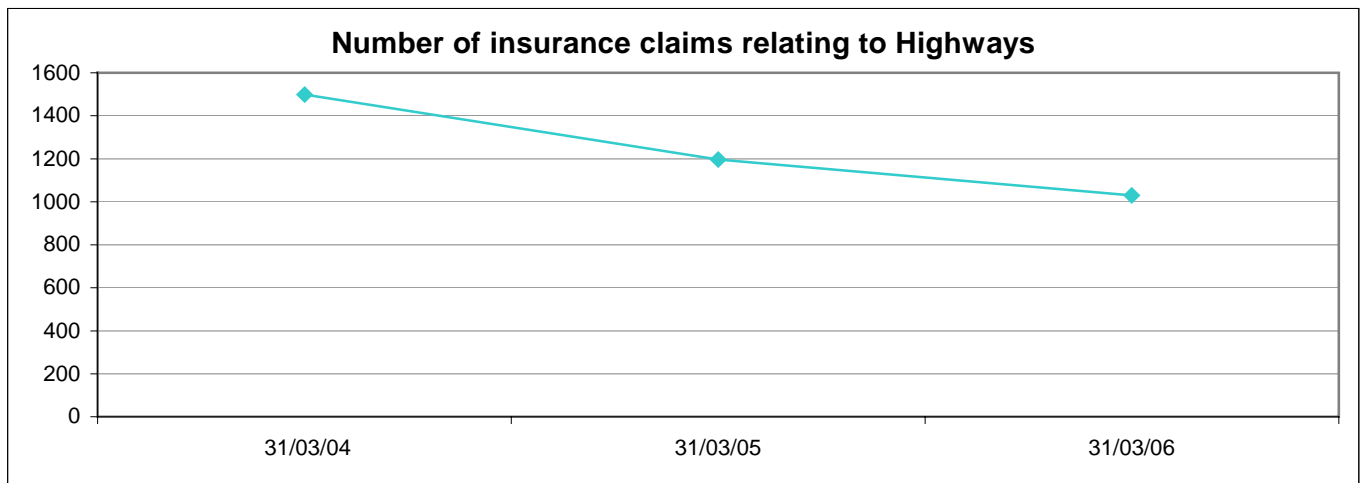


Comment:

- The lower tonnage start-point for the year, than assumed when setting the budget, together with “low” tonnages for the current year has enabled a sizeable underspending to be achieved.

### 3.2 Number of insurance claims arising related to Highways:

2003-04	2004-05	2005-06
as at 31/03/2004	as at 31/03/2005	as at 31/03/2006
1,498	1,197	1,030

