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Date: 9 September 2011

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - WEDNESDAY, 14 SEPTEMBER 2011

I am now able to enclose, for consideration at next Wednesday, 14 September 2011 meeting of the Governance and Audit Committee, the following appendix to Item 11 that was unavailable when the agenda was printed.

Agenda No	Item
11	**2010/11 Budget Monitoring** (1 - 132)

Yours sincerely

Peter Sass
Head of Democratic Services

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To:	Governance & Audit Committee
Date:	14 September 2011
Subject:	2011/12 Budget Monitoring
By:	Cabinet Member for Finance, John Simmonds Acting Corporate Director of Finance and Procurement, Andy Wood

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Summary: Members of the Committee have asked that the quarterly budget monitoring reports are brought to this Committee in order that assurance around delivery of the £95m of revenue budget savings can be assessed

FOR ASSURANCE

Introduction

1 A copy the first quarter budget monitoring report that will be considered by the Budget IMG on 15 September and Cabinet on 19 September, will be dispatched to Members of this Committee upon its completion on 9 September. Members of this Committee have asked that each of the quarterly budget monitoring reports are brought to this Committee in order that assurance around delivery of the £95m of revenue budget savings for 2011/12 can be assessed.

2 A report to this Committee in June advised Members that the monitoring of delivery of savings will be picked-up as part of the routine budget monitoring process and reports. This was discussed at an informal meeting open to Members of this Committee on 4 August, which concluded that the quarterly monitoring reports should be considered at this Committee.

2011/12 Forecast Outturn

3 The report will show that the forecast outturn for the year, based on spend and activity for the first quarter, is for an overspend of £2.4m, reducing to £1.7m after the impact of management action (Table 1a, line ‘Total (excl Schools)’).

4 Members will recall the lengthy process that has been undertaken to gain assurance that the £95m of savings will be delivered. There has been particular concern that some of the savings may not be delivered (the £4.8m ‘Red’ rated savings as reported to the June meeting of this Committee). Where that remains the case, managers have been instructed to include this in their forecast outturn, and this is therefore reflected in the current forecast overspend of £1.7m.

5 We have previously advised Members of this Committee (and others) that now that we have reasonable assurance around delivery of the savings (or not), we have potentially greater risks to the budget than non-delivery of those savings. This is reflected in the monitoring report, as we have a significant forecast overspend on Specialist Children's services of £8.8m

6 We do, however, have some good news in that the following services are forecasting significant underspends:

	£m
Capital Financing	3.4
Waste	2.1
Additional Grant	1.5
Total	7.0

7 The net result, along with other smaller variances, is the forecast of a £1.7m overspend for the year after management action.

8 Clearly, we need to ensure that we do not end the year in an overspend position. There is obviously the continued risk that budgets that are not directly controllable experience pressure through the remainder of the year, but equally we have the option to introduce further management action in order to balance the budget. We will continue to monitor budgets each month and report the latest position to every Cabinet and Budget IMG meeting. We are by no means complacent, but remain confident that we can avoid an overspend by year end.

Recommendations

9 Members are asked to note the forecast outturn for the year, based on spend and activity in the first quarter of the year.

Background Documents: *Governance & Audit Committee, 30 June 2011, Agenda Item 16; Update on progress of Savings Programme*

Officer Contact: Andy Wood, Ext 4622

REPORT TO: **CABINET – 19 SEPTEMBER 2011**

SUBJECT: **REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING 2011-12**

BY: **JOHN SIMMONDS – CABINET MEMBER FOR FINANCE & BUSINESS SUPPORT**
ANDY WOOD – ACTING CORPORATE DIRECTOR OF FINANCE & PROCUREMENT
CORPORATE DIRECTORS

SUMMARY:

Members are asked to:

- **note the latest monitoring position on the revenue and capital budgets,**
- **agree the changes to revenue cash limits within the ASC&PH & SCS portfolios to reflect realignment of budgets in line with 2010-11 outturn and changing trends of service provision.**
- **agree the changes to revenue cash limits within the EHW portfolio to reflect the restructure of KHS, revisions to waste contracts and realignment of budgets in light of the 2010-11 outturn.**
- **note that residual pressures are currently forecast within the SCS & CCS&I portfolios and management action is forecast to be delivered within the F&BS, BSP&HR and Deputy Leader's portfolios.**
- **note and agree the changes to the capital programme,**
- **agree that £5.246m of re-phasing on the capital programme is moved from 2011-12 capital cash limits to future years**
- **agree the £0.300m transfer of funding from Preliminary Design Fees for the Improvement to Maidstone High Street**
- **agree the £0.274m transfer of funding from Broadmeadow Extension to Older Persons Strategy – Dorothy Lucy Centre**
- **agree the £0.080m and £0.045m transfer of funding from Tunbridge Wells Respite Centre and Bower Mount respectively to the LD Good Day programme**
- **note the latest financial health indicators and prudential indicators**
- **note the directorate staffing levels as at the end of June.**
- **note that we have not yet resolved the final split of Early Years' budgets between "standards and quality assurance in early years settings" (ELS portfolio) and "provision of early years and childcare" (SCS portfolio). As a transitional arrangement the entire budget is currently lodged in the SCS portfolio.**
- **agree a virement of £0.307m from the underspending on the debt charges budget within the Finance & Business Support portfolio to the Contact Centre and Consumer Direct budget within the Communities, Customer Services and Improvement portfolio to meet the increase in contact centre call volumes.**

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1. INTRODUCTION

1.1 This is the first full monitoring report to Cabinet for 2011-12. The A-Z budgets reflected within this report have been realigned from what was approved at County Council in February in order to reflect the new portfolio and new directorate structures to give a new starting point for the year.

1.2 The cash limits also reflect:

a) realignment of the ASC&PH & SCS portfolio budgets. This is an annual realignment mainly to reflect the difference between the projected 31 March 2011 activity levels and unit costs at the time the 2011-12 budget was set and the actual activity as at 31 March 2011. Further details are included in section 1.1 of annex 2.

b) realignment of the EH&W portfolio budgets to reflect the restructure of Kent Highways Services, revisions to waste contracts and realignment of gross and income levels in light of the 2010-11 outturn. Further details are provided in section 1.1 of annex 3.

1.3 The format of this report is:

- This summary report highlights only the most significant issues
- There are 6 reports, each one an annex to this summary, one for each directorate and one for Financing Items. Each of these reports is in a standard format for consistency, and each one is a stand-alone report for the relevant directorate.

1.4 **<u>Headlines</u>**:

1.4.1 **Revenue:**

- The latest forecast revenue position (excl Schools) before the implementation of management action is a pressure of £2.399m, which is a reduction of £2.510m since the July Cabinet report. Management action is currently expected to reduce this to a pressure of £1.733m, with residual pressures currently forecast within the Specialist Children's Services and Communities, Customer Services & Improvement portfolios. Management action plans are currently being worked on within the CCS&I portfolio and will be reported to Cabinet once they are complete. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged and every effort will be made to balance the budget and avoid any overspend at year end.
- The Kent PCTs were allocated £16.226m for 2011-12 as part of the national allocation of 'Social Care Monies for Health Outcomes' for joint working with Local Authorities, the deployment of these monies is currently being finalised in consultation with the PCT Cluster and a separate report will be submitted to Members in relation to this. Therefore this monitoring report excludes any effect of this allocation.
- Within Specialist Children's Services there are significant demand led pressures together with pressures on staffing, mainly agency social workers, in response to the Ofsted inspection, totalling £8m (excluding Asylum). Within this, the activity levels for Fostering are a particular cause for concern as they are very high compared to the affordable level despite additional funding being provided in the 2011-13 MTP. This will need to be addressed in the 2011-14 MTP.
- There is a £0.8m pressure on the Asylum budget which is primarily due to the costs incurred in continuing to support young people over 18 years who are not eligible for funding under the UKBA's grant rules, mainly because they are Appeal Rights Exhausted or are naturalised but not able to claim benefits. Under the Leaving Care Act, we continue to have a duty of care to support these young people until the point of removal.
- Within Adult Social Care, pressures on nursing and residential care and direct payments, primarily for clients with a disability, are offset by savings on domiciliary care and day care. These pressures are likely to be as a result of medical advances enabling people to live with more complex needs.
- The savings on Home to School transport experienced in 2010-11 are continuing in 2011-12, with a saving of £1.2m forecast.
- Schools reserves are forecast to reduce by £5.748m this year as a result of 50 more schools converting to new style academy status, which allows them to take their reserves with them.
- The savings on the waste budgets experienced last year, mainly due to lower than budgeted waste tonnage, look set to continue in 2011-12, with a £2.1m saving forecast.
- Within the CCS&I portfolio pressures exist due to a 20% increase in call volumes experienced by the Contact Centre and a shortfall against savings targets within both the Contact Centre and Communications, Media Relations & Public Engagement. Management actions to offset these pressures are currently being considered. To enable the service to meet Contact Centre demand levels it is proposed that a virement of £0.307m is made from the underspend in the Debt Charges budget.
- Savings are being made on the debt charges budget largely as a result of the re-phasing of the capital programme in 2010-11 and no new borrowing being taken in the first quarter of 2011-12.

- We have recovered a further £1.147m in April and £0.745m in July from our principal investments in the collapsed Icelandic Banks, bringing our total recovery so far to £11.087m, which all relates to the UK registered Heritable Bank.

1.4.2 **Capital:**

- The latest forecast capital position is a variance of +£2.191m, -£5.288m on schemes which we are re-phasing and +£7.479m on schemes with a real variance. Of the +£7.479m, the majority is being met by external funding and revenue contributions.

2. OVERALL MONITORING POSITION (excluding PFI & budgets delegated to schools)

2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is a pressure of £1.733m after management action. Section 3 of this report provides the detail, which is summarised in Table 1a below.

Table 1a – Portfolio position – net revenue position before and after management action

Portfolio	Budget	Gross Variance	Proposed Management Action	Net Variance
	£k	£k	£k	£k
Education, Learning & Skills	**+56,629**	**-334**	**0**	**-334**
Specialist Children's Services	**+110,833**	**+8,778**	**0**	**+8,778**
Adult Social Care & Public Health	**+318,383**	**-195**	**0**	**-195**
Environment, Highways & Waste	**+149,116**	**-2,186**	**0**	**-2,186**
Communities, Customer Services & Improvement	**+89,926**	**+800**	**0**	**+800**
Regeneration & Enterprise	**+4,140**	**0**	**0**	**0**
Finance & Business Support	**+138,035**	**-4,352**	**-496**	**-4,848**
Business Strategy, Performance & Health Reform	**+47,713**	**-175**	**-107**	**-282**
Deputy Leader	**+7,155**	**+63**	**-63**	**0**
TOTAL (excl Schools)	**+921,930**	**+2,399**	**-666**	**+1,733**
Schools (ELS portfolio)	*0*	*+5,748*	*0*	*+5,748*
Schools (SCS portfolio)	*0*	*0*		*0*
Schools (TOTAL)	**0**	**+5,748**	**0**	**+5,748**
TOTAL	**+921,930**	**+8,147**	**-666**	**+7,481**

2.2 Capital

This report reflects the current monitoring position against the revised programme, where a pressure of £7.479m and re-phasing of -£5.288m of expenditure into future years is forecast, giving a total variance in 2011-12 of +£2.191m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

3.1.1 Directorate cash limits have been adjusted to include:

- the roll forward from 2010-11 of £11.349m, as approved by Cabinet on 20 June 2011 and use of the uncommitted balance of the roll forward as approved by Cabinet on 18 July 2011.
- the inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set or adjustments to the level of grant allocation assumed in the budget following confirmation from the awarding bodies. These are detailed in Appendix 1.

3.1.2 In addition, a detailed exercise to realign budgets within the FSC directorate which affects the Adult Social Care & Public Health and Specialist Children's Services portfolios has been undertaken. At the time the budget was set, best estimates were used to distribute the demography, growth, savings and grant money provided in the 2011-13 MTP and to determine gross expenditure and income levels, but a more accurate distribution is now reflected based on the 2010-11 outturn and continuing trends, including the changing trends in services through the modernisation of services and the move to more self directed support. Further details are provided in annex 2. **Cabinet is asked to agree these changes.**

3.1.3 A similar exercise has been undertaken within the E&E directorate affecting the EH&W portfolio budgets, which as well as reflecting changes as a result of the 2010-11 outturn and allocations of previously unallocated budgets, also reflects changes required following a major restructure of Kent Highways Services and revisions to waste contracts. Further details are provided in annex 3. **Cabinet is asked to agree these changes.**

3.1.4 All other changes to cash limits reported this quarter are considered “technical adjustments” i.e. where there is no change in policy, including allocation of grants and previously unallocated budgets and savings targets where further information regarding allocations and spending plans has become available since the budget setting process, and where adjustments have been necessary to better reflect the split of services across the A-Z budget headings.

3.2 Forecast Revenue Position before Management Action

3.2.1 **Table 1b** – Portfolio/Directorate position – gross revenue position **before** management action

			Directorate					
Portfolio	**Budget**	**Variance**	ELS	FSC	E&E	C&C	BSS	FI
	£k	**£k**	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	**+56,629**	**-334**	-334					
Specialist Children's Services	**+110,833**	**+8,778**		+8,778				
Adult Social Care & Public Health	**+318,383**	**-195**		-195			0	
Environment, Highways & Waste	**+149,116**	**-2,186**			-2,186			
Communities, Customer Services & Improvement	**+89,926**	**+800**				+800	0	
Regeneration & Enterprise	**+4,140**	**0**			0		0	
Finance & Business Support	**+138,035**	**-4,352**					+496	-4,848
Business Strategy, Performance & Health Reform	**+47,713**	**-175**					-175	0
Deputy Leader	**+7,155**	**+63**					+63	0
SUB TOTAL (excl Schools)	**+921,930**	**+2,399**	-334	+8,583	-2,186	+800	+384	-4,848
Schools (ELS portfolio)	*0*	*+5,748*	*+5,748*					
Schools (SCS portfolio)	*0*	*0*	*0*					
Schools (TOTAL)	**0**	**+5,748**	+5,748					
TOTAL	**+921,930**	**+8,147**	+5,414	+8,583	-2,186	+800	+384	-4,848

3.2.2 **Table 1c** – Gross, Income, Net (GIN) position – revenue (**before** management action)

	CASH LIMIT			VARIANCE		
Portfolio	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**
	£k	£k	£k	£k	£k	£k
Education, Learning & Skills	+176,225	-119,596	**+56,629**	+211	-545	**-334**
Specialist Children's Services	+177,032	-66,199	**+110,833**	+9,073	-295	**+8,778**
Adult Social Care & Public Health	+452,075	-133,692	**+318,383**	-2,423	+2,228	**-195**
Environment, Highways & Waste	+173,921	-24,805	**+149,116**	-2,076	-110	**-2,186**
Communities, Customer Services & Improvement	+147,626	-57,700	**+89,926**	+335	+465	**+800**
Regeneration & Enterprise	+5,726	-1,586	**+4,140**	0	0	**0**
Finance & Business Support	+157,046	-19,011	**+138,035**	-5,273	+921	**-4,352**
Business Strategy, Performance & Health Reform	+86,746	-39,033	**+47,713**	+2,167	-2,342	**-175**
Deputy Leader	+8,169	-1,014	**+7,155**	+68	-5	**+63**
SUB TOTAL (excl Schools)	+1,384,566	-462,636	**+921,930**	+2,082	+317	**+2,399**
Schools (ELS portfolio)	*+948,442*	*-948,442*	***0***	*+5,748*	*0*	***+5,748***
Schools (SCS portfolio)	*+41,553*	*-41,553*	***0***	*0*	*0*	***0***
Schools (TOTAL)	**+989,995**	**-989,995**	**0**	**+5,748**	**0**	**+5,748**
TOTAL	+2,374,561	-1,452,631	**+921,930**	+7,830	+317	**+8,147**

A reconciliation of the above gross and income cash limits to the approved budget is detailed in **Appendix 1**.

3.3 Table 2 below details all projected revenue variances over £100k, in size order (shading denotes that a pressure/saving has an offsetting entry which is directly related). Supporting detail to each of these projected variances is provided in individual Directorate reports as follows:

Annex 1 **Education, Learning & Skills**
incl. Education, Learning & Skills and elements of Specialist Children's Services portfolios

Annex 2 **Families & Social Care**
incl. Specialist Children's Services and Adult Social Care & Public Health portfolios

Annex 3 **Enterprise & Environment**
incl. Environment, Highways & Waste portfolio and elements of Regeneration & Enterprise portfolios

Annex 4 **Customer & Communities**
incl. Communities, Customer Services & Improvement portfolio

Annex 5 **Business Strategy & Support**
incl. elements of Adult Social Care & Public Health, Communities, Customer Services & Improvement, Regeneration & Enterprise, Finance & Business Support, Business Strategy, Performance & Health Reform and Deputy Leader's portfolios

Annex 6 **Financing Items**
Incl. elements of the Finance & Business Support, Business Strategy, Performance & Health Reform and Deputy Leader's portfolios

Table 2 - All Revenue Budget Variances over £100k in size order

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools Budgets (gross): estimated drawdown of reserves following 50 schools converting to academies	+5,748	F&BS	savings on debt charges & MRP due to re-phasing of capital programme in 10-11, together with no new borrowing in 11-12	-3,354
SCS	Assessment of Vulnerable Children - Additional staffing in response to Ofsted report	+2,206	ASCPH	Residential - OP Gross - Forecast activity lower than affordable level	-2,257
ASCPH	Residential - LD Gross - Activity higher than affordable level	+2,109	EHW	Disposal Contracts - lower then budgeted residual waste tonnage processed through Allington WtE	-2,079
SCS	Fostering Service - Gross - Non related in house activity higher than affordable	+1,654	F&BS	unexpected un-ringfenced grant for Extended Rights to Free Travel to be used to offset pressures across Authority	-1,546
BSPHR	ICT: Information Systems costs of additional pay as you go activity	+1,500	BSPHR	ICT: Information Systems income from additional pay as you go activity	-1,500
ASCPH	Residential - LD Gross - Unit cost higher than affordable level	+1,471	F&BS	drawdown from Insurance Reserve to cover pressure on the Insurance Fund	-1,450
F&BS	Pressure on the Insurance Fund due to increase in liability claims forecast to be paid & increase in provision for period of time claims	+1,450	ASCPH	Domiciliary - OP Gross - Unit cost lower than affordable	-1,200
ASCPH	Residential - PD Gross - Activity higher than affordable level	+1,277	ASCPH	Domiciliary - LD Gross - Forecast activity lower than affordable level	-1,167
SCS	Asylum - Gross - Increased numbers of Young People, many of which do not qualify for funding	+1,193	ELS	Mainstream home to school transport (gross): fewer children than budgeted level and contract renegotiation	-898
ASCPH	Direct payments - PD Gross - Forecast activity higher than affordable level	+1,173	ELS	Special school & hospital recoupment (income): more OLA pupils placed at Kent schools than budgeted level	-822
SCS	Fostering Service - Gross - Legal costs	+1,155	BSPHR	Legal income resulting from additional work (partially offset by increased costs)	-742
EHW	Landfill Tax - diversion of waste to landfill due to operational issues at Allington Waste to energy plant	+905	SCS	Other preventative Services - Gross - Uncommitted funds to offset other pressures	-727
ASCPH	Domiciliary - OP Income - Unit income lower than budgeted	+899	ASCPH	Residential - LD Income - Increased income from increased activity	-690

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Children's Residential - Gross - Activity higher than affordable level	+896	ASCPH	Assessment of Vulnerable Adults - Gross - Vacancy Management	-650
SCS	Fostering Service - Gross - Independent fostering activity higher than affordable	+705	ASCPH	Nursing - OP Gross - Forecast activity lower than affordable level	-623
SCS	Children's Residential - Gross - Disability related activity greater than affordable	+587	ASCPH	Domiciliary - OP Gross - Forecast activity lower than affordable level	-614
ASCPH	Supported Accomodation - PD Gross - unit cost higher than affordable level	+559	SCS	Early Years & Childcare Advisory - Gross - Renegotiation of SLA with National Childminding Association	-600
ASCPH	Supported Accomodation - MH Gross - activity forecast higher than affordable level	+527	ASCPH	Residential - LD Income - Income per week higher than budgeted	-591
CCSI	Strat Mgmt & Directorate Support: shortfall against Communications & Engagement savings target to be mitigated by management action.	+500	ASCPH	Supported Accomodation - LD Income - unit income greater than budgeted	-495
ASCPH	Residential - OP Income - under recovery of income due to fewer clients in in-house provision related to OP Modernisation	+500	ASCPH	Supported Accomodation - LD Gross - Forecast activity lower than affordable level	-492
F&BS	Contribution to economic downturn reserve of 2011-12 write down of discount saving from 2008-09 debt restructuring	+487	F&BS	2011-12 write down of discount saving from 2008-09 debt restructuring	-487
BSPHR	Legal services cost of additional work (offset by increased income)	+461	ASCPH	Domiciliary - OP Gross - In house clients lower in number than afforded	-479
CCSI	Contact Centre: Increase in staffing required to meet call volume pressure.	+460	ASCPH	Direct payments - PD Gross - Unit cost lower than affordable	-463
ELS	ELS Strategic Management & Directorate support budgets (gross): legal savings target unlikely to be achieved	+444	ELS	SEN home to school transport (gross): fewer than budgeted children travelling and contract renegotiations	-439
SCS	16+ Service - Gross - Increased demand for P&V residential care	+428	ASCPH	Supported Accomodation - LD Gross - Unit cost lower than affordable	-421
SCS	Other preventative services - Gross - Increase in Section 17 payments due to Southwark Judgement	+415	SCS	Asylum - Income - Increased numbers of Young People, who are eligible for grant funding	-396
ASCPH	Residential - OP Income - reduced income due to reduced activity	+408	EHW	Recycling & Composting - lower then budgeted waste tonnage	-384
ASCPH	Direct payments - LD Income - Unit income lower than budgeted	+378	EHW	Transfer Stations - lower then budgeted waste tonnage	-356
SCS	Fostering Service - Gross - New Legislation regarding reward payments - Kinship Non LAC	+360	ASCPH	Assessment of Vulnerable Adults - Gross - Holding uncommitted funding to offset other FSC pressures	-350
ASCPH	Domiciliary - LD Gross - Unit cost higher than affordable level	+354	ASCPH	Domiciliary - OP Gross - Uncommitted funds to offset the pressure created by the delayed implementation of charging strategy	-347
ASCPH	Domiciliary - OP Income - Delayed implementation of charging strategy	+347	ASCPH	Direct payments - OP Gross - activity lower than affordable level	-324
ASCPH	Residential - OP Gross - Forecast unit cost higher than affordable level	+346	SCS	Children's Residential - Gross - Secure accomodation activity lower than afforded	-319
ELS	Attendance & Behaviour (gross): staffing pressure due to delay in directorate restructure	+325	ASCPH	Domiciliary - OP Gross - Savings on commissioning	-305
ASCPH	Supported Accomodation - LD Income - reduced income due to reduced activity	+312	CCSI	Kent Supported Employment: Staff vacancies anticipated to be held for the remainder of the year.	-278
ASCPH	Strategic Managment & Directorate Support - Gross - Increase in staffing since budget set	+287	ELS	Attendance & Behaviour (income): PRU income from schools and academies	-273

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Governor Services (income): reduction in expected levels of income	+273	CCSI	Libraries: Planned reduction in spend on other running costs to mitigate additional KHLC moving costs	-240
ELS	Attendance & Behaviour (gross): PRUs additional staffing costs	+273	ASCPH	Domiciliary - PD Gross - Activity lower than affordable	-236
F&BS	Fin & Proc: Creation of the ERP Oracle Project team, and delay to restructure savings which transferred in from 'old' Directorate Finance Team in lieu of main restructure of the whole of the Finance Function.	+268	ELS	Governor Services (gross): reduction in spend to reflect reduced income	-224
SCS	Fostering Service - Gross - New Legislation regarding reward payments - Related Fostering	+260	CCSI	Contact Centre: one-off solutions to offset shortfall against savings targets	-214
SCS	16+ Service - Gross - High demand for Independent Fosting Allowances	+260	ASCPH	Strategic Managment & Directorate Support - Income - Additional Income from a variety of sources, including health to offset staffing pressure	-213
ELS	Connexions (gross): cessation of grant from YPLA from 1 April but contract fixed until 31 August	+255	ASCPH	Contributions to Vol Orgs - Review of contracts & changes to commissioning	-210
CCSI	Communication & Engagement: A shortfall against the income target set at the time of building the budget.	+249	SCS	Children's Residential - Gross - Disability related unit cost lower than budgeted	-194
CCSI	Contact Centre: Shortfall against Kent Contact & Assessment Service (KCAS) saving	+246	SCS	Fostering Service - Gross - Average cost of Independent Fostering lower than budgeted	-189
ASCPH	Domiciliary - OP Income - reduced income due to reduced activity	+245	SCS	Other Preventative Services - Gross - Underspend on Family Liasion Teams	-181
ASCPH	Nursing - OP Income - reduced income due to reduced activity	+232	CCSI	Libraries: reduced staff costs arising from Radio Frequency Identification (RFID) self service implementation.	-177
ELS	School Improvement (income): Reduction in income for Interim Head Teachers placed in schools	+231	ASCPH	Direct payments - OP Gross - Unit cost lower than affordable level	-164
F&BS	HR: Schools Personnel Service under delivery of increased income target/loss of internal income.	+228	CCSI	Trading Standards: Reduced staff costs achieved through vacancy management & advancement of 2012-13 savings.	-162
SCS	Children's Residential - Income - Reduction in clients eligible for funding from Health or Education	+226	SCS	Children's Residential - Income - Disability related activity greater than affordable resulting in additional income	-158
SCS	Adoption Service - Gross - Increase in Special Guardianship Orders	+210	ASCPH	Supported Accomodation - PD Gross - activity lower than affordable	-150
ELS	ELS Strategic Management & Directorate support budgets (gross): Staffing overspends	+200	CCSI	Communications & Engagement: reduced staff costs achieved through vacancy management, maternity cover and reduced TSSEL call volume activity.	-143
ASCPH	Residential - MH Income - Under recovery in income expected because of S117 classification	+187	CCSI	Gateways: reduced spend on Third Party Payments to other local authorities, due to delayed opening of Gateways.	-134
ASCPH	Other Adult Services - Income - Reduction in income commensurate with the reduction in meals provided.	+180	ASCPH	Day Care - Gross - Reduction in Staffing levels	-134
ASCPH	Other Adult Services - Gross - growth in provision of OT equipment	+176	ASCPH	Residential - PD income - increased income as a result of increased activity	-134
ASCPH	Residential - PD income - unit income lower than budgeted	+175	ASCPH	Direct payments - MH Gross - activity lower than affordable level	-130

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CCSI	Consumer Direct: Reduced income from Trading Standards S.E. Ltd; income predicated on price per call and call volumes are down.	+173	ASCPH	Domiciliary - MH Gross - Forecast activity lower than affordable level	-130
SCS	Fostering Service - Gross - Kinship Non LAC activity higher than affordable level	+173	EHW	Recycling Contracts & Composting - improved contract prices	-126
ASCPH	Assessment of Vulnerable Adults - Income - Vacancy Management meaning less recharges to health	+170	ASCPH	Direct payments - LD Gross - Forecast activity lower than affordable	-125
ELS	Schools Cleaning and Refuse (income): under-recovery of expected income	+162	ELS	Learners with Additional Needs (gross): reduced expenditure for Specialist Teaching Services and Kent Portage	-118
SCS	Adoption Service - Gross - Adoption Team staffing	+159	ASCPH	Direct payments - PD Income - Unit income higher than the budgeted level	-115
ASCPH	Residential - MH Gross - Activity higher than affordable level	+153	EHW	Household Waste Recycling Centres - income from sale of lead batteries	-100
ELS	School Improvement (gross): Extended Services projects	+146	BSPHR	Legal Services: increased income relating to Disbursements	-100
ASCPH	Residential - OP Gross - Forecast activity higher than affordable level for Preserved Rights Clients	+140			
ELS	Home to college transport (gross): increased demand for service	+135			
CCSI	Libraries: Additional moving costs associated with Kent History & Library Centre, mitigated by reduced spend on other running costs..	+130			
ASCPH	Strategic Managment & Directorate Support - Gross - Increase cost of legal services	+130			
SCS	Safeguarding - Additional staffing in response to Ofsted inspection	+125			
ASCPH	Residential - MH Gross - Unit cost higher than affordable	+124			
ELS	School Improvement Services (gross): Staffing	+123			
CCSI	Contact Centre: Shortfall against Children & Families Information Service (CFIS) saving	+120			
ELS	Learners with Additional Needs (income): reduced income for Specialist Teaching Services and Kent Portage	+118			
CCSI	Gateways: increase spend for Multi-Channel project.	+117			
CCSI	Libraries: Increased staff costs for Kent Cultural Trading ; Capital transition Mgr and RFID Support Assistant	+116			
SCS	16+ Service - Gross - 16+ Team staffing	+112			
ASCPH	Strategic Managment & Directorate Support - Income - under recovery of income on EH4A project	+109			
BSPHR	ICT: Delay in restructuring the CIS team following decision to replace ICS	+107			
BSPHR	Legal Services: increased costs of Disbursements	+100			
		+40,142			**-32,319**

3.4 **Key issues and risks**

3.4.1.1 **Education, Learning & Skills portfolio:** Forecast (excl. schools) **-£0.334m**
A continuation of the savings experienced in 2010-11 on home to school transport and increased income from special school and hospital recoupment, as a result of other local authorities placing pupils in Kent schools, are being offset by shortfalls against savings targets for staffing, due to a delay in the implementation of the directorate restructure, and legal costs. Alternative options are being considered to offset the pressure on legal costs. There is also a pressure on the Connexions contract due to the withdrawal of grant from the YPLA with effect from 1 April 2011, however the contract with Connexions was fixed until 31 August 2011 – re-negotiations are now taking place. Further details are provided in Annex 1.

3.4.1.2 **Education, Learning & Skills portfolio – Schools Delegated:** Forecast **+£5.748m**
The first monitoring returns from schools are not due until October. Therefore this forecast relates entirely to the reduction in schools reserves resulting from an anticipated 50 schools converting to academy status and taking their reserves with them.

3.4.2 **Specialist Children's Services portfolio:** Forecast **+£8.778m**
There has been a continuation of the pressures experienced during 2010-11 mainly on Fostering, Children's Residential Care and 16+ Services, as well as the Asylum Service. In addition, there is a pressure on staffing, mainly agency social workers, in order to deliver the Children's Improvement Plan as a result of the Ofsted report. These pressures are partially offset by a saving resulting from successful re-negotiation of the National Childminding Association contract, lower demand for secure accommodation and holding back uncommitted funding. Further details are provided in Annex 2.

3.4.3 **Adult Social Care & Public Health portfolio:** Forecast **-£0.195m**
There are demographic, placement and price pressures, primarily within nursing and residential care services for people with learning or physical disabilities, together with increased demand for direct payments for people with a physical disability, but these pressures are offset by lower demand for domiciliary care across all client groups and residential and nursing care for older people. Savings are also being made through vacancy management and holding back uncommitted funding. Further details are provided in Annex 2.

3.4.4 **Environment, Highways & Waste portfolio:** Forecast **-£2.186m**
This underspend relates almost entirely to the waste budgets, reflecting savings as a result of lower than budgeted waste tonnage, improved contract prices and a new income stream from the sale of lead batteries. However savings as a result of lower waste tonnage processed through Allington Waste to Energy plant due to operational circumstances (routine scheduled maintenance), has led to more waste being sent to landfill. Further details are provided in Annex 3.

3.4.5 **Communities, Customer Services & Improvement portfolio:** Forecast **+£0.800m**
Pressures exist due to a 20% increase in call volumes experienced by the Contact Centre and a shortfall against savings targets within both the Contact Centre, relating to Kent Contact & Assessment Service and Children's Information Service; services which transferred under the control of the contact centre this financial year, and Communications, Media Relations & Public Engagement. Management action has already been implemented in order to partially offset these pressures, by accelerating the review of Trading Standards service priorities which has enabled savings to be delivered a year earlier than planned and holding vacancies wherever possible without impacting on service delivery. However, a residual pressure remains and further management action is currently being considered with the aim of delivering a balanced budget by year end. Further details are detailed in Annex 4.

3.4.6 In the Business Strategy & Support directorate, the key issues by portfolio are:

3.4.6.1 **Finance & Business Support portfolio**: Forecast **+£0.496m**
This pressure is largely due the creation of the Enterprise Resource Planning (ERP) Oracle Project Team, a delay in restructure savings which transferred into the BSS directorate as part of the centralisation of support functions pending the main restructure of the whole Finance function and an under-delivery of income in the Schools Personnel Service. Management action is expected to offset these pressures and deliver a balanced budget by year end.

3.4.6.2 **Business Strategy, Performance & Health Reform portfolio**: Forecast **-£0.175m**
This underspend is due to increased income within Legal Services due to both increased internal and external demand, partially offset by a pressure on the ICT budget due to a delay in restructuring the Children's Information Service Team following a decision to replace the Integrated Children's System.
Further details are provided in Annex 5.

3.4.7 The key issues within the Financing Items budgets are:

3.4.7.1 **Finance & Business Support portfolio:** Forecast **-£4.848m**.
There are savings on the debt charges budget as a result of deferring borrowing in 2010-11 due to the re-phasing of the capital programme and no new borrowing has been taken in the first quarter of 2011-12. Also, due to the re-phasing of the capital programme in 2010-11, it is likely that fewer assets became operational than expected and therefore we are anticipating a saving on Minimum Revenue Provision (MRP). The current year write down of the discount saving from the debt restructuring undertaken in 2008-09 is being transferred to the Economic Downturn reserve as planned and a forecast pressure on the Insurance Fund will be met by a drawdown from the Insurance Reserve. In addition, we received an unexpected increase in un-ringfenced grant for Extended Rights to Free Travel, which we are holding corporately to offset the pressures reported elsewhere across the Authority. Further details are provided in Annex 6.

3.4.8 By the end of the financial year, management action will be delivered to achieve a balanced budget within the Finance & Business Support, Business Strategy, Performance & Health Reform and Deputy Leader's portfolios, but an overall pressure of £1.733m remains forecast at this stage.

3.4.9 Management action proposals are currently being considered within the Communities, Customer Services & Improvement portfolio, which will reduce this pressure further, and the aim remains to deliver a balanced budget by year end. However, in the context of a savings requirement of £95m, increasing demands for services and the need to deliver the Children's Services Improvement Plan there is a risk that this will not be achieved. The position will be closely monitored throughout the remainder of the financial year and every effort will be made to balance the budget and avoid any overspend at year end.

3.5 Implications for future years/MTFP

3.5.1 The key issues and risks identified above will need to be addressed in directorate medium term plans (MTFP) for 2012-15, specifically the pressure on Specialist Children's Services. Although most other pressures are either forecast to be largely offset by management action or management action plans are currently be worked on which are expected to offset these pressures this year, a lot of the management action is likely to be one-off or not sustainable for the longer term. The Directorates are currently trying to assess the medium term impact of these issues. There are other pressures which, although not hugely significant this year, will also need addressing in the MTFP. These are detailed in the Annex reports.

4. CAPITAL

4.1 Changes to budgets

4.1.1 The capital monitoring focuses on projects which are re-phasing by £1m or more and it distinguishes between real variances/re-phasing on projects which are:

- part of our year on year rolling programme or projects which already have approval to spend and are underway , and
- projects which are still only at the preliminary stage or are only at the approval to plan stage and their timing remains uncertain.

We separately identify projects which have yet to get underway, but despite the uncertainty surrounding their timing they were included in the budget because there is a firm commitment to the project. By identifying these projects separately, we can focus on the real re-phasing in the programme on projects which are up and running.

4.1.2 Since the last exception report presented to Cabinet on 18th July, the following adjustments have been made to the 2011-12 capital budget.

		£000s	*£000s*
		2011-12	*2012-13*
1	Cash Limits as reported to Cabinet on 18th July	342,584	*264,442*
2	Roll forwards agreed at Cabinet on 22nd June		
	Education, Learning & Skills (ELS)	1,422	*-45*
	Education, Learning & Skills (ELS) - schools budget	7,254	
	Specialist Children's Services (SCS)	197	
	Adults Social Care & Public Health (ASC&PH)	871	*-288*
	Environment, Highways and Waste (EHW)	568	*-1*
	Customer & Communities (C&C)	702	
	Regeneration	78	
	Business Strategy & Support (BSS)	342	
	Localism & Partnership (L&P)	6	
3	Transfer from Early Years/Children's Centres (SCS) to BSF Wave 3 - ELS portfolio	484	
4	Transfer of future years funding for BSF Wave 3 Unit costs to BSF Wave 5 Unit Costs - ELS portfolio	530	
5	Special Schools Review - additional external funding - ELS portfolio	21	
6	Modernisation of Assets - additonal external funding - ELS	10	
7	Primary Capital Programme realignment of grant funding at outturn - ELS	86	
8	Basic Need realignment of funding at outturn - ELS	4	
9	Transfer from Early Years/Children's Centres to BSF Wave 3 (ELS) - SCS portfolio	-484	
10	Increase to schools budgets - additional grant and external - ELS portfolio	3,555	
11	Thanet MASH - additional external funding - SCS portfolio	61	*3*
12	Transfer of Asset Modernisation for SCS to Corporate Landlord - SCS portfolio	-84	
13	Folkestone ARRCC - additional external funding - ASC&PH portfolio	54	
14	Ashford Ring Road - reduction in grant funding - EHW portfolio	-65	
15	Sittingbourne Northern Relief Road - reduction in grant funding - EHW portfolio	-167	
16	Ashford Station Forecourt - grant funded - EHW portfolio	190	
17	Edenbridge Community Centre - realignment of funding at outturn - C&C portfolio	-267	
18	Transfer of Web Platform from BSS - C&C portfolio	504	
19	Transfer of Small Communities Projects from L&P - C&C portfolio	506	*-500*
20	Transfer of Asset Modernisation for SCS to Corporate Landlord - BSS portfolio	84	
21	Transfer of Web Platform to C&C - BSS portfolio	-504	
22	Transfer of Small Communities Projects to C&C - L&P portfolio	-506	*500*
		358,036	***264,111***
23	PFI	27,101	*22,000*
		385,137	*286,111*

4.2 **Table 3** – Portfolio/Directorate position – capital

			Directorate				
Portfolio	**Budget**	**Variance**	ELS	FSC	E&E	C&C	BSS
	£k	**£k**	£k	£k	£k	£k	£k
Education, Learning & Skills	**+161,192**	**-34**	-34				
Specialist Children's Services	**+12,629**	**0**		0			
Adults Social Care & Public Health	**+16,229**	**-1,543**		-1,543			
Environment, Highways & Waste	**+95,717**	**+6,181**			+6,181		
Customer & Communities	**+21,091**	**-2,894**				-2,894	
Regen & Ed	**+14,257**	**+481**					+481
Business Strategy & Support	**+12,201**	**0**					0
TOTAL (excl Schools)	**+333,316**	**+2,191**	-34	-1,543	+6,181	-2,894	+481
Schools	**+24,720**	**0**	0				
TOTAL	**+358,036**	**+2,191**	-34	-1,543	+6,181	-2,894	+481

Real Variance		**+7,479**	-23	-125	+8,782	-1,636	+481
Re-phasing (detailed below)		**-5,288**	-11	-1,418	-2,601	-1,258	
		2011-12	**2012-13**	**2013-14**	**Future yrs**		**Total**
Re-phasing		-5,288	-1,429	-3,590	+10,307		0

4.2.1 Table 3 shows that there is an overspend of £7.4794m on the capital programme for 2011-12 and -£5.288m of re-phasing of expenditure into later years. Of the current -£5.288m forecast re-phasing, -£4.127m relates to projects with variances of £1m or more which are identified in table 6 and section 4.6 below, and reported in detail in the annex reports; -£0.700m relates to projects with variances between £0.25m and £1m which are also identified in table 6, and the balance of -£0.461m is made up of projects with variances of under £0.25m which do not get reported in detail in this report.

4.3 Table 4 below, splits the forecast variance on the capital budget for 2011-12 as shown in table 3, between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and the timing remains uncertain, and
- projects at the preliminary stage.

Table 4 – Analysis of forecast capital variance by project status

		Variance			
	budget	real variance	re-phasing	total	
Project Status	£'000s	£'000s	£'000s	£'000s	
Rolling Programme	87,482	4,538	-435	4,103	
Approval to Spend	168,575	2,664	-2,483	181	
Approval to Plan	77,259	277	-2,370	-2,093	
Preliminary Stage	0	0	0	0	
Total	333,316	7,479	-5,288	2,191	
	2010-11	**2011-12**	**2012-13**	**future years**	**total**
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	-435	435	0	0	0
Approval to Spend	-2,483	582	1,968	-67	0
Approval to Plan	-2,370	-2,446	-5,558	10,374	0
Preliminary Stage	0	0	0	0	0
Total	-5,288	-1,429	-3,590	10,307	0

4.3.1 Table 4 shows that of the +£7.479m forecast capital variance (excluding devolved capital to schools), +£0.277m is due to projects which are still only at the approval to plan or preliminary stages and their timing remains uncertain. This leaves a variance of +£7.202m which relates to projects that are either underway or are part of our year on year rolling programme.

4.3.2 Table 5 below shows the effect of the capital variance on the different funding sources. The variance against borrowing (supported, prudential, prudential/revenue and PEF2 borrowing) is -£0.975m and this is a contributory factor in the treasury management underspend reported within the Finance portfolio.

Table 5: 2011-12 Capital Variance analysed by funding source (incl Devolved Capital to Schools)

	Capital Variance £m
Supported Borrowing	0.000
Prudential	-0.930
Prudential/Revenue (directorate funded)	0.000
PEF2	-0.045
Grant	-0.419
External Funding - Other	-1.593
External Funding - Developer contributions	+3.132
Revenue & Renewals	+4.430
Capital Receipts	-0.300
General Capital Receipts	-2.084
(generated by Property Enterprise Fund)	
Transfer of Land in payment	0.000
TOTAL	**+2.191**

4.4 Table 6 below details all projected capital variances over £250k, in size order. These variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications; or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m, which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 of the individual Directorate annex reports, and all real variances are explained in section 1.2.5 of the individual Directorate annex reports, together with the resourcing implications.

Table 6 - All Capital Budget Variances over £250k in size order

portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			Project Status			
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Highways Major Maintenance	real	+4,060			
EHW	A2 Cyclo Park	real		+2,800		
EHW	Victoria Way	real		+1,000		
EHW	Integrated Transport Scheme	real	+786			
EHW	Drovers Roundabout/Junction 9 M20	real		+650		
EHW	HWRC - Ashford Transfer Station	phasing			+350	
Regen	Margate Eastern Seafront	real		+349		
EHW	Commercial Services	real	+320			
C&C	Kent History & Library Centre	real		+280		
ASC&PH	Older Persons Strategy - Dorothy Lucy Centre	real			+274	
			+5,166	**+5,079**	**+624**	**+0**
		real	+5,166	+5,079	+274	+0
		phasing	+0	+0	+350	+0

portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			Project Status			
			£'000s	£'000s	£'000s	£'000s
Underspends/Projects behind schedule						
C&C	New Community Facility at Edenbridge	real		-1,793		
ASC&PH	Community Care Centres - Thameside	phasing			-1,418	
C&C	Gateways	phasing		-1,395		
EHW	Kent Thameside Strategic Transport	phasing			-1,314	
EHW	HWRC - Herne Bay Site	phasing		-750		
EHW	Sittingbourne Northern Relief Road	real		-384		
EHW	Major Scheme - Design Fees	real	-300			
EHW	Integrated Transport Scheme	phasing	-300			
C&C	Library Modernisation Programme	real	-280			
ASC&PH	Broadmeadow Extension	real		-274		
			-880	**-4,596**	**-2,732**	**0**
		real	-580	-2,451	+0	+0
		phasing	-300	-2,145	-2,732	+0
			+4,286	**+483**	**-2,108**	**+0**
		real	+4,586	+2,628	+274	+0
		phasing	-300	-2,145	-2,382	+0

4.5 **Reasons for Real Variance and how it is being dealt with**

4.5.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. Table 3 shows that there is currently a +£7.479m real variance forecast. The main areas of under and overspending in 2011-12 are listed below together with their resourcing implications:-

- **Highway Maintenance: +£4.060m** (in 2011-12): Major patching and full surface dressing works are being undertaken on parts of the road networks that have been worst affected by winter damage. This approach is more cost effective and better value for money than simply dealing with individual pot holes and enhances the capital value of the County Council's assets. The bulk of the cost (£4m) will be covered by a Government revenue grant designed to address winter damage on the County's roads with a small contribution (£0.060m) being provided by third parties.

- **Integrated Transport Schemes: +£0.786m** (in 2011-12): There are two elements to this forecast overspend:
  - +£0.486m relates to schemes that are funded by S106 developer contributions which have already been received, but an adjustment to the cash limit to required.
  - +£0.300m relates to works in Maidstone High Street which are proposed to be funded by a cash limit transfer from the Preliminary Design Fees with a further £0.300m being made available by re-phasing capital receipts to 2012-13. **Cabinet are asked to approve the transfer of funds from Preliminary Design Fees.**

- **A2 Cyclopark: +£2.800m** (in 2011-12): This unique scheme was reported to Cabinet in November 2010 along with a list of potential external funding partners. Capital funding from the various contributors has now been secured and the scheme is now progressing. This secured funding has allowed the project to expand to undertake construction of the pavilion.

- **New Community Centre at Edenbridge: -£1.793m** (-£2.041m in 2011-12 and +£0.248m in 2012-13): The project budget of £2.540m included funding from the sale proceeds of the site, which were £1.906m. This money is now being held independently in an ESKROW account which will be drawn upon by the contractor as construction proceeds in line with the terms of the developer agreement. The forecast has been reduced accordingly and now includes only the balance of construction and other project costs. It now includes £0.150m for the Gateway component. The above represents a "netting down" of costs and income but the forecast also reflects other cost reductions amounting to £0.037m as a result of further refinement of the cost plan.

- **Victoria Way: +£1.000m** (in 2011-12): Difficulties with the utilities aspects because of uncharted services, phasing and utility companies' lack of performance in particular has fully utilised the contingency allocation. Utility works have continued to have a significant impact on the contract along with disturbance and prolongation costs together with residual risks have been on an upward trend over recent months.
  As this scheme is fully externally funded, there is no capacity within the capital programme to meet the forecast overspend. Funding will be claimed from Growth Area Funding (GAF) which is held by Ashford Borough Council on behalf of the Ashford's Future Partnership Board (AFPB). The AFPB has agreed in principle that the major highway schemes in Ashford (ie Victoria Way and Drovers Roundabout / J9 and Footbridge) should have first call on the GAF pot of some £2.7m.

- **Drovers Roundabout, J9 and Footbridge: +£0.650m** (in 2011-12): The net overspend is due to the following:
  Construction Costs +£1.697m: An overspend of £0.300m was reported in 2010-11, to be funded from GAF. A further overspend of £1.697m is expected in this financial year which has resulted in a total forecast construction overspend of approximately £2.000m. The main cause of the overspend has been issues related to the unique cable stayed footbridge over the M20. The contractor has made very significant claims relating to design aspects, disturbance and prolongation and the consultant working for Kent County Council has indicated that there is some limited legitimacy to these claims.
  In common with Victoria Way, this scheme is fully externally funded, with KCC acting as delivery agent for the Ashford's Future Partnership Board and funding to cover the overspend will be claimed from GAF. As stated above, the AFPB has agreed in principle that any overspend on this scheme and Victoria Way should have the first call on the remaining GAF budget of approximately £2.7m.
  Commuted Sum - £1.047m: The cash limit includes £1.047m for the commuted sum which has to be transferred to the revenue balance sheet until it is paid out to the Highways Agency for the future maintenance of the Footbridge and Junction 9.

  Further details of smaller real variances are provided in the annex reports.

4.6 **Main projects re-phasing and why**.

4.6.1 The projects that are re-phasing by £1m or more are identified below: -

- **Community Care Centres – Thameside (Ebbsfleet and Eastern Quarry) re-phasing of -£1.418m (in 2011-12)**
  Pending further detailed project plans, it is felt prudent to re-phase this project into 2012-13.
- **Gateways - re-phasing of -£1.395m**
  The re-phasing of this programme reflects the complexity of the external collaborations with key strategic partners, and in particular the impact of time delays with 3 town centre regeneration projects. The roll-out of the Gateway programme in these areas has been re-phased accordingly.
- **Kent Thameside Strategic Transport Programme - re-phasing of -£10.374m (-£1.314m in 2011-12, -£3.502m in 2012-13, -£5.558m in 2013-14 and +£10.374m in future years)**
  This programme is designed to deliver a package of Strategic Transport schemes in the Kent Thameside area, funded by Government Grants and Developer Contributions.
  The Homes and Communities Agency (HCA) agreed to fund £13m for phase 1 schemes with a further £10m for phase 2 schemes subject to review. The Department for Transport (DfT) indicated that their funding commitment (approx £23m) towards the programme would not be available in the current spending review period (2011-2014) and is unlikely to be available before 2017-18. Developer contributions will be required to balance the cost of the project.
  Negotiations are taking place to ensure that the programme will be implemented on a phased basis dependent on securing relevant funding.
  As limited funds are currently guaranteed, the programme has been re-phased with the bulk of the works planned post 2015.
- **Sittingbourne Northern Relief Road - re-phasing of -£1.321m in (2012-13)**
  This scheme was started in autumn 2009 and is progressing well, with completion expected in December 2011. The spend profile for 2012-13 has been re phased into 2013-14 to cover the liability under the Land Compensation Act where claims cannot be made until 1 year after the scheme is opened for use. Payments under the Act are for depreciation to the value of properties affected by physical factors such as traffic noise which cannot be properly assessed until the scheme has been operational for this period of time.

4.7 **Key issues and risks**

4.7.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 6 above, is highlighted in section 1.2.4 of the annex reports.

4.7.2 Kent County Council has made a commitment to Kent businesses, including maintaining our capital programme. None of the reported variances in this report affects that commitment.

4.8 **Implications for future years/MTP**

4.8.1 Directorates are continuously addressing issues around their capital programmes, in particular, careful consideration is given to the funding of these projects to ensure that as far as possible capital receipts and external funding, or agreement to utilising PEF2 is in place before the project is contractually committed. The 'warning' in paragraph 3.5.2 also applies to capital funding, where the reduction in funding could be even greater.

4.9 **Resourcing issues**

4.9.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is "in the bank". The current economic situation continues to intensify this risk, with the continuing downturn in the property market, the number of new housing developments reducing and developers pulling out of new developments, all of which have a significant impact on our Section 106 contributions. This has largely been addressed in the capital programme approved at County Council on 18 February 2010, but there remains an element of risk for the reduced level of funding still assumed from these sources. It is not always possible to have receipts 'in the bank' before starting any replacement project, due to the obvious need to have the re-provision in place before the existing provision is closed. Management of the delivery of capital receipts and external funding is therefore rigorous and intensive. At this stage, there are no other significant risks to report.

4.10 **Capital Project Re-phasing**

We will continue with the practice adopted in 2009-10 of changing cash limits for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is summarised in the table below, details of individual projects are listed within the directorate sections.

Table 7 – re-phasing of projects >£0.100m

Portfolio	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	£k
Education, Learning & Skills					
Amended total cash limits	161,192	147,244	75,848	87,290	471,574
Re-phasing	0	0	0	0	0
Revised cash limits	**161,192**	**147,244**	**75,848**	**87,290**	**471,574**
Specialist Children's Services					
Amended total cash limits	12,629	5	0	0	12,634
Re-phasing	0	0	0	0	0
Revised cash limits	**12,629**	**5**	**0**	**0**	**12,634**
Adults Social Care & Public Health					
Amended total cash limits	16,229	5,768	2,699	3,146	27,842
Re-phasing	-1,418	1,418			0
Revised cash limits	**14,811**	**7,186**	**2,699**	**3,146**	**27,842**
Environment, Highways & Waste					
Amended total cash limits	95,717	77,222	70,134	242,783	485,856
Re-phasing	-2,601	-2,865	-4,841	10,307	0
Revised cash limits	**93,116**	**74,357**	**65,293**	**253,090**	**485,856**
Customer &,Communities					
Amended total cash limits	21,091	5,553	4,023	4,929	35,596
Re-phasing	-1,227	-24	1,251	0	0
Revised cash limits	**19,864**	**5,529**	**5,274**	**4,929**	**35,596**
Regen & Ed					
Amended total cash limits	14,257	8,549	2,500	2,500	27,806
Re-phasing	0	0	0	0	0
Revised cash limits	**14,257**	**8,549**	**2,500**	**2,500**	**27,806**
Business Strategy & Support					
Amended total cash limits	12,201	5,859	3,390	2,923	24,373
Re-phasing					0
Revised cash limits	**12,201**	**5,859**	**3,390**	**2,923**	**24,373**
TOTAL RE-PHASING >£100k	**-5,246**	**-1,471**	**-3,590**	**10,307**	**0**
Other re-phased Projects below £100k	-42	+42	0	0	0
TOTAL RE-PHASING	**-5,288**	**-1,429**	**-3,590**	**+10,307**	**0**

5. FINANCIAL HEALTH

5.1 The latest Financial Health indicators, including cash balances, our long term debt maturity, outstanding debt owed to KCC, the percentage of payments made within 20 and 30 days and the recent trend in inflation indices (RPI & CPI) are detailed in **Appendix 2**.

5.2 The latest monitoring of Prudential Indicators is detailed in **Appendix 3**.

6. RISK MANAGEMENT

6.1 The Council's risk management framework is in the process of being updated, including the introduction of a Statement of Required Management Practice as part of the Kent Manager initiative. Internal reporting arrangements have been clarified, with the result that the newly formed Performance Assurance Team (PAT), a cross-directorate group from all levels of KCC providing a 'whole organisation' approach to improvement, will take the lead role in ensuring that the risk management framework is delivered. The requirements of Directorate and Divisional Management Teams have also been set out. An initial risk workshop was held with Pioneer group in July which sought to identify the key risks facing the Council. A similar workshop will be held at the next Cabinet / CMT away day in September; the results of both workshops will inform the development of the next Corporate Risk Register. This Register can be aligned to the strategic mapping exercise recently completed.

6.2 With the imminent departure of the Head of Audit and Risk, it has also been agreed to invest in external support to help re-energise risk management across the Council. This will involve a number of risk workshops with Directorate and Divisional Management Teams and the production of new risk registers in line with the revised risk management framework. These risk registers will then be available for scrutiny through Policy, Overview & Scrutiny Committees (POSCs) in the autumn.

7. REVENUE RESERVES

7.1 The table below reflects the projected impact of the current forecast spend and activity for 2011-12 on our revenue reserves:

Account	Actual Balance at 31/3/11 £m	Projected Balance at 31/3/12 £m	Movement £m
Earmarked Reserves	118.1	76.7	-41.4
General Fund balance	26.7	31.7	+5.0
Schools Reserves *	55.2	49.5	-5.7

* Both the table above and section 2.1 of annex 1 include delegated schools reserves and unallocated schools budget.

7.2 The reduction of £41.4m in earmarked reserves includes the £14m temporary drawdown of our long term reserves approved as part of the 2011-12 budget, as well as other planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, prudential equalisation, economic downturn reserve, revenue reserve to support projects previously classified as capital eg Member Highway Fund, Supporting People, Elections and PFI equalisation reserves, together with the anticipated movements in the Insurance Reserve, Regeneration Fund, rolling budget, DSG and Restructure reserves.

7.3 The £5m increase in general reserves reflects the budgeted contribution, as approved by County Council in February, in consideration of our increased risk profile.

7.4 The reduction of £5.7m in the schools reserves is due to an anticipated 50 schools converting to academy status and therefore taking their reserves with them. The value of school reserves is very difficult to predict at this early stage in the year and further updates will be provided in future monitoring reports once the first monitoring returns have been received from schools.

8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 30 June 2011 compared to the numbers as at 1 April 2011 for the new directorate structure, based on active assignments. However, due to the large movements of staff between directorates as a result of the council restructure, direct comparisons between old and new directorates are not possible, so staffing levels as at 31 March 2011 are only provided in total, together with a split of schools and non schools staff. The difference, in the right hand columns of the table, represents the movement in staffing numbers from 1 April to 30 June, which was a reduction of 714.55 FTEs, of which -557.80 were in schools and -156.75 were non-schools. However, there was also a reduction of 651.32 FTEs between 31 March 11 and 1 April 11, of which -573.55 were in schools and -77.77 were non-schools. So overall, between 31 March 11 and 30 June 11, there has been a reduction of 1,365.87 FTEs of which 1,131.35 were in schools and 234.52 were non-schools.

		31-Mar-11	New structure 01-Apr-11	Jun-11	Difference	
					Number	**%**
KCC	Assignment count	*49,960*	48,819	47,745	-1,074	-2.20%
	Headcount (inc. CRSS)	*42,432*	41,434	40,484	-950	-2.29%
	Headcount (exc. CRSS)	*37,644*	36,881	35,971	-910	-2.47%
	FTE	***27,845.19***	**27,193.87**	**26,479.32**	**-714.55**	**-2.63%**
KCC - Non Schools	Assignment count	*15,330*	15,191	14,916	-275	-1.81%
	Headcount (inc. CRSS)	*13,850*	13,740	13,501	-239	-1.74%
	Headcount (exc. CRSS)	*11,944*	11,854	11,662	-192	-1.62%
	FTE	***10,060.87***	**9,983.10**	**9,826.35**	**-156.75**	**-1.57%**
BSS	Assignment count		1,761	1,744	-17	-0.97%
	Headcount (inc. CRSS)		1,743	1,727	-16	-0.92%
	Headcount (exc. CRSS)		1,719	1,703	-16	-0.93%
	FTE		**1,587.72**	**1,575.10**	**-12.62**	**-0.79%**
ELS	Assignment count		1,770	1,741	-29	-1.64%
	Headcount (inc. CRSS)		1,701	1,678	-23	-1.35%
	Headcount (exc. CRSS)		1,396	1,370	-26	-1.86%
	FTE		**1,067.90**	**1,044.36**	**-23.54**	**-2.20%**
C&C	Assignment count		4,425	4,328	-97	-2.19%
	Headcount (inc. CRSS)		3,800	3,715	-85	-2.24%
	Headcount (exc. CRSS)		2,611	2,551	-60	-2.30%
	FTE		**1,985.84**	**1,941.35**	**-44.49**	**-2.24%**
E&E	Assignment count		1,293	1,270	-23	-1.78%
	Headcount (inc. CRSS)		1,279	1,256	-23	-1.80%
	Headcount (exc. CRSS)		1,187	1,167	-20	-1.68%
	FTE		**1,129.44**	**1,108.97**	**-20.47**	**-1.81%**
FSC	Assignment count		5,942	5,833	-109	-1.83%
	Headcount (inc. CRSS)		5,326	5,236	-90	-1.69%
	Headcount (exc. CRSS)		4,988	4,920	-68	-1.36%
	FTE		**4,212.20**	**4,156.57**	**-55.63**	**-1.32%**
Schools	Assignment count	*34,630*	33,628	32,829	-799	-2.38%
	Headcount (inc. CRSS)	*28,816*	27,915	27,206	-709	-2.54%
	Headcount (exc. CRSS)	*25,799*	25,123	24,407	-716	-2.85%
	FTE	***17,784.32***	**17,210.77**	**16,652.97**	**-557.80**	**-3.24%**

CRSS = Staff on Casual Relief, Sessional or Supply contracts

Notes:
If a member of staff works in more than one directorate they will be counted in each. However, they will only be counted once in the Non Schools total and once in the KCC total.

If a member of staff works for both Schools and Non Schools they will be counted in both of the total figures. However, they will only be counted once in the KCC Total.

9. RECOMMENDATIONS

Cabinet is asked to:

9.1 **Note** the latest monitoring position on both the revenue and capital budgets.

9.2 **Agree** the realignment of revenue budgets within the ASC&PH & SCS portfolios as detailed in section 1.1.1 and 1.1.2 of annex 2.

9.3 **Agree** the realignment of revenue budgets within the EH&W portfolio as detailed in section 1.1.1 and 1.1.2 of annex 3.

9.4 **Note** that residual pressures are currently forecast within the SCS & CCS&I portfolios and that management action is expected to be delivered within the F&BS, BSP&HR and Deputy Leader's portfolios.

9.5 **Note** and **agree** the changes to the capital programme, as detailed in section 4.1.

9.6 **Agree** that £5.246m of re-phasing on the capital programme is moved from 2011-12 capital cash limits to future years. Further details are included in section 4.10 above.

9.7 **Agree** the £0.300m transfer of funding for the Improvement to Maidstone High Street.

9.8 **Agree** the £0.274m transfer of funding to Older Persons Strategy – Dorothy Lucy Centre.

9.9 **Agree** the £0.125m transfer of funding to the LD Good Day Programme.

9.10 **Note** the latest Financial Health Indicators and Prudential Indicators as reported in appendix 2 and appendix 3 respectively.

9.11 **Note** the directorate staffing levels as at the end of June 2011 as provided in section 8.

9.12 **Note** that we have not yet resolved the final split of Early Years' budgets between "standards and quality assurance in early years settings" (ELS portfolio) and "provision of early years and childcare" (SCS portfolio). As a transitional arrangement the entire budget is currently lodged in the SCS portfolio.