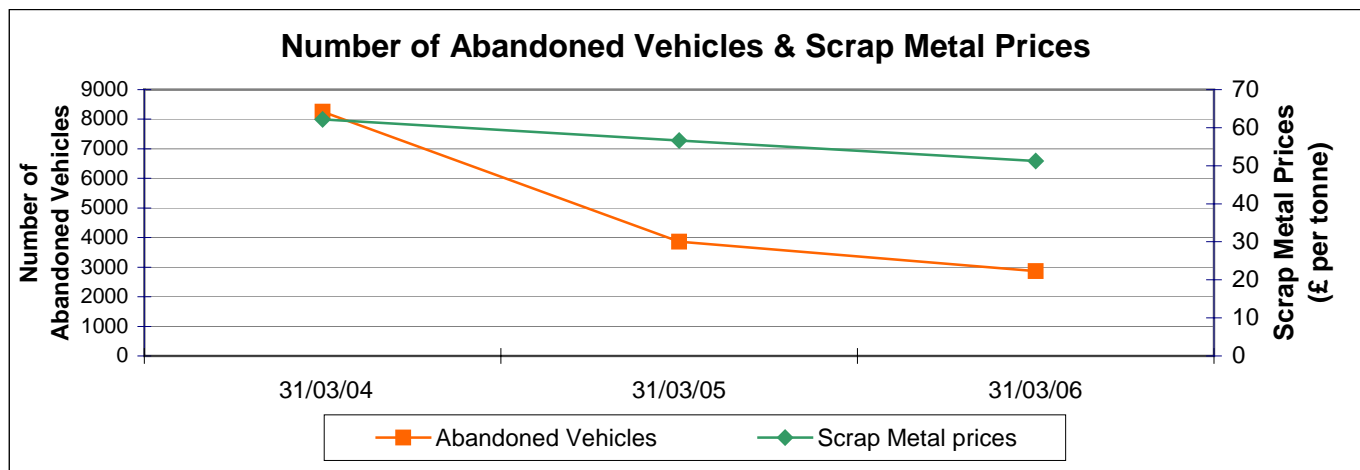


**Comment:**

- Civil claims appear to be decreasing currently – we can only speculate why but it is considered that this is partly due to improved systems in place within KHS and improved claims handling and is partly a reflection of a generally perceived downturn in civil claims. There is no data in this respect to compare KCC to other Highways Authorities but this seems to be the wider picture from discussions with insurers and solicitors. Also relatively mild winters in recent years have helped keep claim numbers down.

### 3.3 Number of Abandoned Vehicles and Scrap Metal Prices:

	2003-04	2004-05	2005-06
	as at 31/03/2004	as at 31/03/2005	as at 31/03/06
Abandoned Vehicle Numbers	8,259	3,867	2,868
Scrap Metal Prices (£ per tonne)	£62.20	£56.60	£51.20



**Comment:**

- The number of abandoned vehicles is low compared to the budget assumption and below the 2004/05 actuals and reflects the success of Operation Cubit.

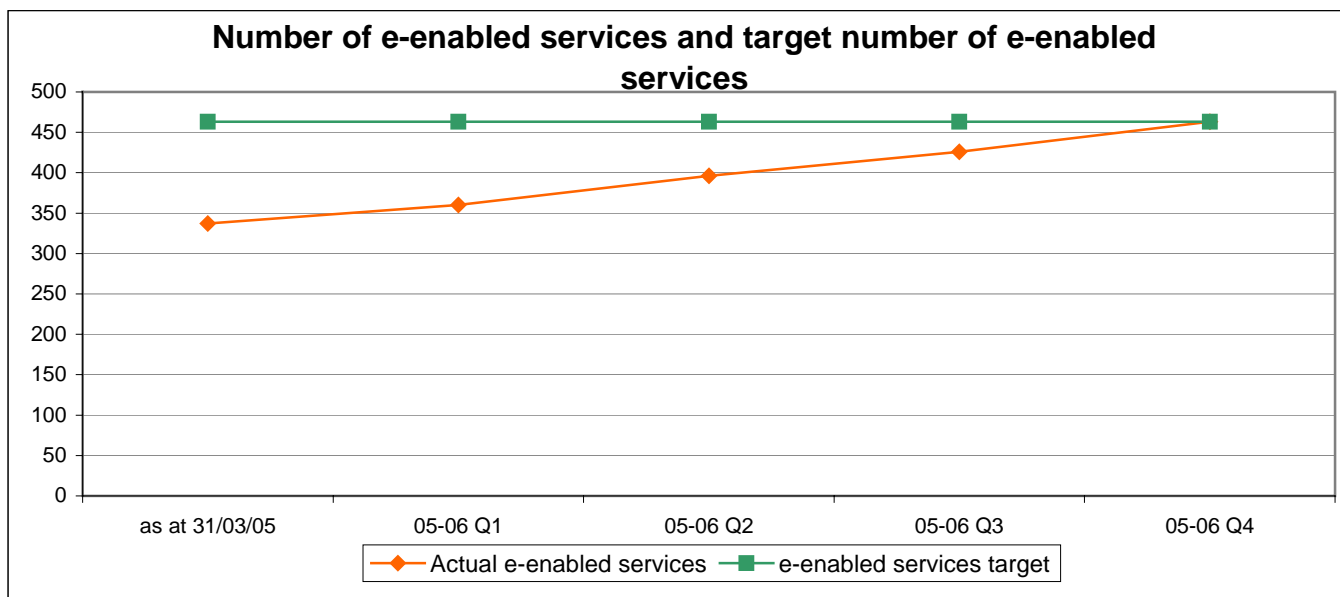
- Scrap metal prices reflect the actual prices received (the average price for all Merchants).