9.13 **Agree** a virement of £0.307m from the underspending on the debt charges budget within the Finance & Business Support portfolio to the Contact Centre and Consumer Direct budget within the Communities, Customer Services and Improvement portfolio to meet the increase in contact centre call volumes.

Reconciliation of Gross and Income Cash Limits in Table 1c to the Budget Book

	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
ELS	174,374	-117,038	57,336	
ELS Schools	942,054	-942,054	0	
SCS	167,952	-65,654	102,298	
SCS Schools	42,860	-42,860	0	
ASC&PH	443,892	-126,458	317,434	
EH&W	175,992	-27,021	148,971	
CCS&I	145,896	-60,427	85,469	
R&E	5,723	-1,586	4,137	
F&BS	158,834	-19,198	139,636	
BSP&HR	86,013	-38,661	47,352	
DL	7,435	-1,014	6,421	
Per revised A-Z	2,351,025	-1,441,971	909,054	
Subsequent changes:				
	11,349	0	11,349	Roll Forwards as agreed at 20 June Cabinet
EHW	0	260	260	tfr of Lead Local Flood Authority grant to LSSG from specific grant
CCS&I	-279	0	-279	reduction in Community Safety LSSG
F&BS	1,546	0	1,546	new LSSG allocation for Extended Rights to Free Travel
				Changes to grant/income allocations:
ELS	-101	101	0	YPLA: Decrease in funding for SEN
ELS	860	-860	0	Federation of Music Services
ELS	10,160	-10,160	0	Standards Fund 2010-11 Receipt in Advance (RIA)
ELS	-700	700	0	Milk Subsidy grant ceased
ELS	-1,865	1,865	0	Pupil Premium adjusted to reflect income level
ASC&PH	1,302	-1,302	0	Gross/Income uplift for Social Care Reform Grant (Receipt in Advance in 2010-11)
ASC&PH	1,065	-1,065	0	New Re-ablement Funding from PCT
ASC&PH	270	-270	0	New health funding for LD Domiciliary additional clients & staffing
CCS&I	219	-219	0	DfE Early Intervention Grant for Youth Crime Prevention
CCS&I	-24	24	0	Youth: Reduction in external funding for Foundation Learning project, from TGB Learning.
CCS&I	-127	127	0	Youth: Reduced funding from KDAAT for House on the move project - project ceases November 2011.
CCS&I	38	-38	0	Arts: Additional funding from the Arts Council & Euro Tunnel for Cultural Baton
CCS&I	53	-53	0	Arts: 2010-11 RIA for audience development from the Arts Council England.
CCS&I	209	-209	0	Youth: 2010-11 RIA for Youth Opportunities Fund
CCS&I	139	-139	0	Youth: 2010-11 RIA for ToGoGo project
CCS&I	21	-21	0	Youth: Extension of Cookham Wood project funded by the Prison Service.
CCS&I	-590	590	0	YOS: Reduction in Youth Justice Board grant.
CCS&I	-25	25	0	Loss of funding from Probation for YOS

	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
CCS&I	-59	59	0	Loss of funding from ELS for YOS
CCS&I	-195	195	0	Reduction in grant from the Skills Funding Agency for Community Learning Service (CLS)
CCS&I	-110	110	0	CLS: Loss of internal income from CFE for Poverty pilots project
CCS&I	-60	60	0	CLS: transfer of staff to Supporting Independence
CCS&I	109	-109	0	CLS: increased income from students & companies
CCS&I	208	-208	0	Gateways: Additional income from Improvement & Efficiency South -East Limited.
CCS&I	73	-73	0	Countryside Access: 2010-11 RIA for NHS Walking Project
CCS&I	162	-162	0	Additional funding from PCT's for KDAAT
CCS&I	1,075	-1,075	0	KDAAT Use of pooled income held on account (RIA) for new services in 2011-12.
				Technical Adjustments:
ELS	-17	17	0	remove MCAS Community Cohesion funding as this was for one year only
ELS	-39	39	0	MCAS Connexions funding ceased August 2010
ELS	-60	60	0	MCAS correction of expected income
ELS	-19	19	0	Specialist Teaching Service buy back ceased
SCS	237	-237	0	increased funding from Health for Specialist Childrens Services
ASC&PH	2,377	-2,377	0	Income Uplift & realignment re: LD transfer from Health which was not reflected in the budget
ASC&PH	1,922	-1,922	0	Correction to budget to reflect Gross & Income uplift for KCC hosted PFI for Integrated Care Centres
ASC&PH	50	-50	0	Good Practice Guidelines - Domi Reviews/Waivers
EHW	-3,346	3,346	0	KHS - correction of budgeting for capitalisation of staff costs
EHW	359	-359	0	KHS - realignment of budgets in light of 10-11 outturn and KHS restructure
EHW	744	-744	0	Waste Management - realignment of budgets in light of 10-11 outturn and revisions to waste contracts
EHW	417	-417	0	Public Transport - revision of income target as advised by consultants regarding Freedom pass and subsidised bus routes.
CCS&I	40	-40	0	Contact Centre: Income generation target to offset reduced staff saving.
CCS&I	-39	39	0	Youth: Correction to budget as sales income from Garage Projects (Miracles Youth Centre) not achieveable as project terminated 2010-
CCS&I	-104	104	0	Youth: Re-alignment of Cash Limit to reflect revised income position from Outdoor Education for 2011-12.
CCS&I	-65	65	0	Correction to budget for unachievable income target within Youth centres.

	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
CCS&I	-2,793	2,793	0	Supporting Independence: Re-alignment of Future Jobs Fund (FJF) cash limits (DWP funding) as original budget based on 2010-11 but some projects will cease in Sept 2011
CCS&I	355	-355	0	Supporting Independence: correction to budget as internal income from FSC, previously shown as credit to gross.
CCS&I	-60	60	0	Strategic Management & Directorate Support: removal of internal trading between support units
CCS&I	-16	16	0	Correction to budget: Unattainable fees income target within Trading Standards due to changes in legislation and increase in competition.
CCS&I	-60	60	0	Community Wardens: Correction to budget due to Support Wardens programme (funded via FJF) finishing in 10-11.
CCS&I	-18	18	0	Correction to budget: Unattainable income target within Community Safety from external contributions and internal income.
CCS&I	-48	48	0	Correction to gross and income cash limits to remove unachievable income target within KSS
CCS&I	-20	20	0	Removal of internal trading within YOS.
CCS&I	-387	387	0	Realignment of Cash Limit in Youth Service to reflect reduced funding from ELS as projects ceased in 2010-11.
CCS&I	-107	107	0	Strategic Management & Directorate Support: Reduced income from Regulatory Training Service due to a reduction in training activity.
CCS&I	-323	323		Strategic Management & Directorate Support: Correction to Centrally Managed gross & income budgets (removal of internal trading)
F&BS/EHW	-130	130	0	virement from Debt charges to refelct reduced ability of Commercial Services to make their budgeted contribution due to requirement to fund new audit posts
F&BS/BSP&HR	150	-150	0	to reflect Corporate Legal Budget and increased income in Legal Services
F&BS	-78	78	0	Net Debt Charges (incl Investment Income) - gross and income realignment in light of 10-11 outturn
F&BS	-109	109	0	To amend an incorrectly budgeted income target for External Funding
Revised Budget	2,374,561	-1,452,631	921,930	

FINANCIAL HEALTH INDICATORS

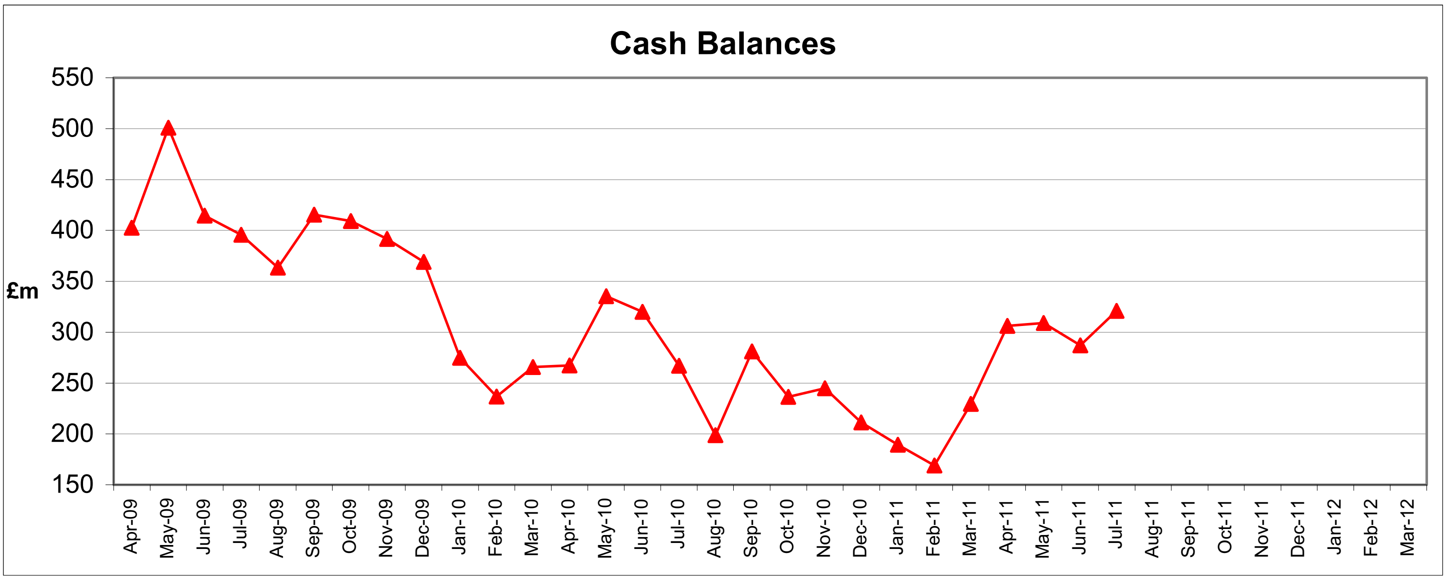
1. CASH BALANCES

The following graph represents the total cash balances under internal management by KCC at the end of each month in £m. This includes principal amounts currently at risk in Icelandic bank deposits (£39.3m), balances of schools in the corporate scheme (£52.1m), other reserves, and funds held in trust. KCC will have to honour calls on all held balances such as these, on demand. The remaining deposit balance represents KCC working capital created by differences in income and expenditure profiles.

Pension Fund cash balances were removed from KCC Funds on 1 July 2010 and are now being handled separately.

The overall downward trend in the cash balance since September 2009 reflects the Council's policy of deferring borrowing and using available cash balances to fund new capital expenditure (i.e. internalising the debt).

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2009-10	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
2010-11	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5	169.1	229.5
2011-12	306.3	308.9	287.0	320.9								



2. LONG TERM DEBT MATURITY

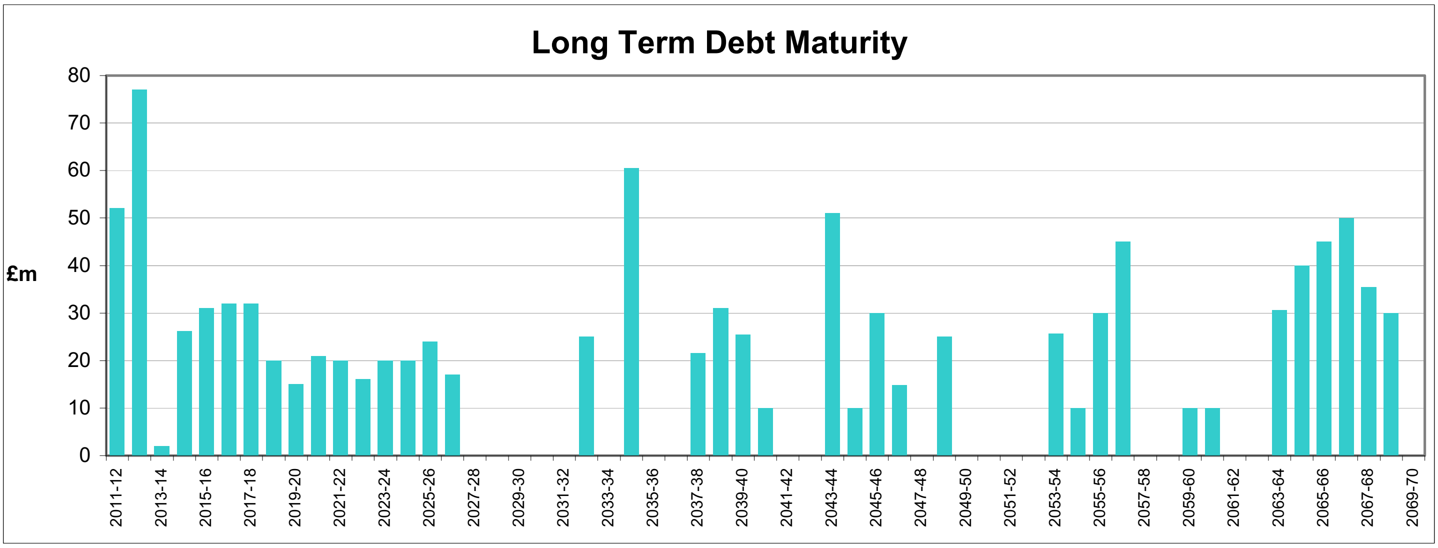
The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £46.5m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£2.6m), Magistrates Courts (£1.4m) and the Probation Service (£0.24m). These bodies make regular payments of principal and interest to KCC to service this debt.

The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

The total debt principal to be repaid in 2011-12 is £57.024m, £55m maturity loan and £2.024m relating to small annuity and equal instalment of principal loans.

£5m PWLB maturity loan was repaid in May, hence the figure in the table of £52.024m represents the remaining debt still to be repaid in this financial year.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2011-12	52.024	*2024-25*	20.001	*2037-38*	21.500	*2050-51*	0.000	*2063-64*	30.600
2012-13	77.021	*2025-26*	24.001	*2038-39*	31.000	*2051-52*	0.000	*2064-65*	40.000
2013-14	2.015	*2026-27*	17.001	*2039-40*	25.500	*2052-53*	0.000	*2065-66*	45.000
2014-25	26.193	*2027-28*	0.001	*2040-41*	10.000	*2053-54*	25.700	*2066-67*	50.000
2015-16	31.001	*2028-29*	0.001	*2041-42*	0.000	*2054-55*	10.000	*2067-68*	35.500
2016-17	32.001	*2029-30*	0.001	*2042-43*	0.000	*2055-56*	30.000	*2068-69*	30.000
2017-18	32.001	*2030-31*	0.001	*2043-44*	51.000	*2056-57*	45.000	*2069-70*	0.000
2018-19	20.001	*2031-32*	0.000	*2044-45*	10.000	*2057-58*	0.000		
2019-20	15.001	*2032-33*	25.000	*2045-46*	30.000	*2058-59*	0.000		
2020-21	21.001	*2033-34*	0.000	*2046-47*	14.800	*2059-60*	10.000		
2021-22	20.001	*2034-35*	60.470	*2047-48*	0.000	*2060-61*	10.000	**TOTAL**	**1,091.333**
2022-23	16.001	*2035-36*	0.000	*2048-49*	25.000	*2061-62*	0.000		
2023-24	20.001	*2036-37*	0.000	*2049-50*	0.000	*2062-63*	0.000		



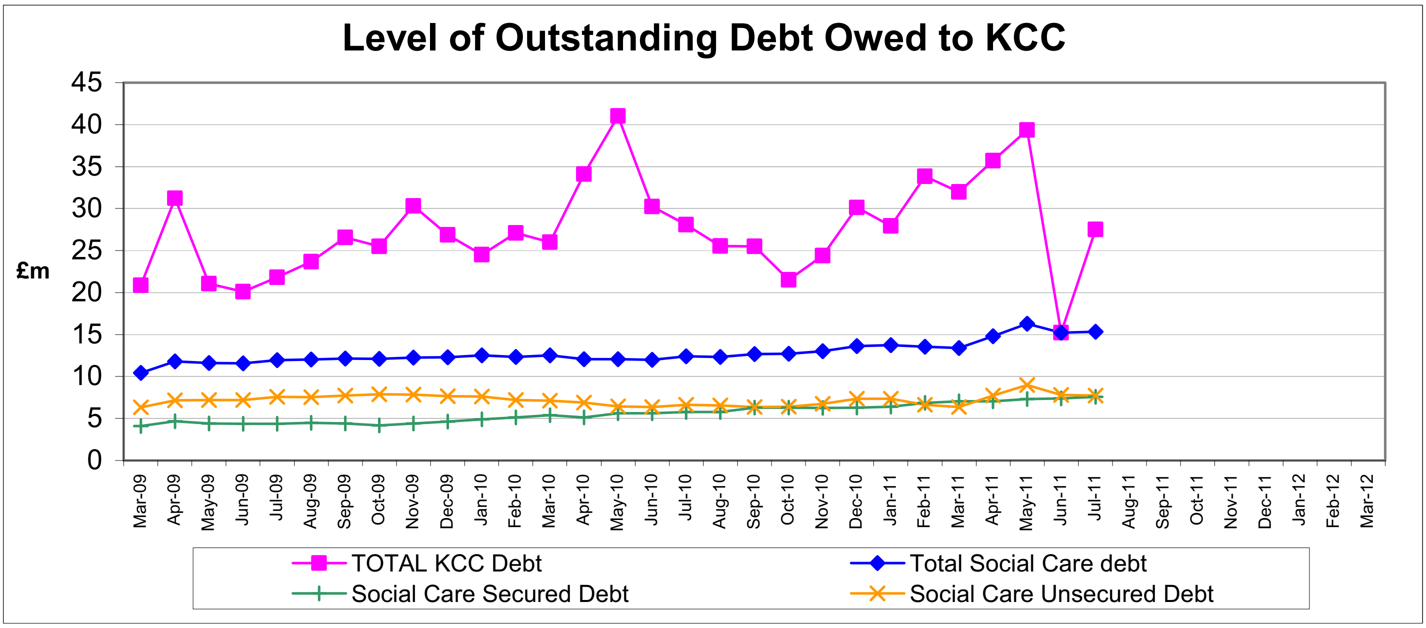
3. OUTSTANDING DEBT OWED TO KCC

The following graph represents the level of outstanding debt due to the authority, which has exceeded its payment term of 28 days. The main element of this relates to Adult Social Services and this is also identified separately, together with a split of how much of the Social Care debt is secured (i.e. by a legal charge on the clients' property) and how much is unsecured.

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	FSC Sundry debt £m	**TOTAL FSC debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
March 09	4.100	6.326	10.426	1.850	**12.276**	8.578	**20.854**
April 09	4.657	7.161	11.818	6.056	**17.874**	13.353	**31.227**
May 09	4.387	7.206	11.593	1.078	**12.671**	8.383	**21.054**
June 09	4.369	7.209	11.578	1.221	**12.799**	7.323	**20.122**
July 09	4.366	7.587	11.953	1.909	**13.862**	7.951	**21.813**
Aug 09	4.481	7.533	12.014	1.545	**13.559**	10.126	**23.685**
Sept 09	4.420	7.738	12.158	2.024	**14.182**	12.391	**26.573**
Oct 09	4.185	7.910	12.095	2.922	**15.017**	10.477	**25.494**
Nov 09	4.386	7.859	12.245	6.682	**18.927**	11.382	**30.309**
Dec 09	4.618	7.677	12.295	6.175	**18.470**	8.376	**26.846**
Jan 10	4.906	7.627	12.533	2.521	**15.054**	9.445	**24.499**
Feb 10	5.128	7.221	12.349	2.956	**15.305**	11.801	**27.106**
March 10	5.387	7.127	12.514	1.643	**14.157**	11.818	**25.975**
April 10	5.132	6.919	12.051	2.243	**14.294**	19.809	**34.103**
May 10	5.619	6.438	12.057	3.873	**15.930**	25.088	**41.018**

	Social Care Secured Debt £m	Social Care Unsecured Debt £m	Total Social Care debt £m	FSC Sundry debt £m	**TOTAL FSC debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
June 10	5.611	6.368	11.979	3.621	**15.600**	14.648	**30.248**
July 10	5.752	6.652	12.404	4.285	**16.689**	11.388	**28.077**
Aug 10	5.785	6.549	12.334	5.400	**17.734**	7.815	**25.549**
Sept 10	6.289	6.389	12.678	4.450	**17.128**	8.388	**25.516**
Oct 10	6.290	6.421	12.711	3.489	**16.200**	5.307	**21.507**
Nov 10	6.273	6.742	13.015	4.813	**17.828**	6.569	**24.397**
Dec 10	6.285	7.346	13.631	6.063	**19.694**	10.432	**30.126**
Jan 11	6.410	7.343	13.753	6.560	**20.313**	7.624	**27.937**
Feb 11	6.879	6.658	13.537	7.179	**20.716**	13.124	**33.840**
March 11	7.045	6.357	13.402	11.011	**24.413**	7.586	**31.999**
April 11	7.045	7.755	14.800	10.776	**25.576**	10.131	**35.707**
May 11	7.309	8.974	16.283	11.737	**28.020**	11.338	**39.358**
June 11	7.399	7.817	15.216	*	**15.216**	*	**15.216**
July 11	7.584	7.745	15.329	4.860	**20.189**	7.315	**27.504**
Aug 11							
Sept 11							
Oct 11							
Nov 11							
Dec 11							
Jan 12							
Feb 12							
March 12							

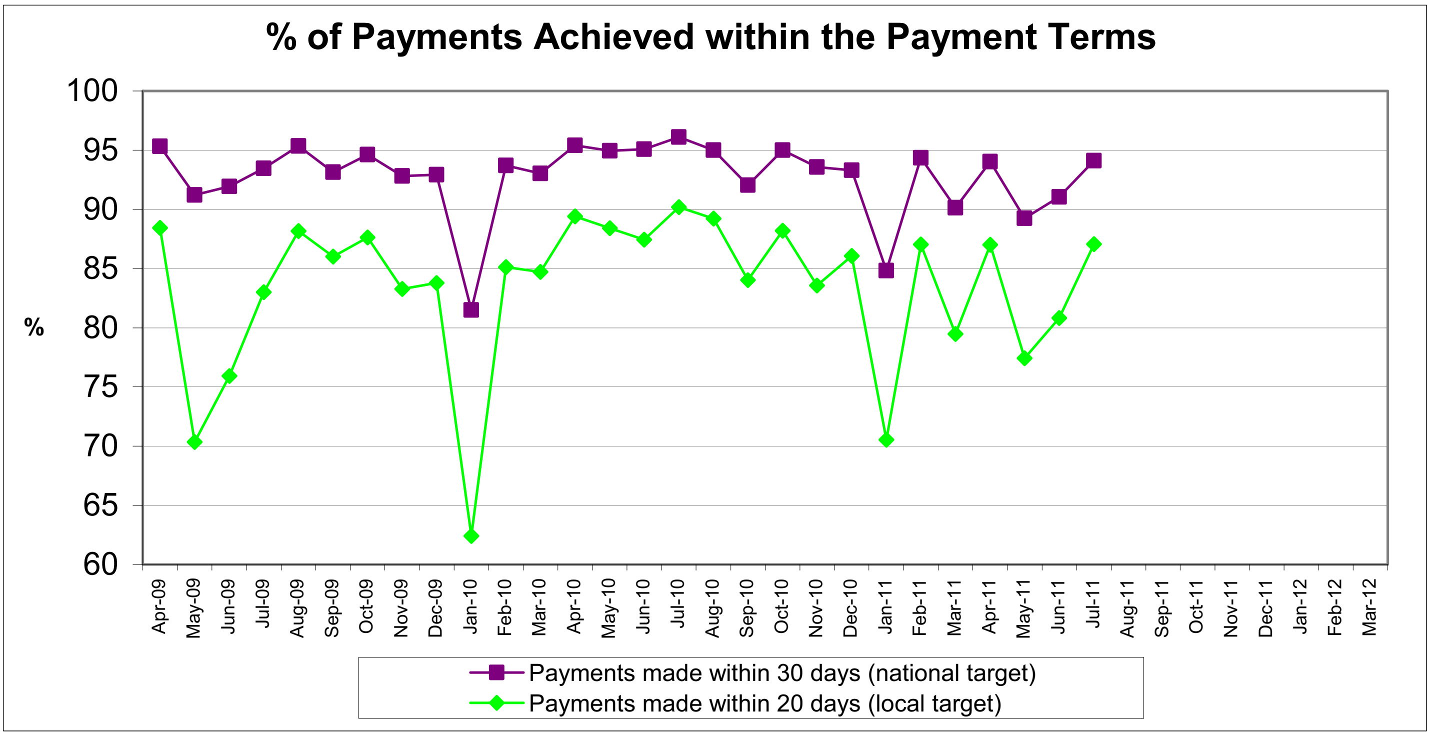
* **The June sundry debt figures are not available due to a system failure, which meant that the debt reports could not be run and as these reports provide a snapshot position at the end of the month, they cannot be run retrospectively.**



4. PERCENTAGE OF PAYMENTS MADE WITHIN THE PAYMENT TERMS

The following graph represents the percentage of payments made within the payments terms – the national target for this is 30 days, however from January 2009, we have set a local target of 20 days in order to help assist the cash flow of local businesses during the current tough economic conditions.

	2009-10		2010-11		2010-11	
	Paid within **30 days** %	Paid within **30 days** %	Paid within **30 days** %	Paid within **20 days** %	Paid within **30 days** %	Paid within **20 days** %
April	95.3	88.4	95.4	89.4	94.0	87.0
May	91.2	70.4	95.0	88.4	89.2	77.4
June	91.9	75.9	95.1	87.4	91.1	80.8
July	93.5	83.0	96.1	90.2	94.1	87.1
August	95.3	88.2	95.0	89.2		
September	93.1	86.0	92.0	84.0		
October	94.6	87.6	95.0	88.2		
November	92.8	83.3	93.6	83.6		
December	92.9	83.8	93.3	86.1		
January	81.5	62.4	84.8	70.6		
February	93.7	85.1	94.3	87.0		
March	93.0	84.7	90.1	79.5		

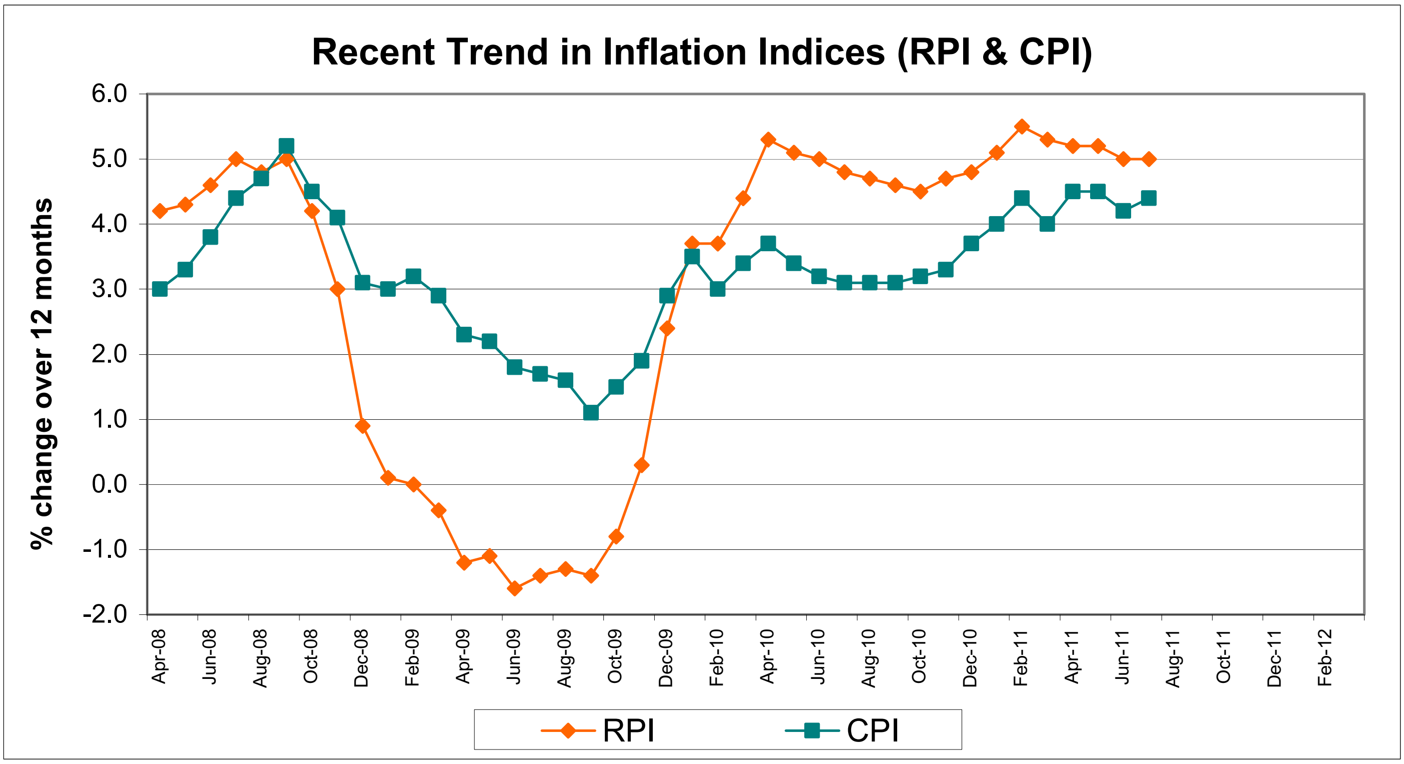


The percentages achieved for January were lower than other months due to the Christmas break. This is evident in both 2009-10 and 2010-11. This position was exacerbated in 2009-10 due to snow. The 2011-12 year to date figure for invoices paid within 20 days is 83.4%, and within 30 days is 92.3%. This compares to overall performance in 2009-10 of 81.9% and 92.6% respectively and 2010-11 of 85.4% and 93.4% respectively.

5. RECENT TREND IN INFLATION INDICES (RPI & CPI)

In the UK, there are two main measures of inflation – the Consumer Prices Index (CPI) and the Retail Prices Index (RPI). The Government's inflation target is based on the CPI. The RPI is the more familiar measure of inflation, which includes mortgage interest payments. The CPI and RPI measure a wide range of prices. The indices represent the average change in prices across a wide range of consumer purchases. This is achieved by carefully recording the prices of a typical selection of products from month to month using a large sample of shops and other outlets throughout the UK. The recent trend in inflation indices is shown in the table and graph below.

	2008-09		2009-10		2010-11		2011-12	
	Percentage Change over 12 months							
	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %
April	4.2	3.0	-1.2	2.3	5.3	3.7	5.2	4.5
May	4.3	3.3	-1.1	2.2	5.1	3.4	5.2	4.5
June	4.6	3.8	-1.6	1.8	5.0	3.2	5.0	4.2
July	5.0	4.4	-1.4	1.7	4.8	3.1	5.0	4.4
August	4.8	4.7	-1.3	1.6	4.7	3.1		
September	5.0	5.2	-1.4	1.1	4.6	3.1		
October	4.2	4.5	-0.8	1.5	4.5	3.2		
November	3.0	4.1	0.3	1.9	4.7	3.3		
December	0.9	3.1	2.4	2.9	4.8	3.7		
January	0.1	3.0	3.7	3.5	5.1	4.0		
February	0.0	3.2	3.7	3.0	5.5	4.4		
March	-0.4	2.9	4.4	3.4	5.3	4.0		



2011-12 July Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2010-11 £377.147m

Original estimate 2011-12 £305.448m

Revised estimate 2011-12 £360.352m (this includes the rolled forward re-phasing from 2010-11)

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

	2010-11 Actual £m	2011-12 Original Estimate £m	2011-12 Forecast as at 31-07-11 £m
Capital Financing Requirement	1,273.113	1,308.640	1,308,202
Annual increase in underlying need to borrow	36.902	35.527	35,089

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

Actual 2010-11	12.85%
Original estimate 2011-12	11.77%
Revised estimate 2011-12	14.14%

The actual 2010-11 and revised estimate 2011-12 includes PFI Finance Lease costs but these costs were not included in the original estimate calculation.

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 2011-12

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

	Prudential Indicator 2011-12 £m	Position as at 31.07.11 £m
Borrowing	1,158	1,040
Other Long Term Liabilities	0	0
	1,158	1,040

(b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator 2011-12 £m	Position as at 31.07.11 £m
Borrowing	1,204	1,092
Other Long Term Liabilities	0	0
	1,204	1,092

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 revised limits for 2011-12 are:

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

	£m
Borrowing	1,198
Other long term liabilities	0
	1,198

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

	£m
Borrowing	1,204
Other long term liabilities	0
	1,204

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be 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 has determined the following upper limits for 2011-12

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2011-12.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.07.11
	%	%	%
Under 12 months	25	0	5
12 months and within 24 months	40	0	7
24 months and within 5 years	60	0	8
5 years and within 10 years	80	0	10
10 years and within 20 years	25	10	10
20 years and within 30 years	25	5	16
30 years and within 40 years	25	5	12
40 years and within 50 years	25	10	11
50 years and within 60 years	30	10	21

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

Indicator	Actual
£50m	**£10m**

EDUCATION, LEARNING & SKILLS DIRECTORATE SUMMARY
JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the budget was set to reflect the transfers required to reflect the new directorate and portfolio structures, the addition of £0.135m of roll forward from 2010-11 as approved by Cabinet on 20 June 2011 and a number of other technical adjustments to budget.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in appendix 1 to the executive summary.
- This forecast assumes the Government will not make any changes in 2011-12 once the ‘Consultation on the basis for the decision on the appropriate amount of academies funding transfer for 2011-12 and 2012-13’ has ended.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Education, Learning & Skills portfolio							
Delegated Budget:							
Schools Delegated Budgets	948,442	-948,442	0	5,748	0	5,748	Estimated drawdown of reserves following 50 schools converting to academies
TOTAL DELEGATED	948,442	-948,442	0	5,748	0	5,748	
Non Delegated Budget:							
ELS Strategic Management & directorate support budgets	13,048	-8,411	4,637	640	-85	555	Legal and staffing
Services for Schools:							
- School Improvement Services	10,288	-4,866	5,422	269	207	476	Staffing and Extended Services projects. Reduced income for interim head teachers
- Governor Support	661	-676	-15	-187	201	14	Reduced service costs in line with reduced income from schools
- PFI Schools Schemes	16,859	-16,859	0	0	0	0	
- Schools' Buildings & Sites	853	-706	147	0	0	0	
- Schools' Cleaning & Refuse	3,521	-3,889	-368	27	162	189	Cleaning & Refuse Collection Contract under recovery of income
- Schools' Meals	1,645	-1,645	0	0	0	0	
- Schools' Non Delegated Staff Costs	3,260	-3,158	102	0	0	0	
- Schools' Other Services	1,063	-578	485	-60	0	-60	
- Schools' Redundancy Costs	1,232	-1,232	0	0	0		
- Special Schools' Meals	629	-629	0	0	0	0	
- Schools' Teachers Pension Costs	7,629	-2,684	4,945	0	0	0	
	47,640	-36,922	10,718	49	570	619	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Support for Individual Children - Education & Personal							
- 14 - 19 year olds	5,256	-3,384	1,872	0	0	0	
- Attendance & Behaviour	23,184	-22,040	1,144	598	-326	272	Additional expenditure & income in PRUs and staffing
- Connexions	9,787	-9,787	0	255	0	255	Connexions contract
- Education Psychology Service	3,328	-13	3,315	0	0	0	
- Free School Meals	3,864	-3,864	0	0	0	0	
- Learners with AEN Services	8,021	-7,319	702	-118	118	0	Additional expenditure & income in Specialist teaching service and Kent Portage
- Minority Communities Achievement Service	2,598	-2,598	0	0	0	0	
- Partnership with Parents	746	-3	743	-89	0	-89	
- Statemented Pupils	9,724	-9,724	0	0	0	0	
- Independent Special School Placements	12,549	-12,549	0	0	0	0	
- Special School & Hospital Recoupment	1,660	-1,660	0	0	-822	-822	Additional special recoupment income
	80,717	-72,941	7,776	646	-1,030	-384	
Transport Services							
- Home to College Transport	1,787	-367	1,420	135	0	135	High demand for Home to college transport
- Mainstream HTST	14,301	-384	13,917	-898	0	-898	Fall in the number of children requiring transport & contract renegotiation
- SEN HTST	17,039	0	17,039	-439	0	-439	Lower costs resulting from contract renegotiation, fewer children than budgeted level travelling
	33,127	-751	32,376	-1,202	0	-1,202	
Intermediate Services							
- Assessment of Vulnerable Children	1,693	-571	1,122	78	0	78	
TOTAL NON DELEGATED	176,225	-119,596	56,629	211	-545	-334	
Total ELS portfolio	**1,124,667**	**-1,068,038**	**56,629**	**5,959**	**-545**	**5,414**	
Specialist Children's Services portfolio							
Delegated Budget:							
Early Years Placements	41,553	-41,553	0	0	0	0	
Total SCS portfolio	**41,553**	**-41,553**	**0**	**0**	**0**	**0**	
Total ELS directorate controllable	**1,166,220**	**-1,109,591**	**56,629**	**5,959**	**-545**	**5,414**	+£5.748m relates to delegated schools budgets
Assumed Mgmt Action							
- ELS portfolio						**0**	
- SCS portfolio						**0**	
Total ELS after mgmt action	**1,166,220**	**-1,109,591**	**56,629**	**5,959**	**-545**	**5,414**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Education, Learning & Skills portfolio:

Delegated Budgets

1.1.3.1 Schools Delegated Budgets
The forecast £5.748m drawdown of schools reserves shown in tables 1 and 2 represents the estimated reduction in reserves resulting from 50 schools converting to academies including the 16 schools converting to academies up to August 2011 and 34 expected to convert before the end of March 2012.

Non Delegated Budgets

1.1.3.2 ELS Strategic Management & Directorate Support Budgets (gross)
The ELS Strategic Management & Directorate Support budget is reporting a gross overspend of +£640k due mainly to an overspend on Legal Services of +£444k. The legal budget was offered up as a saving through the 2011-13 MTFP process with the option to redirect costs to managers. This saving is proving difficult to achieve and whilst the Directorate is considering alternative options, at this stage it is prudent to reflect this as a pressure.

There is a forecast pressure of +£200k on staffing over several services, including +£78k in SEN & Resources due to a delay in the implementation of the planned restructure.

There are other minor variances -£4k.

1.1.3.3 **Services for Schools:**

a. School Improvement Services (gross and income)
As part of the 2011-12 budget setting process School Improvement Services were allocated a savings target of £4.249m. This included a savings target for staff of £2.9m. The original plan to achieve these savings, as agreed during budget setting for 2011-12 has subsequently been revised and timescales have slipped meaning that only £945k of staff savings will be achieved this financial year leaving a gap of £3.3m. This shortfall was reported in the last exception report. However, the unit is now reporting a much lower overspend. This is due to the unit having a significant number of vacancies from April up until the restructure implementation at the start of December and a deliberate reduction in non-staffing expenditure and payments to schools. The service is therefore now forecasting a gross pressure of +£269k, of which +£146k is due to ongoing commitments for Extended Services work. The balance of +£123k is due to a staffing overspend caused by the cessation of some specific grants and a delay in the restructure.

There is an income variance of +£207k which is mainly due to a reduction in expected income for interim head teachers placed in schools.

b. Governor Support (gross and income)
The Governor Support budget has a forecast gross underspend of -£187k and an income pressure of +£201k. This is mainly due to Governor Services reporting an income variance of +£273k due to a reduction in the expected levels of income from schools. The reduction in income has a corresponding effect on the levels of expenditure and therefore there is a gross underspend of -£224k, leaving an overall net pressure of +£49k.

There are other minor variances on the clerking agency of +£37k gross and -£72k income.

c. Schools' Cleaning & Refuse (income)
In a previous MTFP the Client Services unit was expected to implement full-cost recovery in relation to contract management of the cleaning and refuse collection contracts with schools. Whilst they have made significant strides to achieve this, the service is still struggling to achieve the necessary income to cover the costs of the contract team resulting in a forecast +£162k under-recovery of income.

The service are also reporting a +£27k gross variance.

1.1.3.4 **Support for Individual Children – Education & Personal:**

a. Attendance & Behaviour (gross and income)
The Attendance & Behaviour unit is forecasting a gross pressure of +£598k and an income variance of -£326k.

Alternative curriculum and behaviour PRUs are forecasting a gross pressure of +£273k and income variance -£273k due to additional staffing costs, offset by income from schools and academies. There is an overspend on staffing of +£325k due in part to a delay in implementing a restructure.

The unit is also projecting -£53k additional income from parents/carers for penalty notices for their child's non attendance at school.

b. Connexions (gross)
The Young Peoples Learning Agency (YPLA) announced on 29 March 2011 that the Education Business Partnership funding was being withdrawn on 31 March 2011. This funding is paid to Connexions via a contract and we could not renegotiate the contract until the end of August at the earliest. Renegotiations have commenced with Connexions, but until these negotiations have concluded a pressure of £255k is anticipated.

c. Learners with AEN Services (gross and income)
The service is reporting a -£118k gross and +£118k income variance. This is due to reduced income levels, partly because of less traded income from colleges for Specialist Teaching Services, with a corresponding decrease in expenditure and a minor reduction in internal income for the Portage service.

d. Special School & Hospital Recoupment (income)
The forecast additional income of -£822k reflects the fact that in 2010-11 and the previous year, the recoupment income exceeded the set budget due to demand for places from other Local Authorities. The position in 2011-12 is likely to be the same.

1.1.3.5 **Transport Services:**

a. Home to College Transport (gross)
There is a +£135k gross pressure due to increased demand, including increased costs for transport for SEN pupils over the age of 19 who have been awarded travel costs on appeal. This should be treated as a provisional forecast outturn variance and there are many factors that could alter this during the year, particularly in September e.g. pupil numbers, contract renegotiations.

b. Mainstream HTST (gross)
There is a -£898k gross underspend forecast for Mainstream HTST. This reflects the full year effect of 2010-11 outturn after fully covering 2011-12 savings, and continuing to support pupils eligible for extended rights to free transport. It should be noted that this provisional forecast outturn variance is based solely on last year's outturn and there are many factors that could alter this during the year, particularly in September e.g. pupil numbers, contract renegotiations.

c. SEN HTST (gross)
The -£439k gross variance reflects the full year effect of 2010-11 outturn after fully covering 2011-12 savings. Again, this should be treated as a provisional forecast outturn variance based on last year's outturn and there are many factors that could alter this during the year e.g. pupil numbers , contract negotiations. The unit are forecasting an under spend despite activity levels being higher than budgeted levels. This is because the number of pupils is just one variable contributing to total cost of transport with other factors such as distance travelled, type of travel etc impacting on the forecast.

Specialist Children's Services portfolio:

Delegated Budgets

1.1.3.6 Early Years Placements

The latest forecast suggests an underspend of around -£1.25 million on payments to PVI providers for 3 and 4 year olds. The number of hours provided has increased by 15% over the same term last year as per Section 2.3 and the forecast assumes a slightly increased take up for the Autumn and Spring terms compared to the same terms last year. The extension of the free entitlement to 15 hours per week was rolled out across the County in September 2010 and the forecast shows the full year effect of the rollout. As this budget is funded entirely from DSG, this underspend is transferred into the DSG reserve at the end of the year in accordance with regulations.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ELS	Schools Budgets (gross): estimated drawdown of reserves following 50 schools converting to academies	+5,748	ELS	Mainstream home to school transport (gross): fewer children than budgeted level and contract renegotiation	-898
ELS	ELS Strategic Management & Directorate support budgets (gross): legal savings target unlikely to be achieved	+444	ELS	Special school & hospital recoupment (income): more OLA pupils placed at Kent schools than budgeted level	-822
ELS	Attendance & Behaviour (gross): staffing pressure due to delay in directorate restructure	+325	ELS	SEN home to school transport (gross): fewer than budgeted children travelling and contract renegotiations	-439
ELS	Governor Services (income): reduction in expected levels of income	+273	ELS	Attendance & Behaviour (income): PRU income from schools and academies	-273
ELS	Attendance & Behaviour (gross): PRUs additional staffing costs	+273	ELS	Governor Services (gross): reduction in spend to reflect reduced income	-224
ELS	Connexions (gross): cessation of grant from YPLA from 1 April but contract fixed until 31 August	+255	ELS	Learners with Additional Needs (gross): reduced expenditure for Specialist Teaching Services and Kent Portage	-118
ELS	School Improvement (income): Reduction in income for Interim Head Teachers placed in schools	+231			
ELS	ELS Strategic Management & Directorate support budgets (gross): Staffing overspends	+200			
ELS	Schools Cleaning and Refuse (income): under-recovery of expected income	+162			
ELS	School Improvement (gross): Extended Services projects	+146			
ELS	Home to college transport (gross): increased demand for service	+135			
ELS	School Improvement Services (gross): Staffing	+123			
ELS	Learners with Additional Needs (income): reduced income for Specialist Teaching Services and Kent Portage	+118			
		+8,433			-2,774

1.1.4 **Actions required to achieve this position**:

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position before assumed management action reported in table 1.

The directorate is holding vacancies where possible until the directorate restructure takes effect in December 2011 for Schools Standards & Improvement and April 2012 for the remainder of the directorate.

1.1.5 **Implications for MTFP**:

The pressure in Client Services relating to full cost recovery of contract management of the cleaning and refuse collection contracts with schools should be resolved following the school's delegation consultation outcome.

The legal pressure and the Home To School Transport savings will both be reflected in the MTFP.

1.1.6 **Details of re-phasing of revenue projects**:

N/A

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

The directorate is currently forecasting a pressure of £5.414m, +£5.748m against the schools delegated budgets and an underspend of £0.334m against the non-delegated budget.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 18th July 2011, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Previous Years £'000s	2011-12 £'000s	2012-13 £'000s	2013-14 £'000s	Future Years £'000s	TOTAL £'000s
Education, Learning & Skills						
Budget	426,750	158,635	147,289	78,448	87,290	898,412
Adjustments:						0
- Re-phasing at Outturn	-1,377	1,422	-45			0
- Outturn changes	3,168					3,168
- BSF Wave 5 Unit Cost		530				530
- BSF Wave 3 Unit Cost				-2,600		-2,600
- BSF Wave 3		484				484
- Primary Capital Programme		86				86
- Special Schools Review		21				21
- Modernisation of Assets		10				10
- Basic Needs		4				4
Revised Budget	428,541	161,192	147,244	75,848	87,290	900,115
Variance		-34	+15	0	0	-19
split:						
- real variance		-23	+4	0	0	-19
- re-phasing		-11	+11	0	0	0
Devolved Capital to Schools						
Budget	45,935	13,911	13,911	3,911	3,911	81,579
Adjustments:						0
- Re-phasing at Outturn	-7,254	7,254				0
- Outturn changes		3,555				3,555
Revised Budget	38,681	24,720	13,911	3,911	3,911	85,134
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	467,222	185,912	161,155	79,759	91,201	985,249
Variance	0	-34	15	0	0	-19

Real Variance	**0**	**-23**	**4**	**0**	**0**	**-19**
Re-phasing	**0**	**-11**	**11**	**0**	**0**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
	None					
			+0	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
	None					
			0	**-0**	**-0**	**-0**
			-0	**-0**	**-0**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

None

1.2.5 **Projects with real variances, including resourcing implications:**

The real variance over the lifetime of the Medium Term Plan indicates a minor underspend of £0.019m. The split of the real variance across the years of the MTP is -£0.023m in 2011-12 and +£0.004m in 2012-13.

At this time there aren't any projects where variances, either over or under spend, exceed £0.040m.

1.2.6 **General Overview of capital programme**:

(a) Risks

As our programme is now based on the allocations received following the CSR the scale of risks has dropped considerably but it only provides certainty for the 2011-12 year. Future years are dependent upon government announcements later this year which will, we believe, follow publication of the James Review.

There are several schemes where there are potential risks:

Harrietsham Primary School - assessments are currently taking place to determine the extent of the action that will be required correct defects to the roof, wall cladding, glazing and drainage. We are not including any additional costs in our current forecasts on the basis that it will all be recovered via a professional indemnity claim.

Contractor claims – there are several projects where contractors have lodged financial claims for extensions of time. We are not including any allowance for additional costs until claims are resolved. Projects where claims have been made are at: Milestone School and The Manor School.

(b) Details of action being taken to alleviate risks

We continue to stress to colleagues elsewhere within the authority the fixed nature of our budget and anything extra that they insist upon means another scheme loses. The programme is also monitored internally on a regular basis and any potential challenges noted and addressed wherever possible.

1.2.7 **Project Re-phasing**

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

	2011-12	**2012-13**	**2013-14**	**Future Years**	**Total**
	£'000s	£'000s	£'000s	£'000s	£'000s
Total re-phasing >£100k	**0**	**0**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-11**	**+11**			**0**
TOTAL RE-PHASING	**-11**	**+11**	**0**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Number of schools with deficit budgets compared with the total number of schools**:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	as at 31-3-11	projection
Total number of schools	600	596	575	570	564	538	488
Total value of school reserves	£70,657k	£74,376k	£79,360k	£63,184k	£51,753k	£55,190k	£49,442k
Number of deficit schools	9	15	15	13	23	17	11
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,409k	£2,002k	£767k

Comments:

- The information on deficit schools for 2011-12 has been obtained from the schools budget submissions. The LA receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.

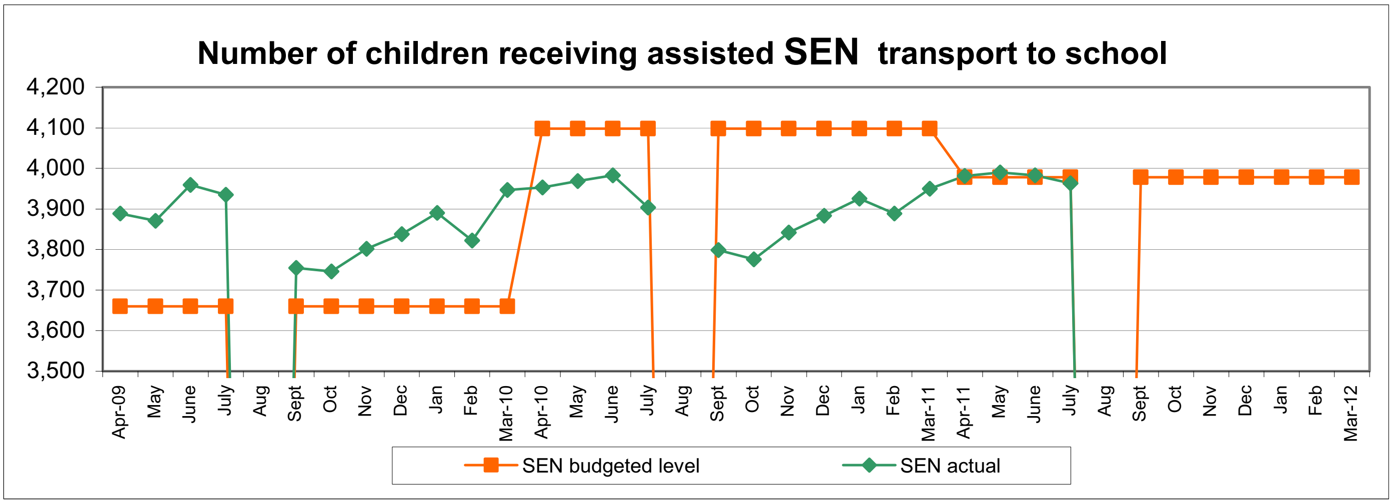
- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the LA. The ELS Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.

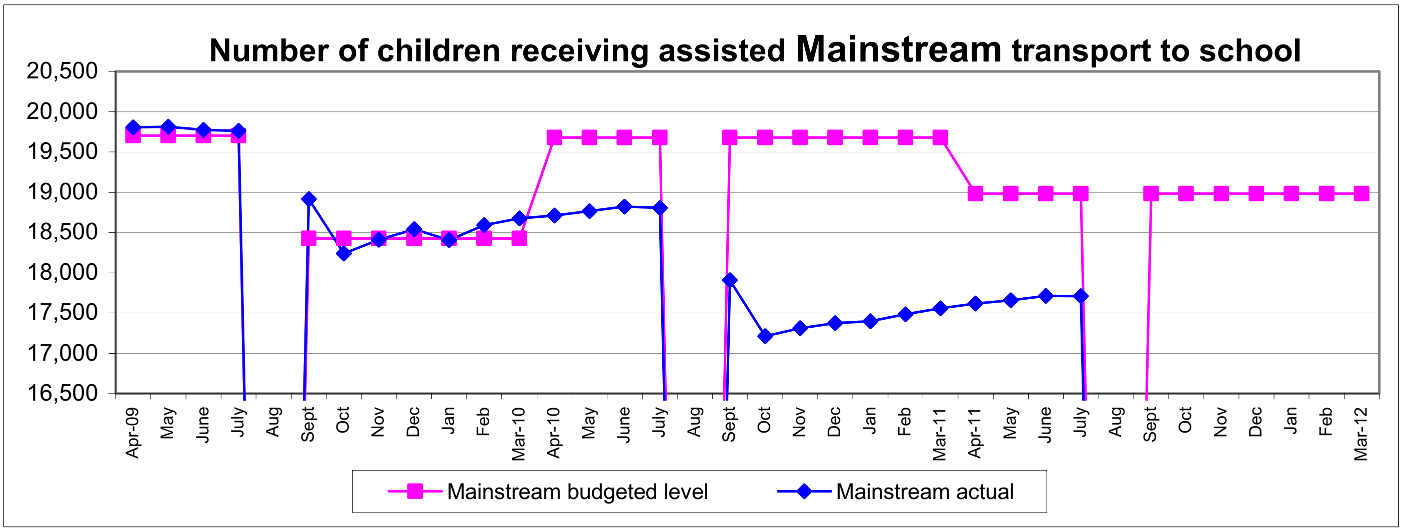
- The number of schools is based on the assumption that 50 schools (including 30 secondary schools, 19 primary schools and 1 special school) will convert to academies before the 31st March 2012 in line with the government’s decision to fast track outstanding schools to academy status.

- The estimated drawdown from schools reserves of £5,748k represents the estimated reduction in reserves resulting from 50 schools converting to academy status, however the value of school reserves and deficits are very difficult to predict at this early stage in the year and further updates will be provided in future monitoring reports once we have collated the first monitoring returns from schools.

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

	2009-10				2010-11				2011-12			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
April	3,660	3,889	19,700	19,805	4,098	3,953	19,679	18,711	3,978	3,981	18,982	17,620
May	3,660	3,871	19,700	19,813	4,098	3,969	19,679	18,763	3,978	3,990	18,982	17,658
June	3,660	3,959	19,700	19,773	4,098	3,983	19,679	18,821	3,978	3,983	18,982	17,715
July	3,660	3,935	19,700	19,761	4,098	3,904	19,679	18,804	3,978	3,963	18,982	17,708
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,660	3,755	18,425	18,914	4,098	3,799	19,679	17,906	3,978		18,982	
Oct	3,660	3,746	18,425	18,239	4,098	3,776	19,679	17,211	3,978		18,982	
Nov	3,660	3,802	18,425	18,410	4,098	3,842	19,679	17,309	3,978		18,982	
Dec	3,660	3,838	18,425	18,540	4,098	3,883	19,679	17,373	3,978		18,982	
Jan	3,660	3,890	18,425	18,407	4,098	3,926	19,679	17,396	3,978		18,982	
Feb	3,660	3,822	18,425	18,591	4,098	3,889	19,679	17,485	3,978		18,982	
Mar	3,660	3,947	18,425	18,674	4,098	3,950	19,679	17,559	3,978		18,982	



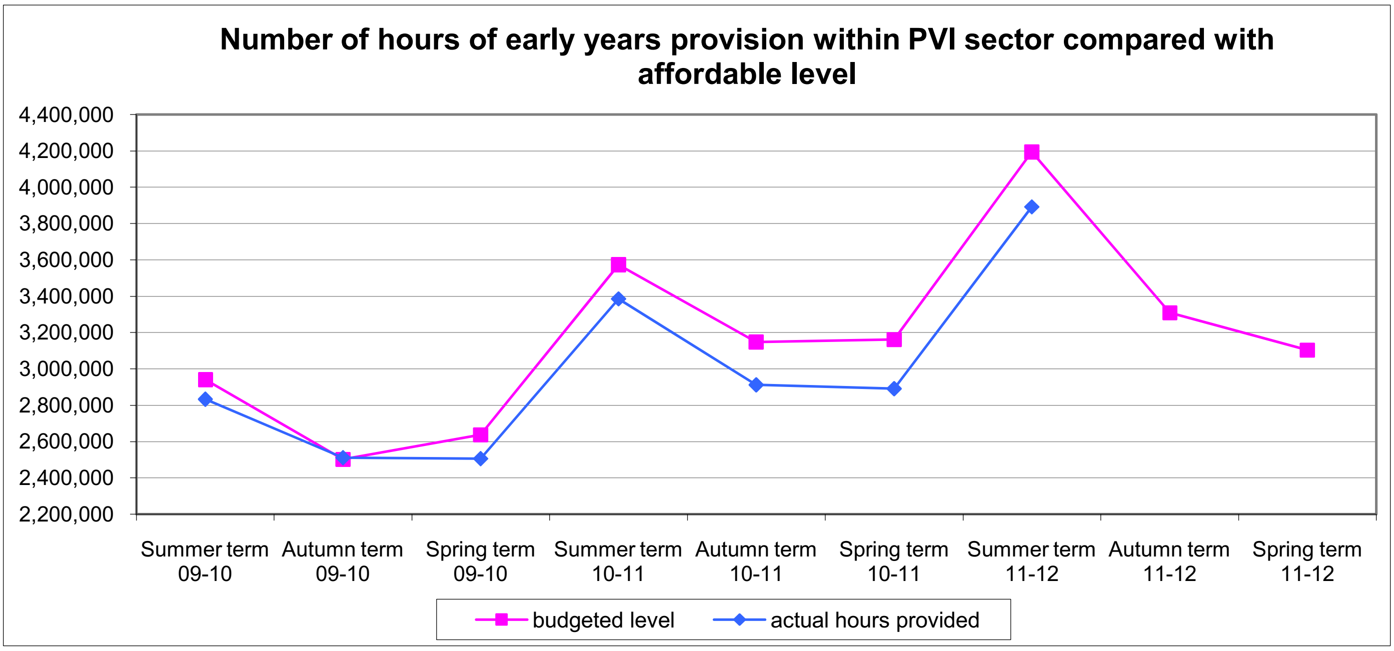


Comments:

- **SEN HTST** – The number of children is similar to the budgeted level, but there are a number of other factors which contribute to the underspend of -£439k reported in section 1.1.3.5 c, such as distance travelled and type of travel.
- **Mainstream HTST** - The number of children is lower than the budgeted level resulting in a corresponding underspend of -£898k (see section 1.1.3.5 b).

2.3 **Number of hours of early years provision provided to 3 & 4 year olds within the Private, Voluntary & Independent Sector compared with the affordable level:**

	2009-10		2010-11		2011-12	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	2,939,695	2,832,550	3,572,444	3,385,199	4,193,230	3,891,922
Autumn term	2,502,314	2,510,826	3,147,387	2,910,935	3,309,733	
Spring term	2,637,646	2,504,512	3,161,965	2,890,423	3,103,947	
	8,079,655	**7,847,888**	**9,881,796**	**9,186,557**	**10,606,910**	**3,891,922**



Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.

- The phased roll-out of the increase in the number of free entitlement hours from 12.5hrs to 15 hrs per week began from September 2009 and was rolled out across the county in September 2010. The increase in the number of hours was factored into the budgeted number of hours for 2009-10 and 2010-11. For 2011-12 the increase in hours is funded by Dedicated Schools Grant in the same way as the 12.5 hours per week. In 2010-11 and previous years the increase in hours was funded by a specific DCSF Standards Fund grant.

- The current activity suggests an underspend of £1.25m on this budget which has been mentioned in section 1.1.3.6 of this annex. As this budget is funded entirely from DSG, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations and cannot be used to offset over or underspending elsewhere in the directorate budget, therefore this underspend will be transferred to the DSG reserve at year end.

- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

FAMILIES & SOCIAL CARE DIRECTORATE SUMMARY JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 The cash limits that the Directorate is working to, **and upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The Directorate would like to request formal virement through this report to reflect adjustments to cash limits required for the following changes required in respect of the allocation of previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process. Some of this relates to how the Directorate allocated savings, demography/growth and how grant funding was allocated. Where necessary allocations have been adjusted in light of the 2010-11 outturn expenditure and activity, whereas before they would have been based on forecasts from several months earlier. As a result, demography/growth and savings have in some cases been allocated across different headings to those assumed within budget build. Cash limits also need to be adjusted to reflect the changing trends in services over the past few years through modernisation of services and the move towards more self directed support. Services are now more likely to be community based, for example in supported accommodation, or through a domiciliary care package, or via a direct payment, rather than residentially based (although there are exceptions where very complex needs remain, e.g. many Older People with Mental Health Needs and clients with severe Learning or Physical Disabilities). The value of these changes is an increase of £50k in gross and a £50k increase in income. These changes are expected to continue, but since the extent is currently unknown, will be reported as variances in future cabinet reports.

Cash Limits have also been amended to reflect the new management structure within FSC, there is no overall effect to either gross or income budgets, but this has involved virement between some A to Z lines.