## 4. CORPORATE SERVICES DIRECTORATE

### 4.1 Number of e-enabled services and the number of potential e-enabled services:

	2004-05 (as at 31/03/05)		2005-06	
	Actual	Target	Actual	Target
April - June			<b>360</b>	
July - September			<b>396</b>	<b>390</b>
October - December			<b>426</b>	<b>463</b>
January - March	<b>337</b>		<b>463</b>	<b>463</b>

*Based on number of interactions*

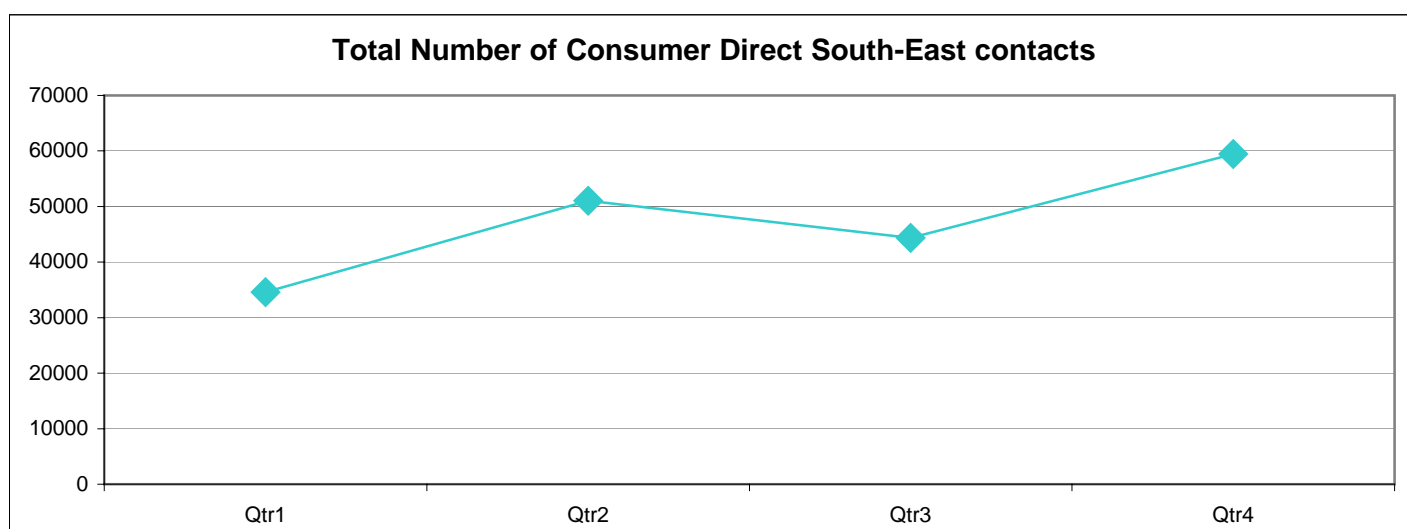


#### 4.2 Number of Consumer Direct South-East (CDSE) contacts, by local authority area:

	Qtr1	Qtr2	Qtr3	Qtr4
	01/04/05 to 30/06/05	01/07/05 to 30/09/05	01/10/05 to 31/12/05	01/01/06 to 31/03/06
Bracknell Forest	343	219	82	71
Brighton & Hove	1,341	2,327	1,794	1,654
Buckinghamshire	2,379	2,456	2,155	2,016
East Sussex	2,471	2,521	2,144	2,581
Hampshire	5,215	5,172	4,262	4,456
Isle of Wight	277	738	500	614
Kent	7,589	8,283	6,686	6,516
Medway	326	684	399	262
Milton Keynes	251	309	225	252
Oxfordshire	<i>No immediate plans to switch</i>			
Portsmouth	1,266	1,469	1,324	1,465
Reading	220	828	732	802
Royal Borough of Windsor & Maidenhead	196	587	26	0 <sup>*2</sup>
Slough	104	590	562	570
Southampton	836	1,504	1,140	1,200
Surrey	5,716	5,781	5,042	5,121
West Berkshire	384	462	291	366
West Sussex	<i>No immediate plans to switch</i>			
Wokingham	74	254	203	227
Main English Landline <sup>*1</sup>	5,098	15,168	15,138	24,844
Main English Mobile <sup>*1</sup>	530	1663	1,629	3,890
Calls handled for other regions				2,532
<b>TOTAL</b>	<b>34,616</b>	<b>51,015</b>	<b>44,334</b>	<b>59,439</b>

\*1 – These are calls received directly on the 0845 number which, although known to be from one of the local authorities in the CDSE area, cannot be identified by individual local authority.

\*2 – callers to RWBM Trading Standards are asked to redial CDSE direct



#### Comments:

- Call volumes increased substantially in the final quarter reflecting the anticipated increase after the Christmas period.



## 2005-06 Final Monitoring of Prudential Indicators

### 1. Estimate of capital expenditure (excluding PFI)

Actual 2004-05	£193.83m
Original estimate 2005-06	£292.2m
Actual 2005-06	£237.449m

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

	2004-05 Actual	2005-06 Original Estimate	2005-06 Actual
	£m	£m	£m
Capital Financing Requirement	827.675	958.766	913.331
Annual increase in underlying need to borrow		115.173	85.656