Cash limits have also been adjusted to reflect a number of technical adjustments to budget, including realignment of gross and income to more accurately reflect current levels of services, including:

- a £1,302k gross and income uplift for an element of Social Care Reform Grant which was treated as a receipt in advance during closure of accounts for 2010-11;
- a gross and income uplift of £1,065k, in relation to PCT Re-ablement funding;
- a £2,377k gross and income realignment related to the transfer of S256 LD clients from Health which was not reflected in the approved budget;
- a gross and income uplift of £1,922k in relation to the PFI contract for the KCC hosted Integrated Care Centres.
- We have also uplifted gross and income for an overall increase in funding of £237k from health for specialist children's services.
- a gross and income uplift of £270k for additional income sourced from PCTs to fund additional clients, and staffing increases at the in house LD Independent Living Scheme (ILS).

The total of these gross and income realignments is +£7,173k gross and -£7,173k income (1,302+1,065+2,377+1,922+237+270)

In addition to this is the approved roll forwards from 20th June 2011 Cabinet which total £1,633k gross. There are also a number of other corporate adjustments which total £7,934k gross and -£556k income (£7,378k net), this includes the transfer of £3,491k for the Children's Social Care Improvement Plan from the Finance & Business Support portfolio and the use of the £2,128k uncommitted roll forward from 2010-11 to offset pressures within Specialist Children's Services as agreed by Cabinet in July. The balance is predominantly related to the restructure of KCC, where responsibilities between the new directorates are still being refined.

The overall movements are increases of £16,790k gross (50+7173+1633+7934) and £7,779k income (50+7173+556). This is detailed in table 1a.

Some of the adjustments have impacted upon affordable levels of activity reported in section 2 of this annex, which have been amended from the levels reported to Cabinet on 20 June within the outturn report.

As Members will know, the Kent PCTs were allocated £16,226k in 2011-12 as part of the national allocation of ‘Social Care Monies for Health Outcomes’ for joint working with Local Authorities, the deployment of these monies is currently being finalised in consultation with the PCT Cluster and a separate report will be submitted to Members in relation to this. Therefore this monitoring report excludes any effect of this allocation

Cabinet is asked to approve these revised cash limits.

1.1.2.1 **Table 1a** below details the change in cash limits by Service Unit:

Budget Book Heading	Published Cash Limit			Current Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Specialist Children's Services portfolio									
Strategic Management & Directorate Support Budgets	5,518	-3,132	2,386	4,715	-2,566	2,149	-803	566	-237
Services for Schools									
Early Years & Childcare Advisory Service	13,741	-13,741	0	13,467	-13,467	0	-274	274	0
Social Services for Children:									
16+ Service	8,988		8,988	8,988	0	8,988	0	0	0
Adoption Service	7,154	-49	7,105	7,147	-49	7,098	-7	0	-7
Asylum Seekers	14,525	-14,245	280	14,525	-14,245	280	0	0	0
Childrens Support Services	2,415	-1,043	1,372	3,414	-1,940	1,474	999	-897	102
Fostering Service	31,951	-425	31,526	31,904	-407	31,497	-47	18	-29
Other Preventative Services	16,352	-8,920	7,432	16,476	-8,541	7,935	124	379	503
Residential Children's Services	10,539	-2,278	8,261	10,932	-2,533	8,399	393	-255	138
Safeguarding	3,685	-357	3,328	4,142	-373	3,769	457	-16	441
	95,609	-27,317	68,292	97,528	-28,088	69,440	1,919	-771	1,148
Support for Individual Children									
- Children's Centres	18,476	-18,476	0	19,741	-18,854	887	1,265	-378	887
- Integrated Looked After Children's Service	1,554	-304	1,250	2,182	-704	1,478	628	-400	228
	20,030	-18,780	1,250	21,923	-19,558	2,365	1,893	-778	1,115
Intermediate Services									
- Assessment of Vulnerable Children	33,054	-2,684	30,370	39,399	-2,520	36,879	6,345	164	6,509
Total SCS portfolio	**167,952**	**-65,654**	**102,298**	**177,032**	**-66,199**	**110,833**	**9,080**	**-545**	**8,535**
Adult Social Care & Public Health portfolio									
Strategic Management & Directorate Support Budgets	9,009	-378	8,631	9,922	-755	9,167	913	-377	536
Adults & Older People:									
- Direct Payments									
- Learning Disability	10,076	-534	9,542	10,837	-736	10,101	761	-202	559
- Mental Health	732		732	732	0	732	0	0	0
- Older People	6,314	-665	5,649	6,359	-665	5,694	45	0	45
- Physical Disability	8,248	-353	7,895	8,248	-353	7,895	0	0	0
Total Direct Payments	25,370	-1,552	23,818	26,176	-1,754	24,422	806	-202	604
- Domiciliary Care									
- Learning Disability	7,383	-1,411	5,972	7,603	-1,454	6,149	220	-43	177
- Mental Health	882	-80	802	898	0	898	16	80	96
- Older People	46,793	-10,679	36,114	47,704	-11,925	35,779	911	-1,246	-335
- Physical Disability	7,743	-520	7,223	7,684	-539	7,145	-59	-19	-78
Total Domiciliary Care	62,801	-12,690	50,111	63,889	-13,918	49,971	1,088	-1,228	-140

Budget Book Heading	Published Cash Limit			Current Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
- Nursing & Residential Care									
- Learning Disability	73,078	-21,043	52,035	75,502	-23,389	52,113	2,424	-2,346	78
- Mental Health	6,756	-852	5,904	6,737	-846	5,891	-19	6	-13
- Older People - Nursing	45,547	-22,053	23,494	45,547	-22,070	23,477	0	-17	-17
- Older People - Residential	85,806	-34,094	51,712	88,679	-36,594	52,085	2,873	-2,500	373
- Physical Disability	12,513	-1,888	10,625	12,305	-1,786	10,519	-208	102	-106
Total Nursing & Residential Care	223,700	-79,930	143,770	228,770	-84,685	144,085	5,070	-4,755	315
- Supported Accommodation									
- Learning Disability	31,183	-18,989	12,194	31,227	-18,857	12,370	44	132	176
- Physical Disability/Mental Health	1,210	-255	955	1,313	-255	1,058	103	0	103
Total Supported Accommodation	32,393	-19,244	13,149	32,540	-19,112	13,428	147	132	279
- Other Services for Adults & Older People									
- Contributions to Vol Orgs	15,526	-902	14,624	14,912	-902	14,010	-614	0	-614
- Day Care									
- Learning Disability	12,824	-436	12,388	13,197	-284	12,913	373	152	525
- Older People	4,501	-210	4,291	4,086	-157	3,929	-415	53	-362
- Physical Disability/Mental Health	1,695	-38	1,657	1,302	-1	1,301	-393	37	-356
Total Day Care	19,020	-684	18,336	18,585	-442	18,143	-435	242	-193
- Other Adult Services	14,239	-8,157	6,082	14,139	-8,185	5,954	-100	-28	-128
Total Other Services for A&OP	48,785	-9,743	39,042	47,636	-9,529	38,107	-1,149	214	-935
- Intermediate Services									
- Assessment of Vulnerable Adults & Older People	41,282	-2,773	38,509	42,117	-3,791	38,326	835	-1,018	-183
Total ASC&PH portfolio	**443,340**	**-126,310**	**317,030**	**451,050**	**-133,544**	**317,506**	**7,710**	**-7,234**	**476**
Total Families & Social Care controllable	**611,292**	**-191,964**	**419,328**	**628,082**	**-199,743**	**428,339**	**16,790**	**-7,779**	**9,011**

1.1.2.2 **Table 1b** below details the revenue position by Service Unit against the revised cash limits shown in table 1a:

Budget Book Heading	New cash limit			Variance			Comments
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Specialist Children's Services portfolio							
Strategic Management & Directorate Support Budgets	4,715	-2,566	2,149	44	0	44	
Services for Schools:							
Early Years & Childcare Advisory Service	13,467	-13,467	0	-607	7	-600	Recommissioning of SLA with NCA
Social Services for Children:							
16+ Service	8,988	0	8,988	793	0	793	Increased residential weeks, cost of Independent fostering, staffing pressures
Adoption Service	7,147	-49	7,098	345	-11	334	Special Guardianship Orders & staffing pressures
Asylum Seekers	14,525	-14,245	280	1,193	-396	797	continuing support of 18+ Asylum seekers who are not eligible for grant funding
Childrens Support Services	3,414	-1,940	1,474	33	6	39	
Fostering Service	31,904	-407	31,497	4,255	3	4,258	Activity above affordable level, increased allowances as a result of new legislation, legal costs

Budget Book Heading	New cash limit			Variance			Comments
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Other Preventative Services	16,476	-8,541	7,935	-403	0	-403	Southwark Judgement pressures, offset by uncommitted funds
Residential Children's Services	10,932	-2,533	8,399	999	66	1,065	Activity above affordable level, offset by lower unit costs & underspend on secure accommodation
Safeguarding	4,142	-373	3,769	125	0	125	Staffing as a result of Ofsted inspection
	97,528	-28,088	69,440	7,340	-332	7,008	
Support for Individual Children							
- Children's Centres	19,741	-18,854	887	0	0	0	
- Integrated Looked After Children's Service	2,182	-704	1,478	90	0	90	
	21,923	-19,558	2,365	90	0	90	
Intermediate Services							
- Assessment of Vulnerable Children	39,399	-2,520	36,879	2,206	30	2,236	Staffing pressures
Total SCS portfolio	**177,032**	**-66,199**	**110,833**	**9,073**	**-295**	**8,778**	
Adult Social Care & Public Health portfolio							
Strategic Management & Directorate Support Budgets	9,922	-755	9,167	456	-103	353	Staffing pressure largely offset by additional income, increased legal services costs, BHAL pressure
Adults & Older People:							
- Direct Payments							
- Learning Disability	10,837	-736	10,101	-214	364	150	Activity below affordable & unit income lower than budgeted
- Mental Health	732	0	732	-72	0	-72	Activity below affordable
- Older People	6,359	-665	5,694	-488	44	-444	Activity below affordable
- Physical Disability	8,248	-353	7,895	711	-165	546	Activity above affordable
Total Direct Payments	26,176	-1,754	24,422	-63	243	180	
- Domiciliary Care							
- Learning Disability	7,603	-1,454	6,149	-847	34	-813	Activity below affordable
- Mental Health	898	0	898	-221	0	-221	Activity below affordable
- Older People	47,704	-11,925	35,779	-2,945	1,591	-1,354	Activity below affordable
- Physical Disability	7,684	-539	7,145	-237	23	-214	Activity below affordable
Total Domiciliary Care	63,889	-13,918	49,971	-4,250	1,648	-2,602	
- Nursing & Residential Care							
- Learning Disability	75,502	-23,389	52,113	3,757	-1,338	2,419	Activity above affordable
- Mental Health	6,737	-846	5,891	255	209	464	Activity above affordable
- Older People - Nursing	45,547	-22,070	23,477	-723	351	-372	Activity below affordable
- Older People - Residential	88,679	-36,594	52,085	-1,771	941	-830	Reduced P&V activity, reduced in house income
- Physical Disability	12,305	-1,786	10,519	1,272	42	1,314	Activity above affordable
Total Nursing & Residential Care	228,770	-84,685	144,085	2,790	205	2,995	
- Supported Accommodation							
- Learning Disability	31,227	-18,857	12,370	-903	-193	-1,096	Activity below affordable
- Physical Disability/Mental Health	1,313	-255	1,058	896	-101	795	PD Activity below affordable but higher unit cost MH Activity above affordable
Total Supported Accomm	32,540	-19,112	13,428	-7	-294	-301	

Budget Book Heading	New cash limit			Variance			Comments
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Other Services for Adults & Older People							
- Contributions to Vol Orgs	14,912	-902	14,010	-210	71	-139	Move towards SDS and Innovative commissioning
- Day Care							
- Learning Disability	13,197	-284	12,913	-246	25	-221	Reduced staffing levels
- Older People	4,086	-157	3,929	-166	-12	-178	Innovative commissioning
- Physical Disability/Mental Health	1,302	-1	1,301	-30	1	-29	
Total Day Care	18,585	-442	18,143	-442	14	-428	
- Other Adult Services	14,139	-8,185	5,954	304	295	599	Growth in OT; Meals; Loss of income
Total Other Services for A&OP	47,636	-9,529	38,107	-348	380	32	
- Intermediate Services							
- Assessment of Vulnerable Adults & Older People	42,117	-3,791	38,326	-1,001	149	-852	Vacancy management; uncommitted funds
Total ASC&PH portfolio	**451,050**	**-133,544**	**317,506**	**-2,423**	**2,228**	**-195**	
Total Families & Social Care controllable	**628,082**	**-199,743**	**428,339**	**6,650**	**1,933**	**8,583**	
Assumed Management Action							
- SCS portfolio						**0**	
- ASC&PH portfolio						**0**	
Forecast after Mgmt Action				**6,650**	**1,933**	**8,583**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Specialist Children's Services portfolio:
Overall forecast net pressure of £8,778k, details of which are below.

1.1.3.1 Early Years & Childcare Service: -£600k (-£607k gross, +£7k income)
A £600k forecast under spend is reported, due to the successful re-negotiation of the National Childminding Association Contract, which reduced the original cost to £95k. This organisation carries out various strategic commissioning training sessions for Childminders on behalf of the Early Years Service. This contract is managed within the Children's Centres Central Team budget.

1.1.3.2 16+ Service- +£793k gross
An increase in spend of £428k in the Private & Voluntary sector is a major contributor to the pressure on the 16+ service. This is due to an expected variance of 143 weeks support in residential care above the affordable level (+39%), due to children remaining in their placements when turning 16, rather than moving into lower cost supported lodgings. The Authority has a legal obligation to maintain the existing placement if the child requests.
An increase of £248k in Independent Fostering Payments spend is also contributing to the forecast pressure on the 16+ service. This is due to a forecast variance of 257 weeks support above the affordable level (+36%) (£260k), which has been mitigated by a slight reduction in the unit cost of placements, down 1% (£12k).
£112k of the forecast pressure is as a result of the team now being fully staffed to meet the increased demand on these services as a result of the higher activity seen so far in 2011-12.

This increase in activity has also resulted in higher than anticipated payments to Relevant Children (£67k) & Section 24/Leaving Care payments (£25k). (Relevant Children are defined under the Leaving Care act as “children aged 16-17 who are no longer looked after by a local authority, but who were looked after for at least 13 weeks after the age of 14 and have been looked after at some time while they were aged 16 and 17). We are forecasting an underspend of £88k in Non-Related (in-house) Fostering within the 16+ service. This is due to forecast activity being 60 weeks less than the affordable level (£24k), and the unit cost being £9 less than budgeted (£64k).

1.1.3.3 Adoption Service: +£334k (+£345k gross, -£11k income)
The current forecast variance of £334k includes £159k as a result of an increase of staff in the Adoption Team. An increase in costs relating to Special Guardianship Orders (SGO) of £210k is offset by a small under spend of £24k on Adoption payments. There is an upward trend for SGO’s in order to secure a permanent placement for a child where adoption is not suitable or required. In order to secure permanency, SGO legal orders through the courts are required.

1.1.3.4 Asylum Seekers: +£797k (+£1,193k gross, -£396k income)
This gross pressure relates to the costs incurred in continuing to support young people over 18 years old who are not eligible under UKBA’s grant rules. We are assuming that we will have an average of 110 young people who do not qualify under the grant rules mainly because they are Appeal Rights Exhausted, or are naturalised but not able to claim benefits. Under the Leaving Care Act, we continue to have a duty of care to support these young people. In addition the grant rules exclude the first 25 eligible young people.
While the number of clients supported has reduced in 2011-12 this still remains higher than originally budgeted, resulting in an expected increase in grant income. In total we are forecasting 795 weeks above the budgeted level. These are spread between both over 18s (480 weeks, £72k) and under 18s (315 weeks, £255k). In addition the age distribution of the under 18 client group is skewed further towards under 16s that originally anticipated, as a result our forecast has increased by a further £69k. All these additional costs will be reimbursed under the current grant rules, as a result our income forecast has risen by £396k.

1.1.3.5 Fostering Service: +£4,258k (+£4,255k gross, +£3k income)
Non-Related Fostering (in-house) is forecasting a pressure of £1,679k, as a result of the forecast number of weeks of service being 9.9% higher than the affordable level of 41,800, this generates £1,654k of the current pressure. Additionally, the unit cost being slightly (£0.48) higher than previously estimated when setting the cash limit has added £22k to the pressure. There is a slight (£3k) pressure arising from income.
Independent Fostering is forecasting a pressure of £516k. Again this is as a result of a significant increase in weeks support, which is 16% higher than the affordable level of 3,990 and results in a pressure of £705k. However the average weekly cost is 4% lower than budgeted, and this reduces the net pressure by £189k.
Related Foster payments is forecasting a pressure of £354k, and Kinship Non LAC is forecasting a pressure of £533k, both are mainly due to a potential increase in allowances paid to related fosters. New legislation that came into effect on the 1st April 2011 requires Local Authorities to pay reward payments to related foster carers. Currently Kent’s policy is that related carers only receive the maintenance element, whereas non-related carers receive both a maintenance and a fee element. The outcome of the recent Manchester City Council judgement regarding this legislation was ambiguous, so legal advice is currently sought. As a precaution, £620k has been included in the forecast for 2011-12 for this Related Foster payments £260k and Kinship Non LAC £360k.
The balance of pressure on Related Foster payments of £94k is largely due to unanticipated pre-adoption payments.
The balance of the pressure on Kinship Non LAC, (non LAC children placed with relatives), of £173k is primarily due to increased demand for this service with the forecast number of weeks being 1,800 higher than affordable. *(Kinship Non LAC is not included in the activity shown at Section 2.2.).*
Legal costs are currently forecast at the same level as in 2010-11 (£5m), this adds £1,155k to the forecast pressure

1.1.3.6 Other Preventative Services: -£403k gross

Within preventative services there is £727k of uncommitted monies. It has been agreed at this stage not to commit these monies to new contracts with the voluntary sector due to the significant financial pressures elsewhere in the specialist children's services.

We are also currently forecasting an underspend of £181k on the Family Liaison Teams.

These underspends are off-set by a forecast overspend of £415k on Section 17 payments as a result of increased payments arising from the Southwark Judgement. This challenged local authorities to consider the wider needs of vulnerable young people between the ages of 16 and 18 who present themselves as homeless and to deal with the issue in a corporate manner rather than through individual agencies. It concluded that the young persons were to be treated as children in need (as defined by Section 20 of the Children Act 1989), and that they should be taken into the care of the local authority. This will result in an increase of 16-18 year olds in the care system. Prior to the judgement these clients would have been accommodated by the district council housing departments. It is difficult to forecast with accuracy how many young people will return to our care, and what services they will require and be entitled to

1.1.3.7 Residential Children's Services: +£1,065k (+£999k gross, +£66k income)

Of the pressure within residential services, £1,103k (£877k gross, £226k income) relates to services purchased in the independent sector. This is due to the forecast number of client weeks (1,432) being 24% higher than the affordable level and results in a pressure of £896k. However, the gross unit cost is 1% below the planned level which reduces the pressure by £18k. However, due to fewer clients than anticipated attracting Health and/or Education funding, our income forecast is £226k lower than budgeted for.

Secure Accommodation is forecasting an underspend of £319k based on current activity.

Independent Sector residential care for children with a disability is also showing a pressure of £235k (£393k gross, £158k income). This is due to an increase in activity of 20% above the affordable level, which results in a pressure of £587k, but this is mitigated by a gross unit cost being 6% lower than affordable giving a saving of £194k and higher than budgeted income of £158k.

KCC Residential care shows an underspend of £12k. (Gross £10k, Income £2k)

In addition there has been 1 additional placement, for 13 weeks, made in Non-LAC residential care at an approximate cost of £3,500 per week, resulting in the majority of the £58k pressure on this service.

1.1.3.8 Safeguarding: +£125k gross

Additional safeguarding posts have been required following the Ofsted inspection, however this decision was made after the 2011-13 MTFP and budget process was complete. In recognition of this, £374k of the £2.128m uncommitted roll forward from 2010-11 that Cabinet agreed for CSS at it's meeting in July has been transferred here, which reduces the potential pressure to the £125k reported here.

1.1.3.9 Intermediate Services - Assessment of Vulnerable Children: +£2,236k (+£2,206k gross, +£30k income)

Following the Ofsted inspection, teams have recruited additional staff, mainly agency social workers. This has caused the significant pressure that is now being forecast. In recognition of this, £1,754k of the £2.128m uncommitted roll forward from 2010-11 that Cabinet agreed for CSS at it's meeting in July has been transferred here, leaving a gross staffing pressure of £2,206k.

Adult Social Care & Public Health portfolio:
Overall forecast net under spend of £195k, details of which are below.

1.1.3.10 Strategic Management & Directorate Support Budgets (including safeguarding) +£353k (+£456k gross, -£103k income)

There gross pressure of £456k is as a result of; a £130k pressure on legal services costs, work is ongoing to establish the cause of this. There is also a pressure of £287k on safeguarding and strategic commissioning, primarily caused by the existence of additional posts which are largely funded by additional income of £213k .The remaining £39k gross pressure comprises a number of smaller variances, all below £100k.

There is also a £109k pressure related to the Excellent Homes for All (EH4A) project, where income is forecast to be under recovered, further investigation is being carried out to identify ways of reducing this pressure.

1.1.3.11 **Direct Payments: +£180k (net)**

a. Learning Disability +£150k (-£214k gross, +£364k income)
This line is forecast to underspend by £214k on gross expenditure. The number of weeks is forecast to decrease by 540 generating a £125k forecast saving, there is also a reduction in the unit cost of £1.66, therefore further reducing this line by £77k. The remaining gross variance is due to one-offs, for example, for equipment.
The unit income is forecast to be £8.58 below affordable, resulting in a pressure of £378k and there is also a small variance in income due to the reduced level of activity.

b. Mental Health -£72k (gross)
The number of weeks are forecast to reduce by 2,072 generating a forecast under spend of £130k. The actual unit cost is £6.06 higher than affordable levels which generates a £58k forecast pressure. There is no income variance forecast.

c. Older People -£444k (-£488k gross, +£44k income)
The number of weeks is forecast to reduce by 2,482 generating a £324k forecast saving. The actual unit cost is also forecast to reduce by £3.61 which will increase this under spend by a further £164k. There is also a small variance on income.

d. Physical Disability +£546k (+£711k gross, -£165k income)
The number of weeks is forecast to increase by 6,259 generating a £1,173k pressure, offset by a reduction in unit cost of £9.20 generating a £463k saving. The additional weeks generate additional income of £50k, and the unit income is £2.51 higher than budgeted, which adds £115k to the forecast income.

1.1.3.12 **Domiciliary Care: -£2,602k (net)**

a. Learning Disability -£813k (-£847k gross, +£34k income)
The overall forecast is an under spend against gross of £847k, coupled with an under recovery of income of £34k. The number of hours is forecast to be 102,555 hours lower than the affordable hours, generating a £1,167k forecast under spend. The actual unit cost is £0.86 higher than the affordable levels, reducing that forecast under spend by £354k. There is a minor under recovery against income related to this. There are also minor variances, gross & income against other LD domiciliary services, including Independent Living Service (ILS)

b. Mental Health -£221k gross
There is a gross underspend forecast of £221k. Forecast hours are 9,146 below the affordable level, creating a saving of £130k, whilst the unit cost is forecast to be £1.60 lower than affordable, which adds £91k to the saving. There is no income variance forecast.

c. Older People -£1,354k (-£2,945k gross, +£1,591k income)
The overall forecast is an under spend against gross of £2,945k, coupled with an under recovery of income of £1,591k. The number of hours is forecast to be 40,927 lower than the affordable hours generating a £614k forecast under spend. The actual unit cost is £0.49 lower than the affordable level, increasing that initial forecast under spend by a further £1,200k. The reduction in hours is forecast to produce an under recovery of income of £245k, this is added to by the fact that the unit income is forecast to be £0.37 lower than affordable, adding £899k to the pressure. In house provision is also forecast to underspend, by £479k, which is due to the number of clients being below that afforded by the budget. The remaining £305k gross saving is forecast against all other older persons domiciliary services as a result of savings found when commissioning services. The remaining £100k of income under recovery is comprised of several small variances on several service lines.

e. Physical Disability -£214k (-£237k gross, +£23k income)
The overall forecast is an under spend against gross of £237k, offset by an under recovery of income of £23k. The number of hours provided is forecast to be 17,966 lower than the affordable level generating a £236k forecast under spend. The actual unit cost is £0.04 lower than the

affordable levels, adding to that initial forecast under spend by £21k. This is offset by minor variances across other domiciliary services.

1.1.3.13 **<u>Nursing & Residential Care: +£2,995k (net)</u>**

a. <u>Learning Disability +£2,419k (+£3,757k gross, -£1,338k income)</u>
The overall forecast for residential care is a pressure on gross of £3,757k, partially offset by an over recovery of income of -£1,338k, giving a net pressure of £2,419k. The number of client weeks reflects a forecast of 40,149, which is 1,664 higher than the affordable levels at a cost of £2,109k and includes those known young people who are in the 'transition' process and will be coming into the Families & Social Care Directorate before the end of the year. The actual unit cost is £1,267.40, which is £38.21 higher than the affordable level and adds a further £1,471k to the forecast.
The additional client weeks add £690k of income, and the actual income per week is higher than the expected level which generates an over-recovery in income of £591k.

There are also individual variances below £100k on the preserved rights lines, and a minor variance on in house provision, which all total to +£177k gross and -£57k income.

b. <u>Mental Health +£464k (+£255k gross, +£209k income)</u>
The forecast for residential care, including Preserved Rights clients, is a gross pressure of £255k and an under-recovery of income of £209k, leaving a net pressure of £464k. The forecast level of weeks is 318 higher than the affordable level at a cost of £153k. The actual unit cost is higher than the affordable level, which increases the pressure by a further £124k. The forecast also assumes a significant under-recovery in income of £187k due to the continual increasing proportion of clients falling under the Section 117 legislation, which means that they do not contribute to the cost of their care. There are also small variances on Preserved rights.

c. <u>Older People - Nursing -£372k (-£723k gross, +£351k income)</u>
There is an under spend of £723k on gross and an under recovery of income of £351k, leaving a net variance of -£372k. The forecast level of client weeks is 1,304 lower than the affordable level, at a forecast under spend of £623k. Whilst the year to date activity levels might suggest a forecast of activity closer to the affordable level, there is a forecast level of attrition and more use of non permanent care as opposed to permanent in the first quarter and therefore we expect numbers to reduce by year end. The unit cost is currently forecast to be slightly lower than budget at £477.82, instead of £478.80, which gives a forecast under spend of £76k. The decreased activity has resulted in a decrease in income of £232k. The actual income per week is £177.45, against an expected level of £178.80, which creates a further pressure of £97k. There are also minor variances against preserved rights.

d. <u>Older People - Residential -£830k (-£1,771k gross, +£941k income)</u>
This service is reporting a gross saving of £1,771k, along with an under recovery of income of £941k. The forecast level of client weeks is 5,787 lower than the affordable levels, which generates a forecast under spend of £2,257k. However the unit cost is £2.15 higher than the affordable levels causing a £346k pressure. On the income side, the reduction in activity coupled with the higher than budgeted income levels adds a further £408k pressure. However, we expect some volatility in the forecast on this line this year because of the impact of the Modernisation agenda. Preserved Rights lines are forecasting 332 weeks more than affordable, creating a pressure of £140k, in addition the increased unit cost of £12.04 greater than affordable creates a £70k pressure. There are also minor variances on income for preserved rights.

In house provision including Integrated Care centres (ICC) is forecasting a minor variance on gross. The In-house & ICCs are forecasting a £500k under recovery of income, mainly due to less permanent clients being placed in the homes because of the OP Modernisation programme.

e. <u>Physical Disability + £1,314k (+£1,272k gross, +£42k income)</u>
A gross pressure of £1,272k, along with an under recovery of income of £42k, generates the pressure reported here. The forecast level of client weeks of service is 1,300 higher than the affordable levels, giving a forecast pressure of £1,277k. The forecast unit cost is currently comparable to the affordable level. The additional activity is forecast to increase income by

£134k, however the forecast weekly income is £14 lower than budgeted, creating a pressure of £175k. There are also minor variances on preserved rights lines.

1.1.3.14 **Supported Accommodation: -£301k (net)**

a. Learning Disability -£1,096k (-£903k gross, -£193k income)
A gross under spend of £903k, coupled with an over recovery of income of £193k generates the above net forecast variance. The forecast level of client weeks is 493 lower than the affordable levels, generating a £492k forecast under spend. The gross unit cost is currently forecast to be £13.94 lower than the affordable level, which generates a £421k forecast under spend. The actual income per week is £632.78, against an expected level of £616.39, which creates a saving of £495k, but this is offset as a result of the reduction in activity which causes a £312k forecast shortfall in income.
There are minor variances on other lines including Group Homes & Link Placement.

b. Physical Disability / Mental Health +£795k (+£896k gross, -£101k income)
For the mental health client group the forecast level of client weeks is 1,408 higher than the affordable level, generating a forecast pressure of £527k, offset slightly by a lower than affordable unit cost which reduces the initial pressure by £41k. This increase in activity results in a forecast over recovery of income of £68k.
For the physical disability client group the forecast level of client weeks is 4,346 lower than the affordable level of weeks, creating a saving of £150k coupled with a higher than affordable unit cost level, which adds a pressure of £559k to the forecast. There is also a minor over recovery of income.

1.1.3.15 **Other Services for Adults & Older People**

a. Contributions to Voluntary Organisations -£139k (-£210k gross, +£71k income)
As part of the ongoing drive to deliver more self directed support through Direct Payments & Personal Budgets, various contracts with voluntary organisations are currently being reviewed/re-negotiated or re-commissioned. This will result in budgets being vired to other service lines to offset this change in commissioning future services. The current effect of this is a forecast saving on the gross budget of £210k. The income pressure is due to decreased funding from recharges to health.

b. Day Care -£428k (-£442k gross, +£14k income)
There is a reduction in staffing levels against Learning Disability Day Services resulting in a saving of £134k. The remainder of the variance relates to a number of recommissioning strategies for both the in-house and independently provided services.

c. Other Adult Services +£599k (+£304k gross, +£295k income)
The Gross Variance is +£304k, whilst income variance is +£295k. The forecast presented here assumes the same level of growth for Occupational Therapy equipment for both the Older People & Physical Disability as experienced in 2010-11 of £176k.
There is also a pressure related to the provision of meals, where the volume of meals continues to fall creating a gross underspend of £80k. If the trend continues the cost per meal increases, therefore creating an increased pressure regarding the under recovery of income.
There is also a pressure forecast on Mental Health Community Services of £75k, which is due to changes in the expected income from Supporting People.
There are also numerous other minor variances on gross and income, which are individually all below £100k.