In the light of actual capital expenditure incurred, net borrowing by the Council did not exceed the Capital Financing Requirement.

### 3. Estimate of ratio of financing costs to net revenue stream

Actual 2004-05	5.36%
Original estimate 2005-06	5.93%
Actual 2005-06	5.89%

The lower ratio in the actual for 2005-06 reflects increased income from the investment of cash balances.

### 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 2005-06.

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

	Prudential Indicator 2005-06 £m	Actual 2005-06 £m
Borrowing	888.0	824.7
Other Long Term Liabilities	4.0	2.0
	892.0	826.7

#### (b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc

	Prudential Indicator 2005-06 £m	Actual 2005-06 £m
Borrowing	952.0	882.6
Other Long Term Liabilities	4.0	2.0
	956.0	884.6

## 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 County Council. The limits for 2005-06 were:

### (a) Authorised limit for debt relating to KCC assets and activities

	£m
Borrowing	928
Other long term liabilities	4
	<hr/>
	932
	<hr/>

### (b) Authorised limit for total debt managed by KCC including that relating to Medway Council etc

	£m
Borrowing	992
Other long term liabilities	4
	<hr/>
	996
	<hr/>

The additional allowance over and above the operational boundary was not utilised in 2005-06 and external debt, was maintained well within the authorised limit.

## 6. **Compliance with CIPFA Code of Practice for Treasury Management in the Public Services**

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 determined the following upper limits for 2005-06

Fixed interest rate exposure	100%
Variable rate exposure	20%

These limits were complied with in 2005-06. Total external debt at the year end was £882.6m and this amount was held at fixed interest rates.

## 8. **Upper limits for maturity structure of borrowings**

	Upper limit	Lower limit	Actual
	%	%	%
Under 12 months	8	0	0.01
12 months and within 24 months	8	0	0.01
24 months and within 5 years	24	0	0.54
5 years and within 10 years	40	0	8.82
10 years and above	85	40	90.62

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

	Indicator	Actual
1 year to 2 years	£25m	£10m
2 years to 3 years	£25m	£10m
3 years to 4 years	£25m	£15m
4 years to 5 years	£25m	£14m
5 years to 6 years	£25m	£22m

There has been some movement in the position since the last monitoring as call options have been exercised by borrowing banks and some deals have been replaced with deals with differing maturity.