1.1.3.16 **Intermediate Services - Assessment of Vulnerable Adults & Older People: -£852k (-£1,001k gross, +£149k income)**

The Mental Health assessment & related service contributes approximately £650k towards this forecast under spend as a result of vacancy management through continuing to hold posts vacant and delaying any recruitment process. The forecast reduction in income is as a result of the departure of 3 previously health funded posts, which have not been recruited to. There are some minor income variances totalling -£20k on other lines.

The remaining £350k of the forecast under spend on gross is the Directorate's prudency in holding back unallocated funding in order to offset other pressures within the directorate.

1.1.3.17 **Social Care Charging**

There is a separate report on this agenda relating to social care charging which refers to a total pressure of £833k, which is due to a later implementation than assumed in the budget. The forecast in this report includes this pressure across a whole range of income variances. Those variances that are over £100k in size, and are not offset by compensating forecasts are reflected in table 2 below.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	Assessment of Vulnerable Children - Additional staffing in response to Ofsted report	+2,206	ASCPH	Residential - OP Gross - Forecast activity lower than affordable level	-2,257
ASCPH	Residential - LD Gross - Activity higher than affordable level	+2,109	ASCPH	Domiciliary - OP Gross - Unit cost lower than affordable	-1,200
SCS	Fostering Service - Gross - Non related in house activity higher than affordable	+1,654	ASCPH	Domiciliary - LD Gross - Forecast activity lower than affordable level	-1,167
ASCPH	Residential - LD Gross - Unit cost higher than affordable level	+1,471	SCS	Other preventative Services - Gross - Uncommitted funds to offset other pressures	-727
ASCPH	Residential - PD Gross - Activity higher than affordable level	+1,277	ASCPH	Residential - LD Income - Increased income from increased activity	-690
SCS	Asylum - Gross - Increased numbers of Young People, many of which do not qualify for funding	+1,193	ASCPH	Assessment of Vulnerable Adults - Gross - Vacancy Management	-650
ASCPH	Direct payments - PD Gross - Forecast activity higher than affordable level	+1,173	ASCPH	Nursing - OP Gross - Forecast activity lower than affordable level	-623
SCS	Fostering Service - Gross - Legal costs	+1,155	ASCPH	Domiciliary - OP Gross - Forecast activity lower than affordable level	-614
ASCPH	Domiciliary - OP Income - Unit income lower than budgeted	+899	SCS	Early Years & Childcare Advisory - Gross - Renegotiation of SLA with National Childminding Association	-600
SCS	Children's Residential - Gross - Activity higher than affordable level	+896	ASCPH	Residential - LD Income - Income per week higher than budgeted	-591
SCS	Fostering Service - Gross - Independent fostering activity higher than affordable	+705	ASCPH	Supported Accomodation - LD Income - unit income greater than budgeted	-495
SCS	Children's Residential - Gross - Disability related activity greater than affordable	+587	ASCPH	Supported Accomodation - LD Gross - Forecast activity lower than affordable level	-492
ASCPH	Supported Accomodation - PD Gross - unit cost higher than affordable level	+559	ASCPH	Domiciliary - OP Gross - In house clients lower in number than afforded	-479
ASCPH	Supported Accomodation - MH Gross - activity forecast higher than affordable level	+527	ASCPH	Direct payments - PD Gross - Unit cost lower than affordable	-463
ASCPH	Residential - OP Income - under recovery of income due to fewer clients in in-house provision related to OP Modernisation	+500	ASCPH	Supported Accomodation - LD Gross - Unit cost lower than affordable	-421

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
SCS	16+ Service - Gross - Increased demand for P&V residential care	+428	SCS	Asylum - Income - Increased numbers of Young People, who are eligible for grant funding	-396
SCS	Other preventative services - Gross - Increase in Section 17 payments due to Southwark Judgement	+415	ASCPH	Assessment of Vulnerable Adults - Gross - Holding uncommitted funding to offset other FSC pressures	-350
ASCPH	Residential - OP Income - reduced income due to reduced activity	+408	ASCPH	Domiciliary - OP Gross - Uncommitted funds to offset the pressure created by the delayed implementation of charging strategy	-347
ASCPH	Direct payments - LD Income - Unit income lower than budgeted	+378	ASCPH	Direct payments - OP Gross - activity lower than affordable level	-324
SCS	Fostering Service - Gross - New Legislation regarding reward payments - Kinship Non LAC	+360	SCS	Children's Residential - Gross - Secure accomodation activity lower than afforded	-319
ASCPH	Domiciliary - LD Gross - Unit cost higher than affordable level	+354	ASCPH	Domiciliary - OP Gross - Savings on commissioning	-305
ASCPH	Domiciliary - OP Income - Delayed implementation of charging strategy	+347	ASCPH	Domiciliary - PD Gross - Activity lower than affordable	-236
ASCPH	Residential - OP Gross - Forecast unit cost higher than affordable level	+346	ASCPH	Strategic Managment & Directorate Support - Income - Additional Income from a variety of sources, including health to offset staffing pressure	-213
ASCPH	Supported Accomodation - LD Income - reduced income due to reduced activity	+312	ASCPH	Contributions to Vol Orgs - Review of contracts & changes to commissioning	-210
ASCPH	Strategic Managment & Directorate Support - Gross - Increase in staffing since budget set	+287	SCS	Children's Residential - Gross - Disability related unit cost lower than budgeted	-194
SCS	Fostering Service - Gross - New Legislation regarding reward payments - Related Fostering	+260	SCS	Fostering Service - Gross - Average cost of Independent Fostering lower than budgeted	-189
SCS	16+ Service - Gross - High demand for Independent Fosting Allowances	+260	SCS	Other preventative Services - Gross - Underspend on Family Liasion Teams	-181
ASCPH	Domiciliary - OP Income - reduced income due to reduced activity	+245	ASCPH	Direct payments - OP Gross - Unit cost lower than affordable level	-164
ASCPH	Nursing - OP Income - reduced income due to reduced activity	+232	SCS	Children's Residential - Income - Disability related activity greater than affordable resulting in additional income	-158
SCS	Children's Residential - Income - Reduction in clients eligible for funding from Health or Education	+226	ASCPH	Supported Accomodation - PD Gross - activity lower than affordable	-150
SCS	Adoption Service - Gross - Increase in Special Guardianship Orders	+210	ASCPH	Day Care - Gross - Reduction in Staffing levels	-134
ASCPH	Residential - MH Income - Under recovery in income expected because of S117 classification	+187	ASCPH	Residential - PD income - increased income as a result of increased activity	-134
ASCPH	Other Adult Services - Income - Reduction in income commensurate with the reduction in meals provided.	+180	ASCPH	Direct payments - MH Gross - activity lower than affordable level	-130
ASCPH	Other Adult Services - Gross - growth in provision of OT equipment	+176	ASCPH	Domiciliary - MH Gross - Forecast activity lower than affordable level	-130

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
ASCPH	Residential - PD income - unit income lower than budgeted	+175	ASCPH	Direct payments - LD Gross - Forecast activity lower than affordable	-125
SCS	Fostering Service - Gross - Kinship Non LAC activity higher than affordable level	+173	ASCPH	Direct payments - PD Income - Unit income higher than the budgeted level	-115
ASCPH	Assessment of Vulnerable Adults - Income - Vacancy Management meaning less recharges to health	+170			
SCS	Adoption Service - Gross - Adoption Team staffing	+159			
ASCPH	Residential - MH Gross - Activity higher than affordable level	+153			
ASCPH	Residential - OP Gross - Forecast activity higher than affordable level for Preserved Rights Clients	+140			
ASCPH	Strategic Managment & Directorate Support - Gross - Increase cost of legal services	+130			
SCS	Safeguarding - Additional staffing in response to Ofsted inspection	+125			
ASCPH	Residential - MH Gross - Unit cost higher than affordable	+124			
SCS	16+ Service - Gross - 16+ Team staffing	+112			
ASCPH	Strategic Managment & Directorate Support - Income - under recovery of income on EH4A project	+109			
		+24,092			-15,973

1.1.4 **Actions required to achieve this position**

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position before assumed management action reported in table 1.

The forecast presented assumes the Good Practice Guidelines adopted within the directorate are being adhered to and it is felt that this has assisted Adult's Services to report a position within cash limit this year. However the improvements required to Children's Services following the OFSTED inspection, and the continuing increasing trend of looked after children means that it is unlikely that significant management action can be applied in the current year, which will significantly reduce the current pressure that is being forecast.

1.1.5 **Implications for MTFP**:

The current MTP for 2012-13 for both children's and adults assumes a balanced position for 2011-12.

It can be seen that within children's specialist services there are significant financial pressures which must be addressed during the MTP process. Work is underway to establish the amount of base funding that is required to support the current numbers of children being supported.

Work is ongoing to establish the demographic pressures now anticipated in the medium term for adult social care compared to those estimates in the current MTP for 2012-13 and beyond.

1.1.6 **Details of re-phasing of revenue projects**:

No revenue projects have been identified for re-phasing.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

Significant improvement is being seen within Specialist Children's Services following the OFSTED inspection last year, which clearly will impact financially in the current year. It is highly unlikely therefore that the Specialist Children's Services will produce a balanced budget position by year end, unless recognition and additional funding is made available to support those children and families we are currently providing services.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 18th July 2011, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	Future Yrs £000s	TOTAL £000s
Specialist Children's Services Portfolio						
Budget	63,724	12,939	2	0	0	76,665
Adjustments:						
- Re-phasing at Outturn	-197	197				0
- Outturn Changes	-19					-19
- Thanet MASH		61	3			64
- Early Years/Children's Centres		-484				-484
- Asset Modernisation		-84				-84
						0
Revised Budget	63,508	12,629	5	0	0	76,142
Variance		0	0	0	0	0
split:						
- real variance						0
- re-phasing						0
Adults Social Care & Public Health Portfolio						
Budget	8,194	15,304	6,056	2,699	3,146	35,399
Adjustments:						
- Re-phasing at Outturn	-583	871	-288			0
- Folkestone ARRCC		54				54
						0
Revised Budget	7,611	16,229	5,768	2,699	3,146	35,453
Variance		-1,418	1,418	0	0	0
split:						
- real variance		-125				-125
- re-phasing		-1,418	+1,418			0
Directorate Total						
Revised Budget	71,119	28,858	5,773	2,699	3,146	111,595
Variance	0	-1,418	1,418	0	0	0

Real Variance	**0**	**-125**	**0**	**0**	**0**	**-125**
Re-phasing	**0**	**-1,418**	**+1,418**	**0**	**0**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
ASC&PH	Older Persons Strategy - Dorothy Lucy Centre	real			274	
			+0	**+0**	**+274**	**+0**
Underspends/Projects behind schedule						
ASC&PH	Community Care Centres - Thameside	phasing			-1,418	
ASC&PH	Broadmeadow Extension	real		-274		
			0	**-274**	**-1,418**	**-0**
			0	**-274**	**-1,144**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

1.2.4.1 **Community Care Centres – Thameside (Ebbsfleet and Eastern Quarry) re-phasing of £1.418m** (in 2011-12)

Pending further detailed project plans, it is felt prudent to re-phase this project into 2012-13.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		1,418				1,418
Forecast		0	1,418			1,418
Variance	0	-1,418	+1,418	0	0	0
FUNDING						
Budget:						
Dev Conts		1,365				1,365
Cap Rec		53				53
TOTAL	0	1,418	0	0	0	1,418
Forecast:						
Dev Conts			1,365			1,365
Cap Rec			53			53
TOTAL	0	0	1,418	0	0	1,418
Variance	**0**	**-1,418**	**+1,418**	**0**	**0**	**0**

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of -£0.125m in 2011-12.

Broadmeadow Extension: -£0.274m (in 2011-12): The Broadmeadow project is complete and the funding is requested to be transferred and used as part of the Older Persons Capital Strategy – Dorothy Lucy Centre, and Cabinet are asked to approve this transfer of funding.
The underspend on Broadmeadow was due to good project management, estimates coming in cheaper than expected for most parts of the fit out and liquidated damages being claimed from the main contractor for not adhering to the contract terms and conditions.

Older Persons Strategy – Dorothy Lucy Centre: +£0.274m (in 2011-12):
The report detailing this Programme was considered by PAG 16th March 2010. The intention has always been that any surplus funding from any other Older Persons related capital project be recycled into the overall programme. Cabinet are asked to agree to the 'recycling' of these funds, until final costs are verified as the Directorate works through it's over-arching strategy.

Tunbridge Wells Respite Centre -£0.080m and Bower Mount -£0.045m: (in 2011-12):
Both of these projects are almost complete and a real saving has been achieved.

- The Tunbridge Wells Respite Centre project had an original fitting out provision of £250k which was established on advice from Property Services in 2002. This included provision for issues that subsequently did not arise. Taylor Wimpey have been obliging in absorbing some of the costs that may originally have been presumed to be required as part of the fit out.
- The Bower Mount project had uncertainties as to how the fit out was to be carried out (i.e. it was not clear the level of need that the fit out would be used for) and the true costs remained unclear until it had almost completed.

It is requested that the released funding from these projects is transferred to the Learning Disability Good Day programme to cover the timing issues in this programme whereby certain receipts will not be realised until the service had been provided elsewhere. In order to reduce the t timing issues **Cabinet is asked to approve this transfer of funding.**

1.2.6 **General Overview of capital programme**:

(a) Risks

The risks linked to the Families and Social Care Directorate must be similar to those felt throughout the Authority in this current financially suppressed climate. As a Directorate that works alongside many partners such as District Councils, Private/Voluntary Organisations and Primary Care Trusts (PCT) in order to provide the most comprehensive service delivery to our users, the risks to FSC are potentially compounded.

(b) Details of action being taken to alleviate risks

The Directorate continues to closely monitor those risks associated with our partnership working arrangements on a regular basis through Divisional Management Teams which run alongside its over-arching capital strategy. However, the Directorate may not always be able to influence/control the final outcome.

1.2.7 **PFI projects-**

Excellent Homes for All (EHFA)

There is currently a Value for Money review being undertaken on Housing PFI projects which have not reached financial close. The EHFA PFI was given initial government approval at Outline Business Case stage in 2009. It currently has a PFI credit of £75.090m. The value for money review is being undertaken by the Homes and Communities Agency (HCA) and Department for Communities and Local Government (DCLG) and will review the credit allocation and the basis on which the project can continue. The final decision will be made by the Minister for Housing.

The Authority has been asked to propose a reduced credit allocation that our bidders can commit to working within. A reduction of 6.2% has been proposed leaving a PFI credit of £70.4m. We currently have two bidders who have committed to managing within this credit allocation.

This project represents investment by a third party. No payment will be made by KCC for the newly built assets until they are ready for use. Again this will be by way of an annual unitary charge to the revenue budget. The timetable for reaching financial close has slipped as a result of the Central Government review and the project is now scheduled to reach financial close in 2012.

	Previous years	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**TOTAL**
	£000s	£000s	£000s	£000s	£000s	£000s
Budget	22,300	22,000				44,300
Forecast				35,210	35,210	70,420
Variance	-22,300	-22,000		35,210	35,210	26,120

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**

Costs slipped due to delay to project.

(b) **Implications for KCC of details reported in (a) i.e. could an increase in the cost result in a change to the unitary charge?**

This contract has not been signed yet although the procurement is in the advanced stages of competitive dialogue. It is likely that the unitary charge will be fixed for the duration of the contract period. As with the previous PFI deductions will be made during the contract period if performance falls below the standards agreed or if the facilities are unavailable for use.

It is likely that if during the contract period if one of the partners proposes a change that either results in increased costs or a change in the balance of risk, this will need to be taken to the Project Board for agreement. Each partner will have a vote and any decision resulting in a change to the costs or risks would need unanimous approval.

1.2.8 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

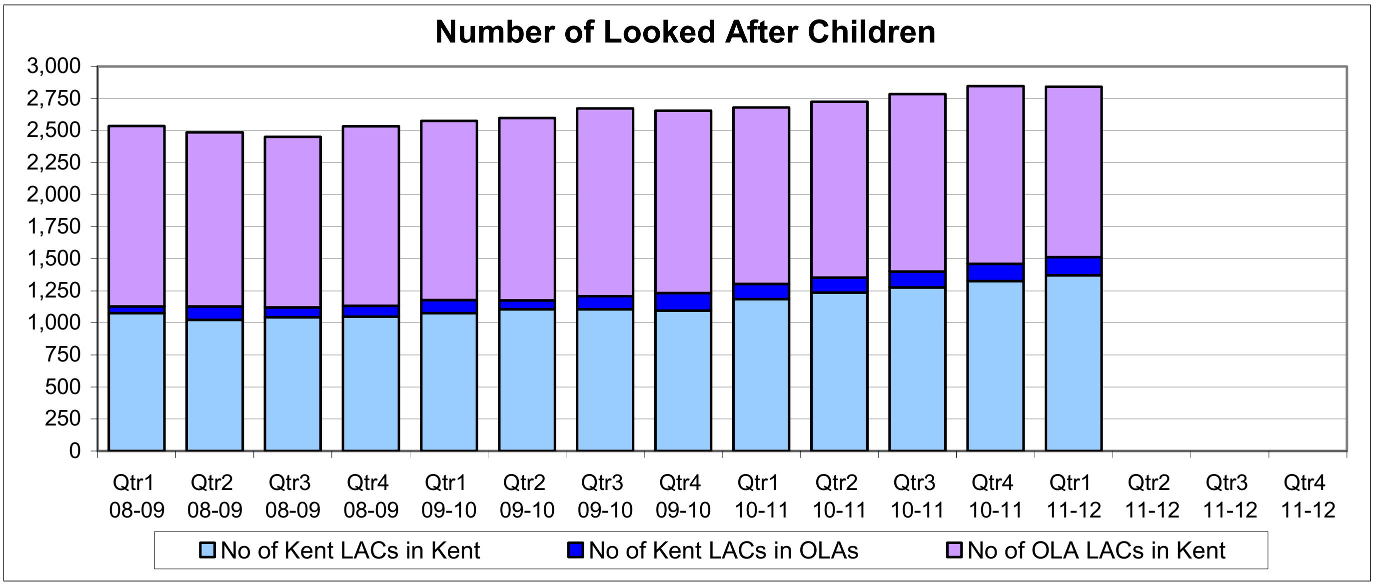
	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	
Community Care Centres - Thameside (Ebbsfleet & Eastern Quarry)					
Amended total cash limits	+1,418	0			+1,418
re-phasing	-1,418	+1,418			0
Revised project phasing	**0**	**+1,418**	**0**	**0**	**+1,418**
Total re-phasing >£100k	**-1,418**	**+1,418**	**0**	**0**	**0**
Other re-phased Projects below £100k					
TOTAL RE-PHASING	**-1,418**	**+1,418**	**0**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

The affordable levels of activity for 2011-12 have been amended from those included in the 2010-11 outturn report following the review of the budget across service groups in light of the 2010-11 outturn and the allocation of previously unallocated budgets, as detailed in sections 1.1.1 and 1.1.2 of this annex.

2.1 **Numbers of Looked After Children (LAC)**: (Excludes Asylum Seekers)

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
2008-09					
Apr – Jun	1,075	52	**1,127**	1,408	**2,535**
Jul – Sep	1,022	105	**1,127**	1,360	**2,487**
Oct – Dec	1,042	77	**1,119**	1,331	**2,450**
Jan – Mar	1,048	84	**1,132**	1,402	**2,534**
2009-10					
Apr – Jun	1,076	100	**1,176**	1,399	**2,575**
Jul – Sep	1,104	70	**1,174**	1,423	**2,597**
Oct – Dec	1,104	102	**1,206**	1,465	**2,671**
Jan – Mar	1,094	139	**1,233**	1,421	**2,654**
2010-11					
Apr – Jun	1,184	119	**1,303**	1,377	**2,680**
Jul – Sep	1,237	116	**1,353**	1,372	**2,725**
Oct – Dec	1,277	123	**1,400**	1,383	**2,783**
Jan – Mar	1,326	135	**1,461**	1,385	**2,846**
2011-12					
Apr – Jun	1,371	141	**1,512**	1,330	**2,842**
Jul – Sep					
Oct – Dec					
Jan – Mar					



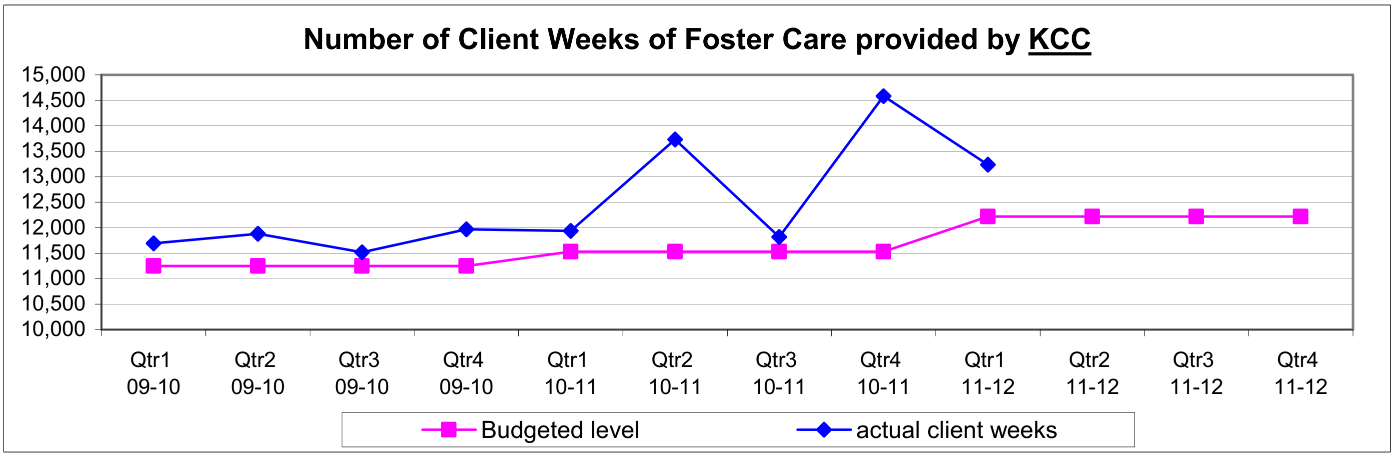
Comments:

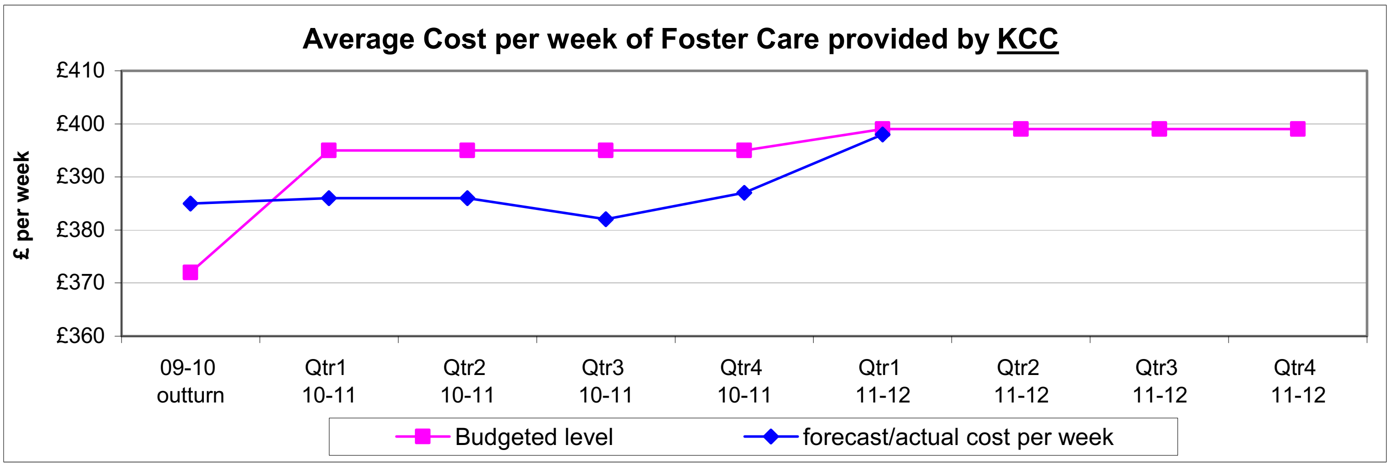
- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority 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.

- The number of looked after children for each quarter represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of Kent looked after children appears to have increased by 51 this quarter, there are likely to have been more during the period.
- The increase in the number of looked after children has placed additional pressure on the services for Looked After Children, including Fostering services and 16+ services budgets.

2.2.1 **Number of Client Weeks & Average Cost per Client Week of Foster Care provided by KCC (Non Related Fostering)**:

	2009-10				**2010-11**				**2011-12**			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	11,249	11,695			11,532	11,937	£395	£386	12,219	13,239	£399	£398
July - Sep	11,249	11,880			11,532	13,732	£395	£386	12,219		£399	
Oct - Dec	11,249	11,518			11,532	11,818	£395	£382	12,219		£399	
Jan - Mar	11,249	11,969			11,532	14,580	£395	£387	12,219		£399	
	44,997	**47,062**	**£372**	**£385**	**46,128**	**52,067**	**£395**	**£387**	**48,876**	**13,239**	**£399**	





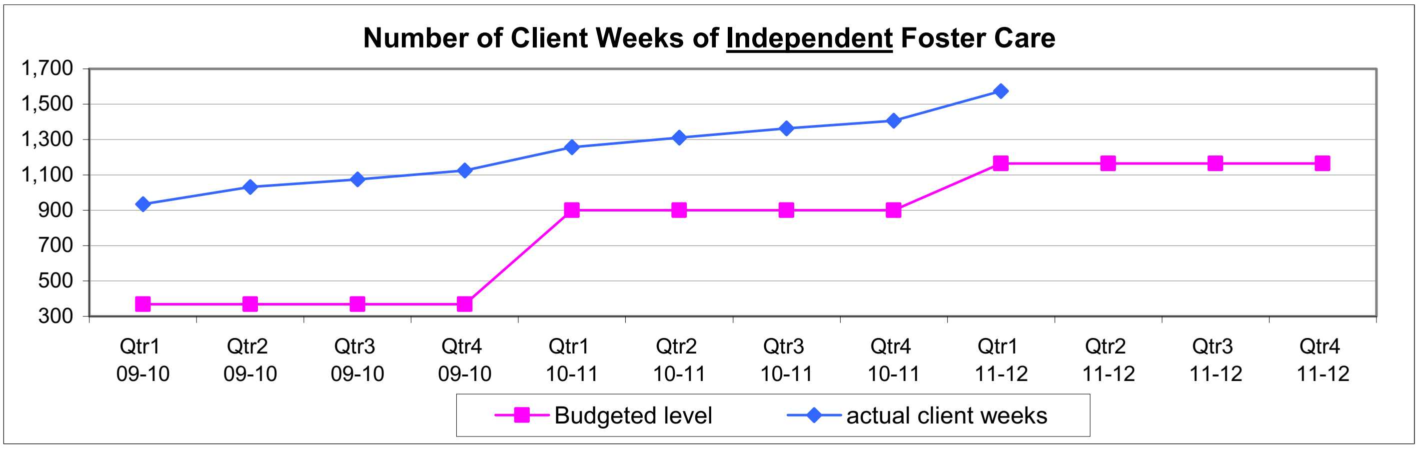
Comments:

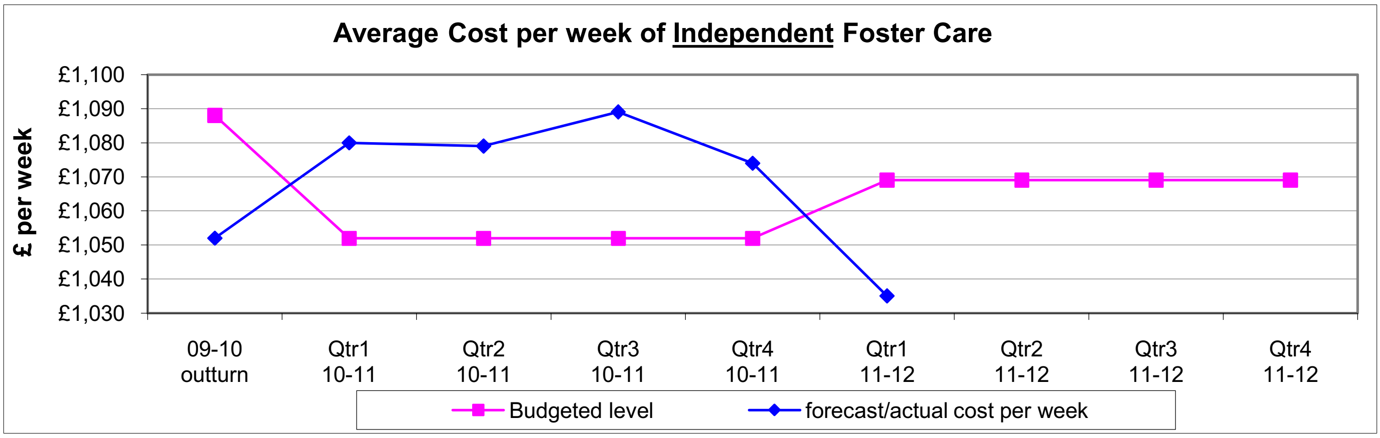
- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- In addition, the 2011-12 budgeted level represents the level of demand as at the 3rd quarter's full monitoring report, which is the time at which the 2011-12 budget was set and approved. However, since that time, the service has experienced continued demand on this service.

- The current number of forecast weeks is 52,959 (including 16+, but excludes asylum), which is 4,083 weeks above the affordable level. At £398 per week, this increase in activity gives a pressure of £1,625k.
- The forecast unit cost of £398 is below the budgeted level by a matter of pence, which provides a saving of £34k.
- Overall therefore, the combined pressure on this service for both under 16's (and those with a disability) and the 16+ service is +£1,591k (+£1,625k - £34k), as reported in sections 1.1.3.2 and 1.1.3.5.
- The current average weekly cost of placements made in 2011-12 is 3% higher than the 2010/11 outturn, largely due to an increase in the in-house fostering allowances.

2.2.2 **Number of Client Weeks & Average Cost per Client Week of Independent Foster Care**:

	2009-10				**2010-11**				**2011-12**			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	369	935			900	1,257	£1,052	£1,080	1,177	1,574	£1,069	£1,032
July - Sep	369	1,032			900	1,310	£1,052	£1,079	1,178		£1,069	
Oct - Dec	369	1,075			900	1,363	£1,052	£1,089	1,177		£1,069	
Jan - Mar	369	1,126			900	1,406	£1,052	£1,074	1,178		£1,069	
	1,476	**4,168**	**£1,088**	**£1,052**	**3,600**	**5,336**	**£1,052**	**£1,074**	**4,710**	**1,574**	**£1,069**	





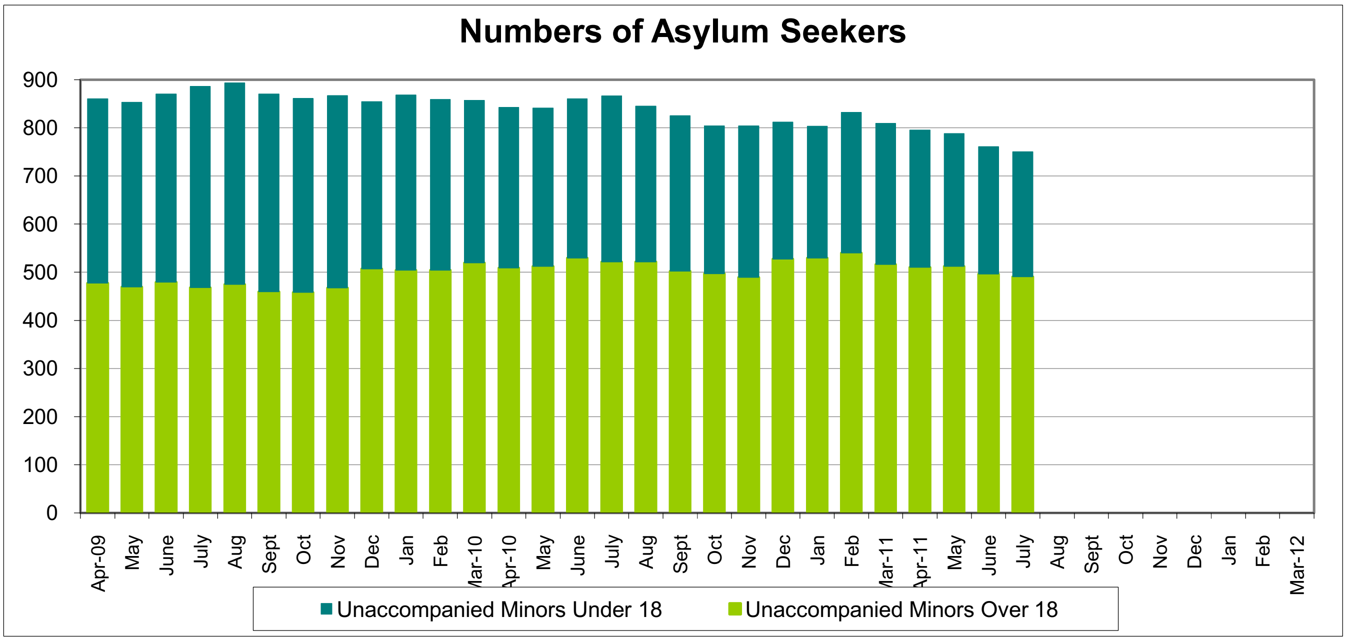
Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.

- The budgeted levels for 2010-11 were below the 2009-10 activity because although significant funding was made available as part of the 2010-13 MTP, this was insufficient to cover the demands for this service.
- For the 2011-12 budget further significant funding has been made available based on the actual level of demand at the 3rd quarter's monitoring position for 2010-11, the time at which the 2011-12 budget was set and approved. However, since that date the service has experienced continued demand on this service.
- The current number of forecast weeks is 5,619 (including 16+, but excludes asylum), which is 909 weeks above the affordable level. At £1,032 per week, this increase in activity gives a pressure of £938k. Whilst the forecast seems low compared to the year to date activity, this is due to a large number of short term IFA placements which are not forecast to run until 31st March 2012.
- The forecast unit cost of £1,032 is £37 below the budgeted level, which provides a saving of £174k.
- Overall therefore, the combined pressure on this service for both under 16's (and those with a disability) and the 16+ service is +£764k (+£938k - £174k), as reported in sections 1.1.3.2 and 1.1.3.*5*
- Whilst the current policy has been to use in-house placements where ever possible, the service has currently increased its IFA placements due to the current lack of availability of suitable in-house placements.
- The cost of placements made in 2011-12 are at a significantly lower level than originally forecast, and lower than those placements that have ended in the same period. As a result the current forecast unit cost is 3.9% lower than 2010-11 outturn.

2.3 **Numbers of Unaccompanied Asylum Seeking Children (UASC)**:

	2009-10			2010-11			2011-12		
	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**
April	383	477	**860**	333	509	**842**	285	510	**795**
May	384	469	**853**	329	512	**841**	276	512	**788**
June	391	479	**870**	331	529	**860**	265	496	**761**
July	418	468	**886**	345	521	**866**	260	490	**750**
August	419	474	**893**	324	521	**845**			
September	411	459	**870**	323	502	**825**			
October	403	458	**861**	307	497	**804**			
November	400	467	**867**	315	489	**804**			
December	347	507	**854**	285	527	**812**			
January	364	504	**868**	274	529	**803**			
February	355	504	**859**	292	540	**832**			
March	338	519	**857**	293	516	**809**			

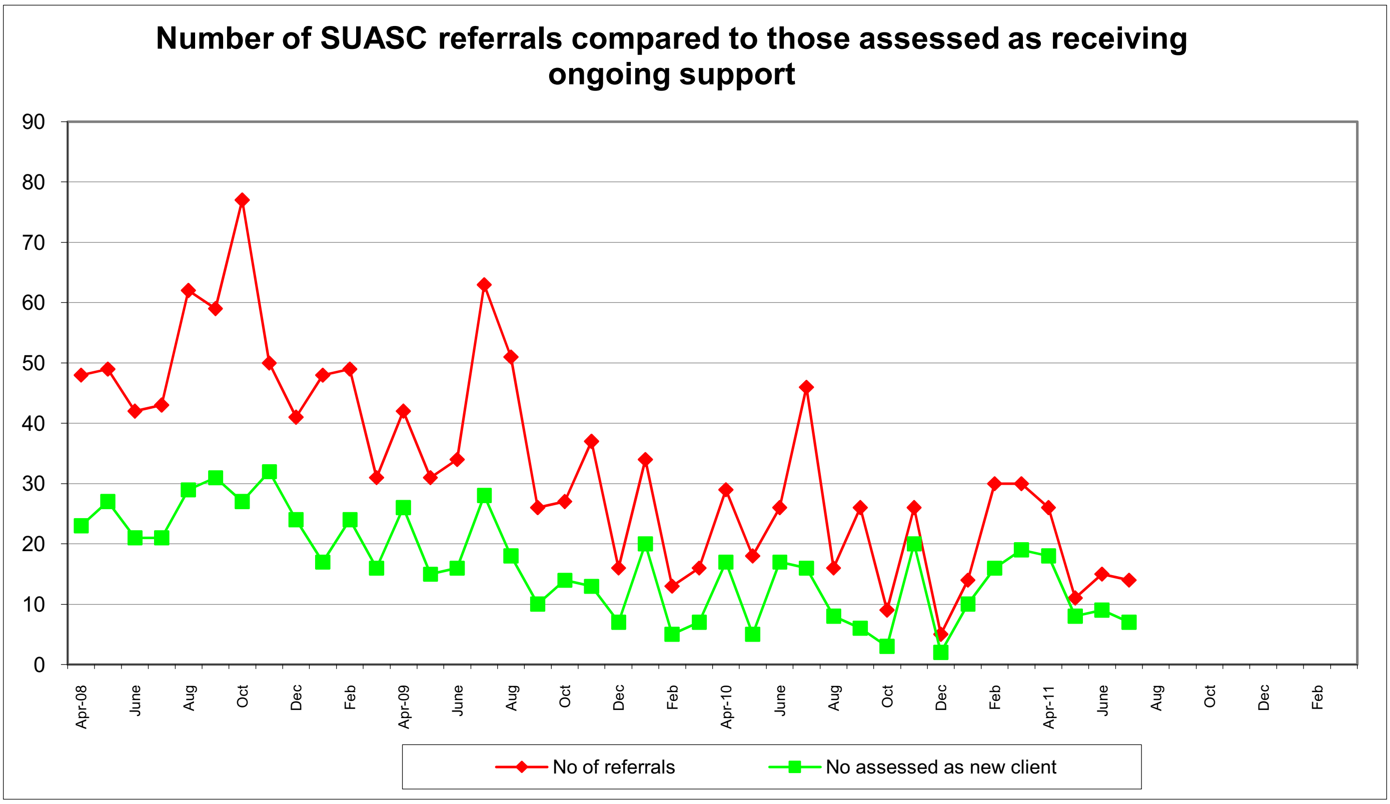


Comment:

- Client numbers have reduced as a result of lower referrals which are lower than the budgeted number. It is unclear at this time whether this trend will continue.
- The fall in the number of over 18's since March 2011 is largely the result of improved partnership working with the UKBA, which has seen a significant rise in the rate of All Rights of appeal Exhausted (ARE) removals.
- In general, the age profile suggests the number of over 18s is increasing and it is this service which is experiencing the shortfall of funding. In addition the age profile of the under 18 children has reduced, with significantly higher numbers being placed in foster care.
- The data recorded above will include some referrals for which the assessments are not yet complete or are being challenged. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, or when successfully appealed, their category may change.

2.4 **Numbers of Asylum Seeker referrals compared with the number assessed as qualifying for on-going support from Service for Unaccompanied Asylum Seeking Children (SUASC) ie new clients**:

	2008-09			2009-10			2010-11			2011-12		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April	48	23	48%	42	26	62%	29	17	59%	26	18	69%
May	49	27	55%	31	15	48%	18	5	28%	11	8	73%
June	42	21	50%	34	16	47%	26	17	65%	15	9	60%
July	43	21	49%	63	28	44%	46	16	35%	14	7	50%
August	62	29	47%	51	18	35%	16	8	50%			
Sept	59	31	53%	26	10	38%	26	6	23%			
Oct	77	27	35%	27	14	52%	9	3	33%			
Nov	50	32	64%	37	13	35%	26	20	77%			
Dec	41	24	59%	16	7	44%	5	2	40%			
Jan	48	17	35%	34	20	59%	14	10	71%			
Feb	49	24	49%	13	5	38%	30	16	53%			
March	31	16	52%	16	7	44%	30	19	63%			
	599	**292**	**49%**	**390**	**179**	**46%**	**275**	**139**	**51%**	**66**	**42**	**64%**

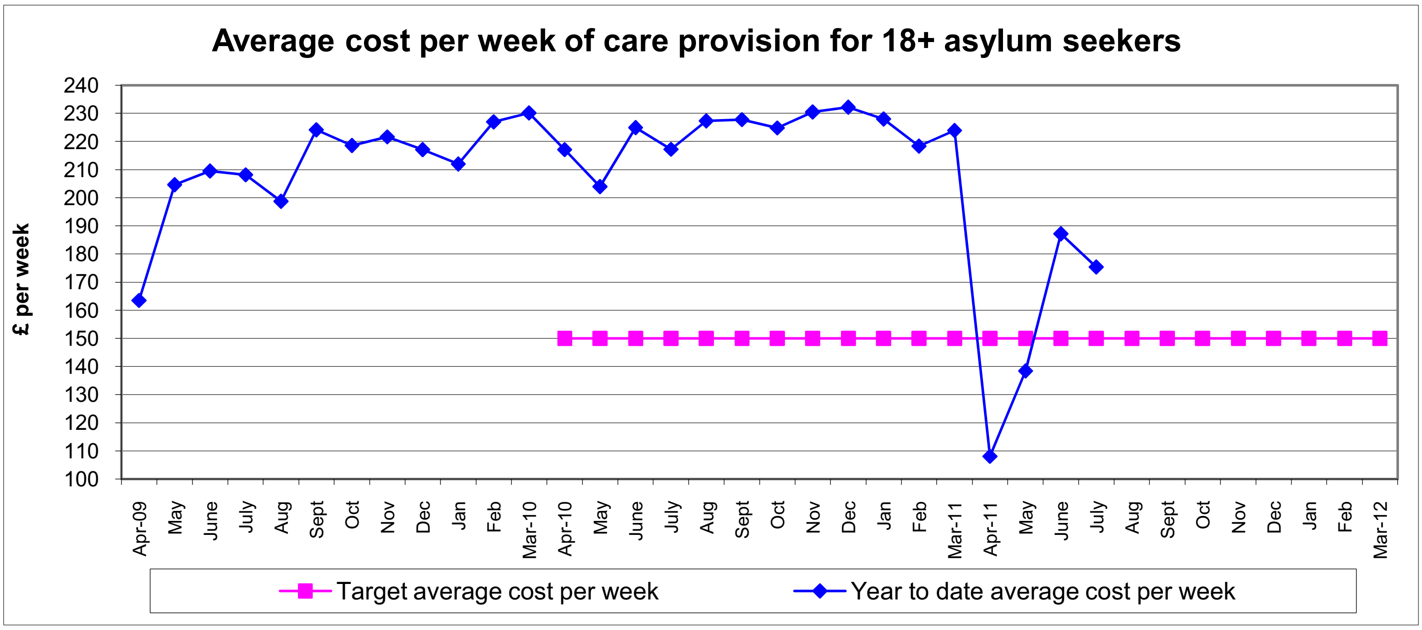


Comments:

- In general, referral rates have been lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais. The average number of referrals per month is now 16.5, which is just over 50% of the budgeted number of 30 referrals per month.
- The number of referrals has a knock on effect on the number assessed as new clients. The budgeted level is based on the assumption 50% of the referrals will be assessed as a new client. In 2011-12 the rate has been 64%. The average number assessed as new clients is now 10.5, which is 30% lower than the original forecast of 15 new clients per month.

2.5 Average monthly cost of Asylum Seekers Care Provision for 18+ Care Leavers:

	2009-10		2010-11		2011-12	
	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p
April		163.50	150.00	217.14	150.00	108.10
May		204.63	150.00	203.90	150.00	138.42
June		209.50	150.00	224.86	150.00	187.17
July		208.17	150.00	217.22	150.00	175.33
August		198.69	150.00	227.24	150.00	
September		224.06	150.00	227.79	150.00	
October		218.53	150.00	224.83	150.00	
November		221.64	150.00	230.47	150.00	
December		217.10	150.00	232.17	150.00	
January		211.99	150.00	227.96	150.00	
February		226.96	150.00	218.30	150.00	
March		230.11	150.00	223.87	150.00	



Comments:

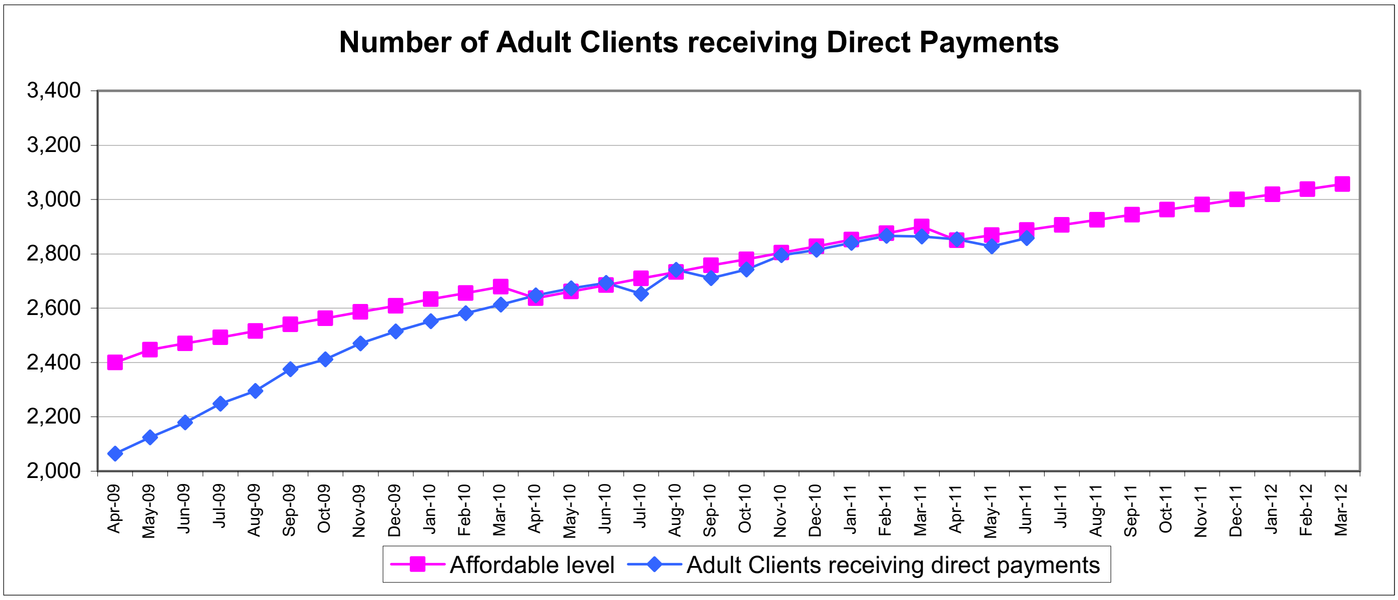
- The funding levels for the Asylum Service agreed with the Government rely on us achieving an average cost per week of £150, in order for the service to be fully funded, which is also reliant on the UKBA accelerating the removal process. In 2011-12 UKBA have changed their grant rules and will now only fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process if the LA carries out a Human Rights Assessment before continuing support. We are currently seeking legal advice regarding this change. The LA remains responsible for costs under the Leaving Care Act until the point of removal.
- As part of our partnership working with UKBA, all ARE UASC in Kent are now required to report to UKBA offices on a regular basis, in most cases weekly. The aim is to ensure that UKBA have regular contact and can work with the young people to encourage them to make use of the voluntary methods of return rather than forced removal or deportation. As part of this arrangement any young person who does not report as required may have their support discontinued. As yet this has not resulted in an increase in the number of AREs being removed. The number of AREs supported continues to increase. As a result our ability to achieve a balanced position on the Asylum Service becomes more difficult.
- Moving clients on to the pilot housing scheme was slower than originally anticipated, however all our young people, who it was appropriate to move to lower cost accommodation, were moved by the end of 2010-11. However there remain a number of issues:

- For various reasons, some young people have not yet moved to lower cost properties, mainly those placed out of county. These placements are largely due to either medical/mental health needs or educational needs. Many of these placements, particularly those linked to education, will end in the 2nd quarter.
- We are currently experiencing higher than anticipated level of voids, properties not being fully occupied. Following the incident in Folkestone in January, teams are exercising a greater caution when making new placements into existing properties. This is currently being addressed by the Accommodation Team.
- We are still receiving damages claims relating to closed properties.

- The average weekly cost for the first quarter of 2011-12 financial year was £187, significantly higher than the target of £150. This calculation is based upon the actual spend going through the Oracle financial management system on a monthly basis. In addition to the issues outlined above, there were a number of timing issues relating to receipt and payment of rent invoices and support payments which have resulted in the erratic movements in the monthly unit costs in the first quarter. It is envisaged that these will be corrected in the 2nd quarter and the weekly unit cost will both be less volatile and reduce closer to the target.

2.6 Direct Payments – Number of Adult Social Care Clients receiving Direct Payments (DPs):

	2009-10		2010-11		2011-12	
	Affordable Level	**Adult Clients receiving Direct Payments**	**Affordable Level**	**Adult Clients receiving Direct Payments**	**Affordable Level**	**Adult Clients receiving Direct Payments**
April	2,400	2,065	2,637	2,647	2,850	2,854
May	2,447	2,124	2,661	2,673	2,869	2,828
June	2,470	2,179	2,685	2,693	2,888	2,858
July	2,493	2,248	2,709	2,653	2,906	
August	2,516	2,295	2,733	2,741	2,925	
September	2,540	2,375	2,757	2,710	2,944	
October	2,563	2,411	2,780	2,742	2,963	
November	2,586	2,470	2,804	2,795	2,982	
December	2,609	2,515	2,828	2,815	3,001	
January	2,633	2,552	2,852	2,841	3,019	
February	2,656	2,582	2,876	2,867	3,038	
March	2,679	2,613	2,900	2,864	3,057	



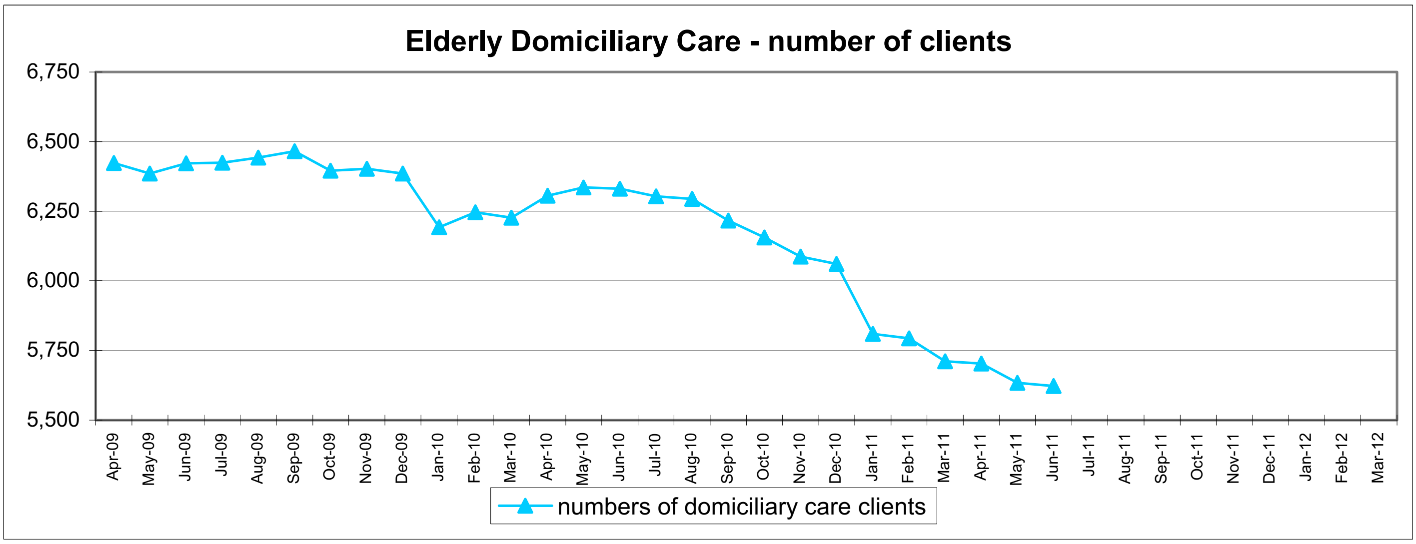
Comments:

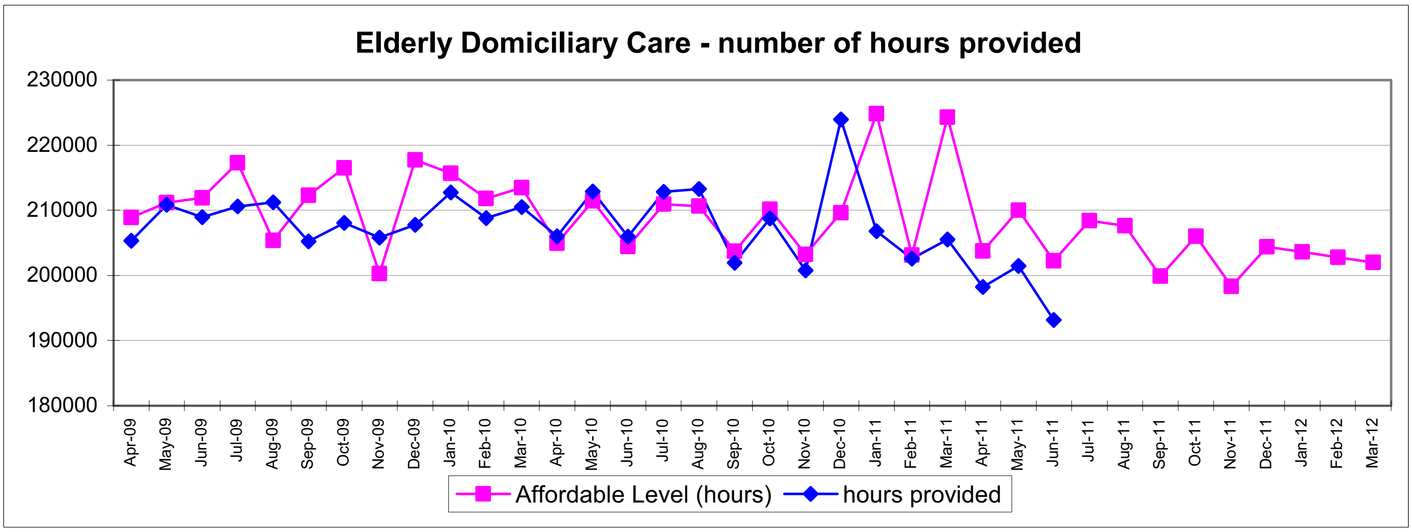
- The activity being reported is the long term clients in receipt of direct payments in the year as at the end of the month plus any one off payments. The drive to implement personalisation and allocate personal budgets has seen continued increases in direct payments over the years. There will be other means by which people can use their personal budgets and this may impact on the take up of direct payments, we believe we may be seeing the beginning of this effect, since client numbers appear to be levelling out. Work will be ongoing to determine if this is the case, and will inform a future cabinet report.

- The figure for DP recipients in March 2011 has been amended since the previous report, to reflect more up-to-date information.

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

	2009-10			2010-11			2011-12		
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients
April	208,869	205,312	6,423	204,948	205,989	6,305	203,769	198,243	5,703
May	211,169	210,844	6,386	211,437	212,877	6,335	210,018	201,438	5,634
June	211,897	208,945	6,422	204,452	205,937	6,331	202,215	193,147	5,622
July	217,289	210,591	6,424	210,924	212,866	6,303	208,412		
August	205,354	211,214	6,443	210,668	213,294	6,294	207,610		
September	212,289	205,238	6,465	203,708	201,951	6,216	199,885		
October	216,491	208,051	6,396	210,155	208,735	6,156	206,005		
November	200,292	205,806	6,403	203,212	200,789	6,087	198,332		
December	217,749	207,771	6,385	209,643	223,961	6,061	204,399		
January	215,686	212,754	6,192	224,841	206,772	5,810	203,598		
February	211,799	208,805	6,246	203,103	202,568	5,794	202,755		
March	213,474	210,507	6,227	224,285	205,535	5,711	201,996		
TOTAL	**2,542,358**	**2,505,838**		**2,521,376**	**2,501,274**		**2,448,994**	**592,828**	





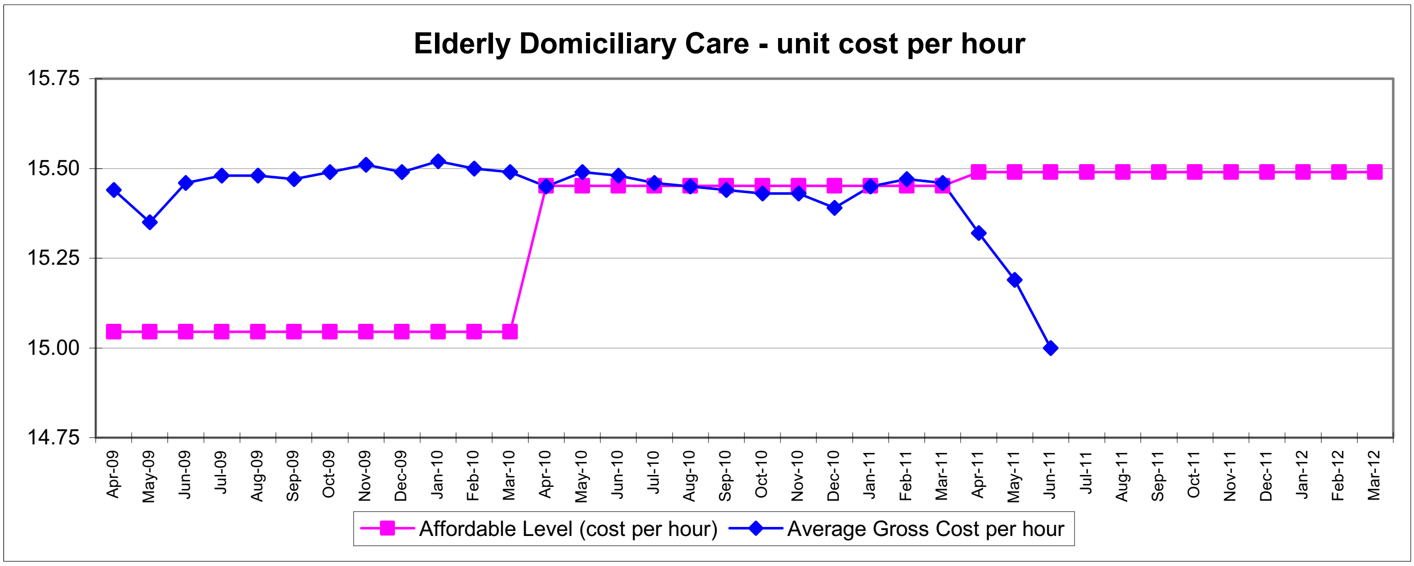
Comment:

- Figures exclude services commissioned from the Kent Enablement At Home Service.
- The current forecast is 2,408,067 hours of care against an affordable level of 2,448,994, a difference of 40,927 hours. Using the forecast unit cost of £15.00 this reduction in activity reduces the forecast by £614k, as highlighted in section 1.1.3.12c

- To the end of June 592,828 hours of care have been delivered against an affordable level of 616,002 a difference of -23,174 hours.
- The year to date activity compared to the affordable level suggests a greater reduction in weeks than is currently forecast. Domiciliary for all client groups are volatile budgets, which is being compounded by a shift in trend in direct payments and personal budgets, many of which are of a domiciliary nature, whilst further investigation is carried out on this, we expect a rise in activity towards the second half of the year.
- The number of people receiving domiciliary care has been decreasing over the past few years as result of the implementation of Self Directed Support (SDS), especially the impact of enablement. Also the intensity of care appears to have increased such that clients are receiving more hours per week on average.

2.7.2 **Average gross cost per hour of older people domiciliary care compared with affordable level**:

	2009-10		**2010-11**		**2011-12**	
	Affordable Level (Cost per Hour)	**Average Gross Cost per Hour**	**Affordable Level (Cost per Hour)**	**Average Gross Cost per Hour**	**Affordable Level (Cost per Hour)**	**Average Gross Cost per Hour**
April	15.045	15.44	15.452	15.45	15.49	15.32
May	15.045	15.35	15.452	15.49	15.49	15.19
June	15.045	15.46	15.452	15.48	15.49	15.00
July	15.045	15.48	15.452	15.46	15.49	
August	15.045	15.48	15.452	15.45	15.49	
September	15.045	15.47	15.452	15.44	15.49	
October	15.045	15.49	15.452	15.43	15.49	
November	15.045	15.51	15.452	15.43	15.49	
December	15.045	15.49	15.452	15.39	15.49	
January	15.045	15.52	15.452	15.45	15.49	
February	15.045	15.50	15.452	15.47	15.49	
March	15.045	15.49	15.452	15.46	15.49	



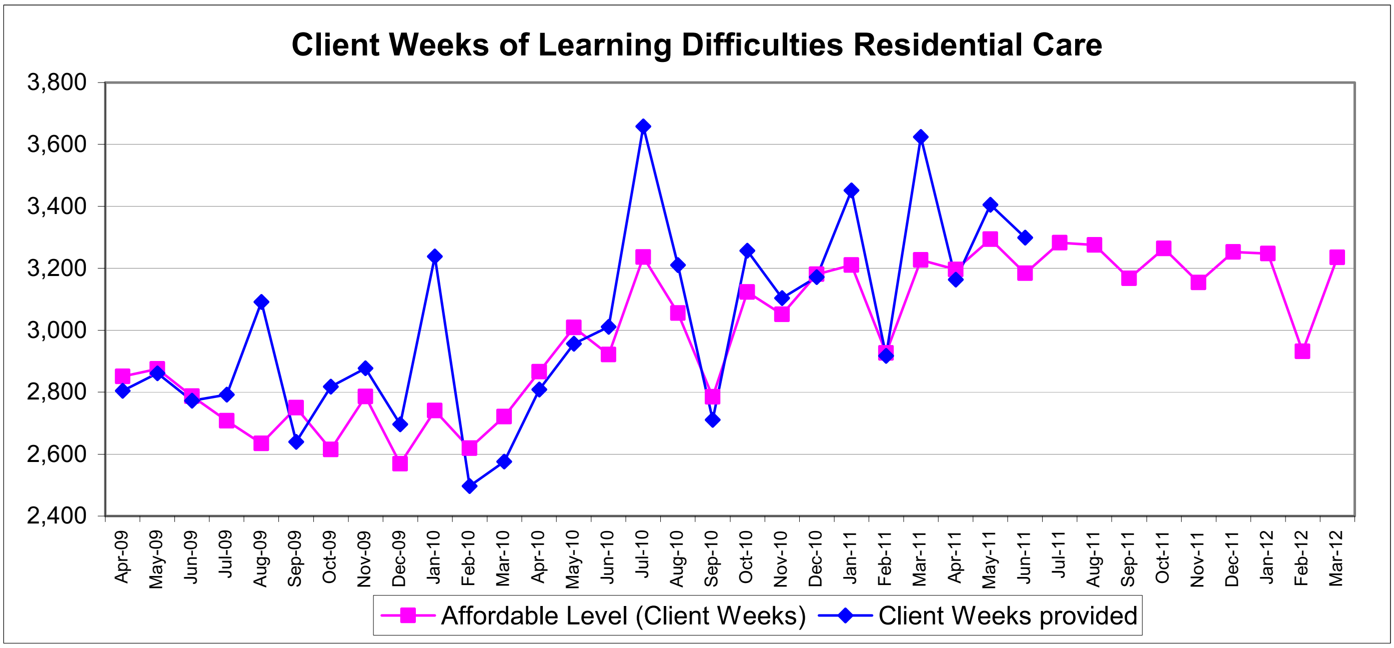
Comments:

- The forecast unit cost of £15.00 is lower than the affordable cost of £15.49 and this difference of -£0.49 reduces the forecast by £1,200k when multiplied by the affordable hours, as highlighted in section 1.1.3.12.c
- The unit cost is reducing because current work with providers to achieve savings requires them to provide a service at a lower cost – this is ongoing work with all homecare providers and will contribute to the domiciliary re-let. In addition, we are focussing on reducing the unit rate of care

packages which are provided in ½ and ¾ hours which have traditionally been slightly more expensive.

2.8.1 Number of client weeks of learning difficulties residential care provided compared with affordable level (non preserved rights clients):

	2009-10		2010-11		2011-12	
	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided
April	2,851	2,804	2,866	2,808	3,196	3,163
May	2,875	2,861	3,009	2,957	3,294	3,405
June	2,787	2,772	2,922	3,011	3,184	3,299
July	2,708	2,792	3,236	3,658	3,282	
August	2,635	3,091	3,055	3,211	3,275	
September	2,750	2,640	2,785	2,711	3,167	
October	2,615	2,818	3,123	3,257	3,265	
November	2,786	2,877	3,051	3,104	3,154	
December	2,569	2,696	3,181	3,171	3,253	
January	2,740	3,238	3,211	3,451	3,248	
February	2,619	2,497	2,927	2,917	2,932	
March	2,721	2,576	3,227	3,624	3,235	
TOTAL	**32,656**	**33,662**	**36,593**	**37,880**	**38,485**	**9,867**



Comments:

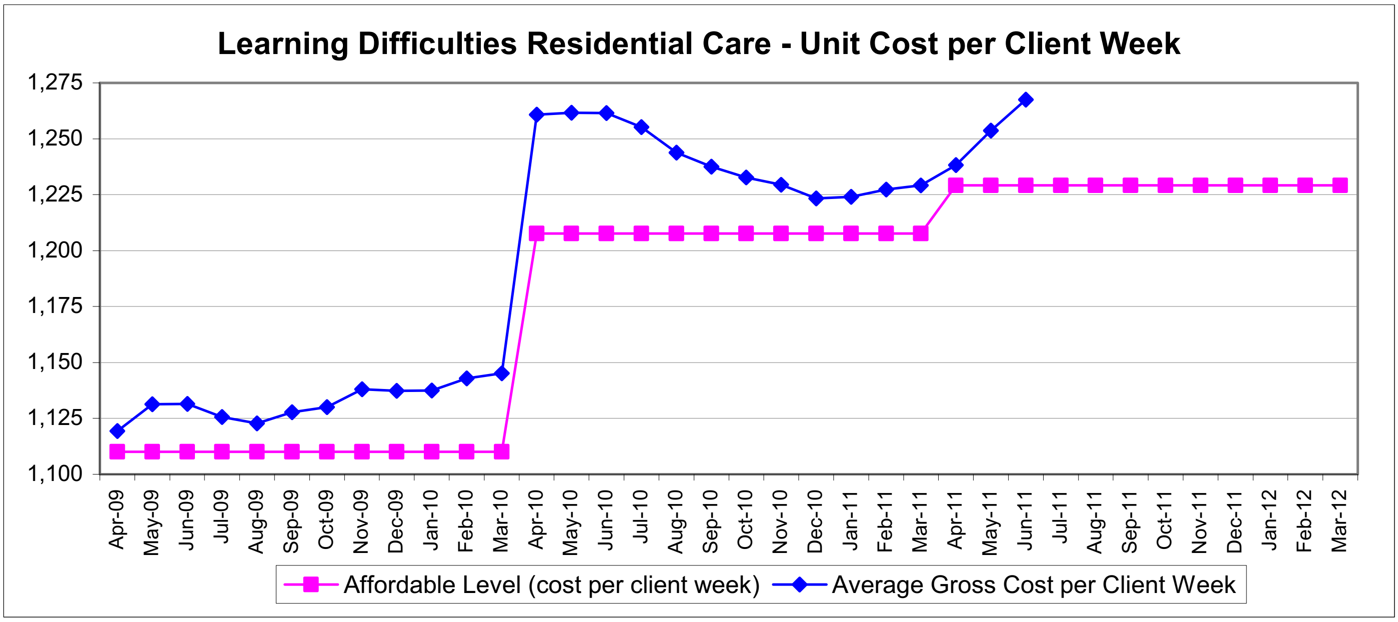
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2009-10 was 632, at the end of 2010-11 it was 713 and at the end of June 2011 it was 749 including any ongoing transfers as part of the S256 agreement.

- The current forecast is 40,149 weeks of care against an affordable level of 38,485, a difference of +1,664 weeks. Using the forecast unit cost of £1,267.40 this additional activity adds £2,109k to the forecast, as highlighted in section 1.1.3.13a. This forecast includes those known young people who are in the ‘transition’ process and will be coming into the Families & Social Care Directorate before the end of the year.

- To the end of June 9,867 weeks of care have been delivered against an affordable level of 9,674, a difference of +193 weeks.

2.8.2 **Average gross cost per client week of Learning Difficulties residential care compared with affordable level (non preserved rights clients)**:

	2009-10		2010-11		2011-12	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	1,110.15	1,119.42	1,207.58	1,260.82	1,229.18	1,238.24
May	1,110.15	1,131.28	1,207.58	1,261.67	1,229.18	1,253.68
June	1,110.15	1,131.43	1,207.58	1,261.46	1,229.19	1,267.40
July	1,110.15	1,125.65	1,207.58	1,255.21	1,229.19	
August	1,110.15	1,122.81	1,207.58	1,243.87	1,229.19	
September	1,110.15	1,127.79	1,207.58	1,237.49	1,229.19	
October	1,110.15	1,130.07	1,207.58	1,232.68	1,229.19	
November	1,110.15	1,137.95	1,207.58	1,229.44	1,229.19	
December	1,110.15	1,137.28	1,207.58	1,223.31	1,229.19	
January	1,110.15	1,137.41	1,207.58	1,224.03	1,229.19	
February	1,110.15	1,142.82	1,207.58	1,227.26	1,229.19	
March	1,110.15	1,145.12	1,207.58	1,229.19	1,229.19	



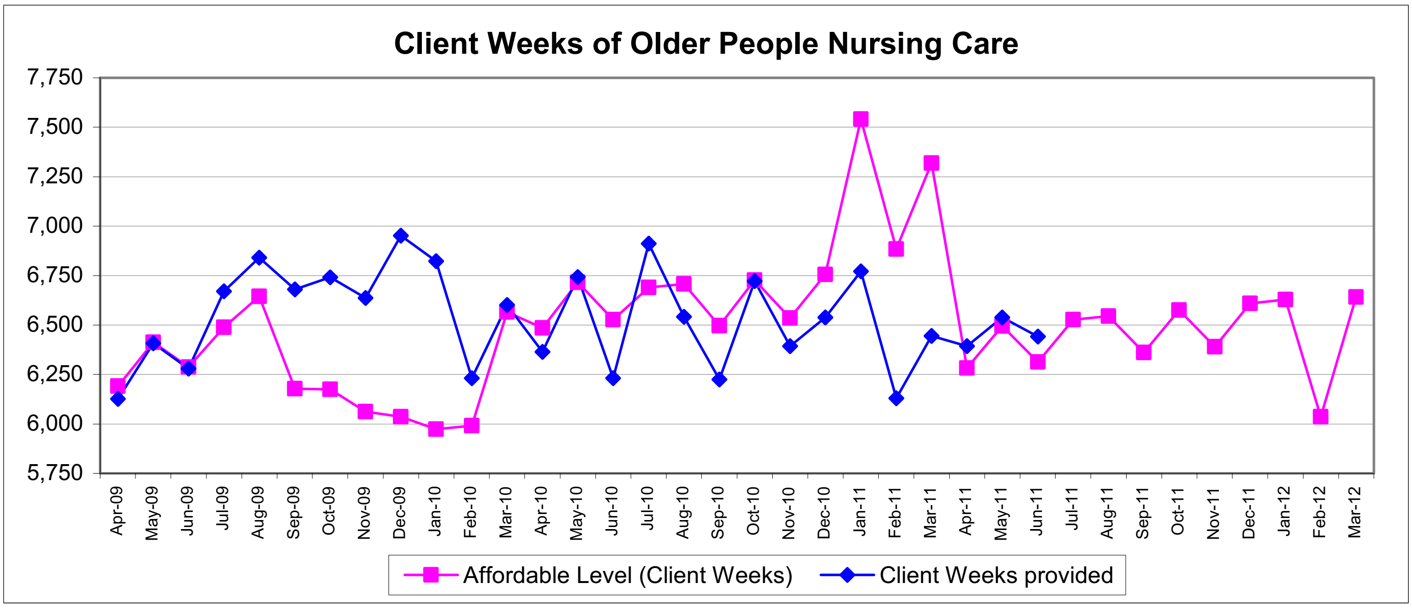
Comments:

- Clients being placed in residential care are those with very complex and individual needs which make it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,200 per week. It is expected that clients with less complex needs, and therefore less cost, can transfer from residential into supported living arrangements. This would mean that the average cost per week would increase over time as the remaining clients in residential care would be those with very high cost – some of whom can cost up to £2,000 per week. In addition, no two placements are alike – the needs of people with learning disabilities are unique and consequently, it is common for average unit costs to increase or decrease significantly on the basis of one or two cases

- The forecast unit cost of £1,267.40 is higher than the affordable cost of £1,229.19 and this difference of +£38.21 adds £1,471k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.13a.

2.9.1 Number of client weeks of older people nursing care provided compared with affordable level:

	2009-10		2010-11		2011-12	
	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided
April	6,191	6,127	6,485	6,365	6,283	6,393
May	6,413	6,408	6,715	6,743	6,495	6,538
June	6,288	6,279	6,527	6,231	6,313	6,442
July	6,489	6,671	6,689	6,911	6,527	
August	6,644	6,841	6,708	6,541	6,544	
September	6,178	6,680	6,497	6,225	6,361	
October	6,175	6,741	6,726	6,722	6,576	
November	6,062	6,637	6,535	6,393	6,391	
December	6,037	6,952	6,755	6,539	6,610	
January	5,973	6,824	7,541	6,772	6,628	
February	5,992	6,231	6,885	6,129	6,036	
March	6,566	6,601	7,319	6,445	6,641	
TOTAL	**75,008**	**78,992**	**81,382**	**78,016**	**77,405**	**19,373**

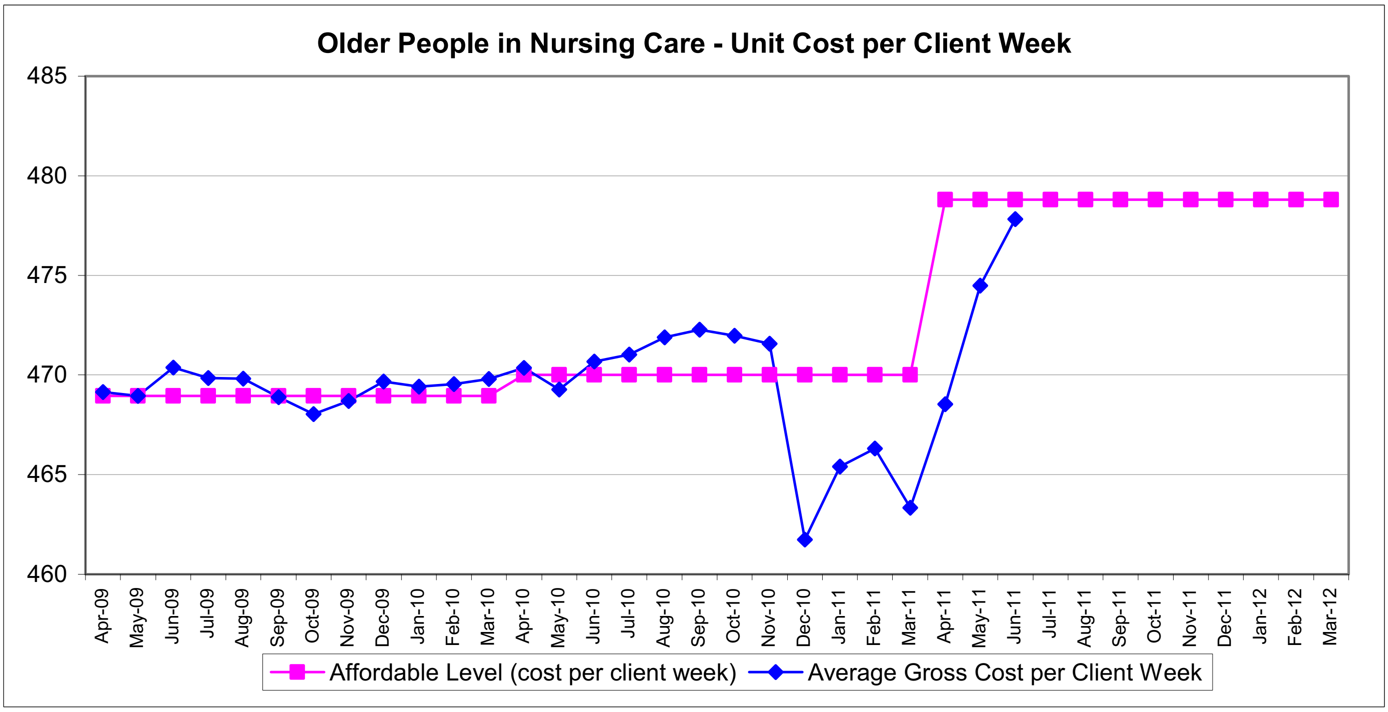


Comment:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2009-10 was 1,374, at the end of 2010-11 it was 1,379 and at the end of June 2011 it was 1,415. In nursing care, there is not the same distinction between clients with dementia, as with residential care. The difference in intensity of care for nursing care and nursing care with dementia is not as significant as it is for residential care.
- The current forecast is 76,101 weeks of care against an affordable level of 77,405, a difference of 1,304 weeks. Using the actual unit cost of £477.82, this reduced activity saves £623k to the forecast, as highlighted in section 1.1.3.13c
- To the end of June 19,373 weeks of care have been delivered against an affordable level of 19,091 a difference of +282 weeks.
- There are always pressures in permanent nursing care which may occur for many reasons. Increasingly, older people are entering nursing care only when other ways of support have been explored. This means that the most dependent are those that enter nursing care and consequently are more likely to have dementia. In addition, there will always be pressures which the directorate face, for example the knock on effect of minimising delayed transfers of care. Demographic changes – increasing numbers of older people with long term illnesses – also means that there is an underlying trend of growing numbers of people needing nursing care.

2.9.2 **Average gross cost per client week of older people nursing care compared with affordable level**:

	2009-10		2010-11		2011-12	
	Affordable Level (Cost per Week)	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**
April	468.95	469.15	470.01	470.36	478.80	468.54
May	468.95	468.95	470.01	469.27	478.80	474.48
June	468.95	470.37	470.01	470.67	478.80	477.82
July	468.95	469.84	470.01	471.03	478.80	
August	468.95	469.82	470.01	471.90	478.80	
September	468.95	468.88	470.01	472.28	478.80	
October	468.95	468.04	470.01	471.97	478.80	
November	468.95	468.69	470.01	471.58	478.80	
December	468.95	469.67	470.01	461.75	478.80	
January	468.95	469.42	470.01	465.40	478.80	
February	468.95	469.55	470.01	466.32	478.80	
March	468.95	469.80	470.01	463.34	478.80	



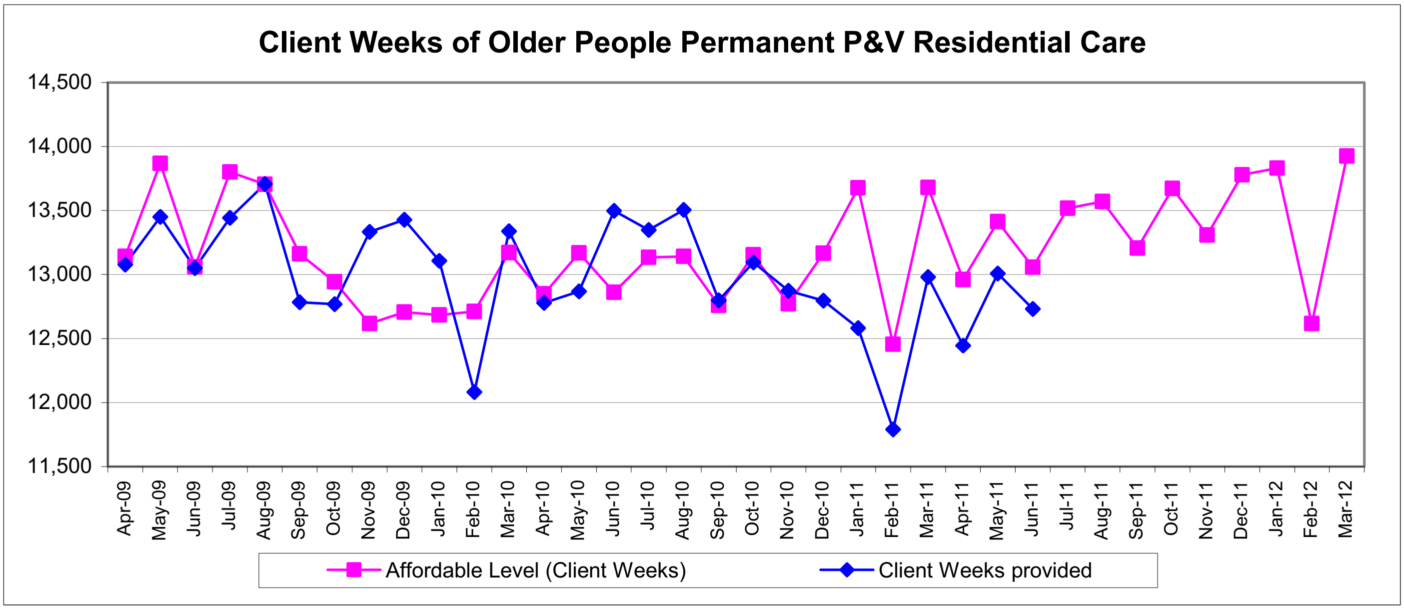
Comments:

- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care, which is why the unit cost can be quite volatile.

- The forecast -unit cost of £477.82 is slightly lower than the affordable cost of £478.80 and this difference of -£0.98 creates a saving of £76k when multiplied by the affordable weeks, as highlighted in section 1.1.3.13c

2.10.1 **Number of client weeks of older people permanent P&V residential care provided compared with affordable level**:

	2009-10		2010-11		2011-12	
	Affordable Level (Client Weeks)	**Client Weeks of older people permanent P&V residential care provided**	**Affordable Level (Client Weeks)**	**Client Weeks of older people permanent P&V residential care provided**	**Affordable Level (Client Weeks)**	**Client Weeks of older people permanent P&V residential care provided**
April	13,142	13,076	12,848	12,778	12,959	12,446
May	13,867	13,451	13,168	12,867	13,412	13,009
June	13,059	13,050	12,860	13,497	13,058	12,731
July	13,802	13,443	13,135	13,349	13,517	
August	13,703	13,707	13,141	13,505	13,569	
September	13,162	12,784	12,758	12,799	13,207	
October	12,943	12,768	13,154	13,094	13,671	
November	12,618	13,333	12,771	12,873	13,309	
December	12,707	13,429	13,167	12,796	13,777	
January	12,685	13,107	13,677	12,581	13,830	
February	12,712	12,082	12,455	11,790	12,617	
March	13,172	13,338	13,678	12,980	13,926	
TOTAL	**157,572**	**157,568**	**156,812**	**154,909**	**160,852**	**38,186**



Comments:

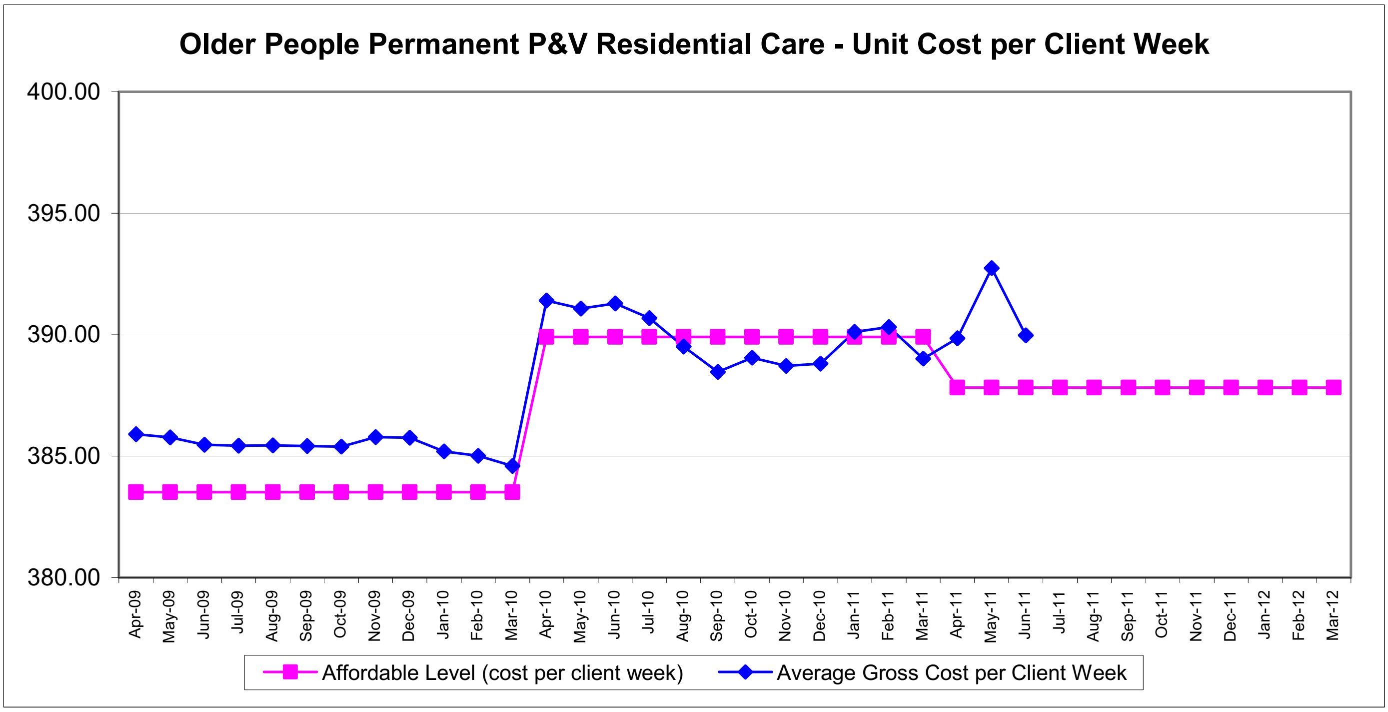
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people permanent P&V residential care at the end of 2009-10 was 2,751, at the end of 2010-11 it was 2,787 and by the end of June 2011 it was 2,809. It is evident that there are ongoing pressures relating to clients with dementia. Since April 2010, the number of clients with dementia has increased from 1,217 to 1,268 whilst the other residential clients have decreased.

- The current forecast is 155,065 weeks of care against an affordable level of 160,852, a difference of 5,787 weeks. Using the forecast unit cost of £389.97 this reduced activity saves £2,257k within the forecast, as highlighted in section 1.1.3.13d.

- To the end of June 38,186 weeks of care have been delivered against an affordable level of 39,429 a difference of 1,243 weeks.

2.10.2 **Average gross cost per client week of older people permanent P&V residential care compared with affordable level**:

	2009-10		2010-11		2011-12	
	Affordable Level (Cost per Week)	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**
April	383.52	385.90	389.91	391.40	387.82	389.85
May	383.52	385.78	389.91	391.07	387.82	392.74
June	383.52	385.47	389.91	391.29	387.82	389.97
July	383.52	385.43	389.91	390.68	387.82	
August	383.52	385.44	389.91	389.51	387.82	
September	383.52	385.42	389.91	388.46	387.82	
October	383.52	385.39	389.91	389.06	387.82	
November	383.52	385.79	389.91	388.72	387.82	
December	383.52	385.76	389.91	388.80	387.82	
January	383.52	385.20	389.91	390.12	387.82	
February	383.52	385.01	389.91	390.31	387.82	
March	383.52	384.59	389.91	389.02	387.82	

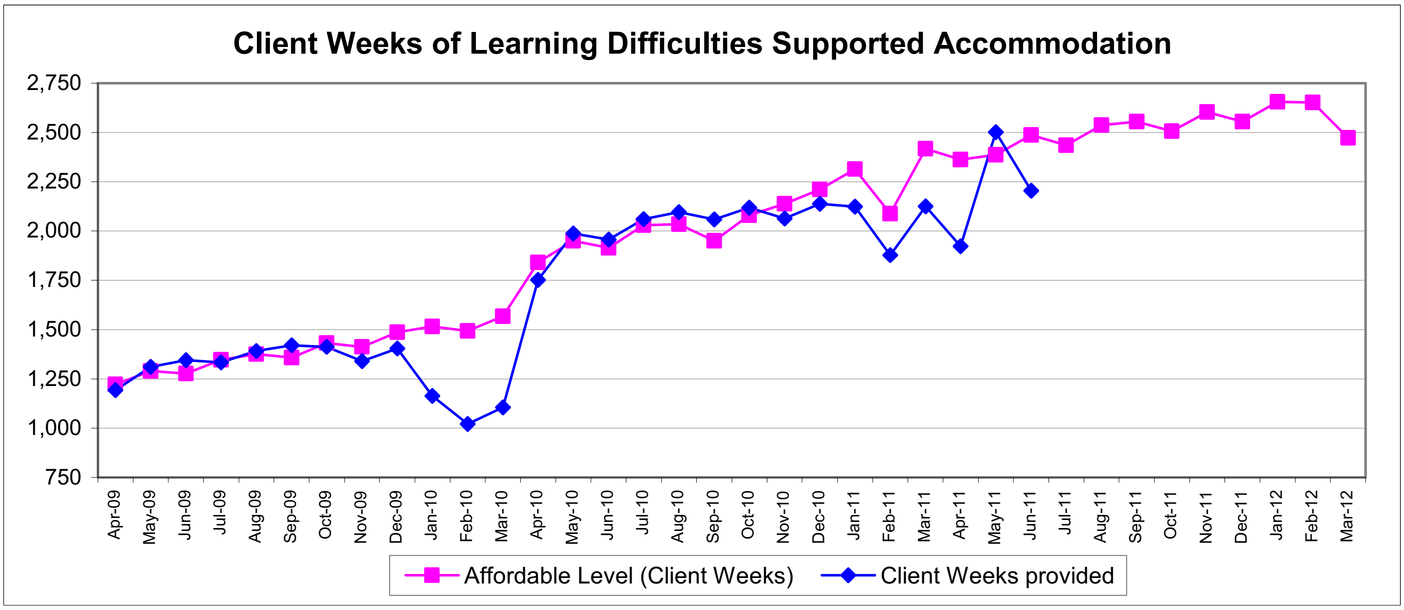


Comments:

- Average unit cost per week has increased more than inflation and is likely to reflect the increasing numbers of clients with dementia.
- The forecast unit cost of £389.97 is higher than the affordable cost of £387.82 and this difference of £2.15 adds £346k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.13d.

2.11.1 **Number of client weeks of learning difficulties supported accommodation provided compared with affordable level:**

	2009-10		2010-11		2011-12	
	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided
April	1,221	1,192	1,841	1,752	2,363	1,923
May	1,290	1,311	1,951	1,988	2,387	2,502
June	1,276	1,344	1,914	1,956	2,486	2,205
July	1,346	1,333	2,029	2,060	2,435	
August	1,375	1,391	2,034	2,096	2,536	
September	1,357	1,421	1,951	2,059	2,555	
October	1,431	1,412	2,080	2,119	2,506	
November	1,412	1,340	2,138	2,063	2,603	
December	1,487	1,405	2,210	2,137	2,554	
January	1,515	1,163	2,314	2,123	2,655	
February	1,493	1,021	2,088	1,878	2,652	
March	1,567	1,105	2,417	2,125	2,472	
TOTAL	**16,770**	**15,438**	**24,967**	**24,356**	**30,204**	**6,630**

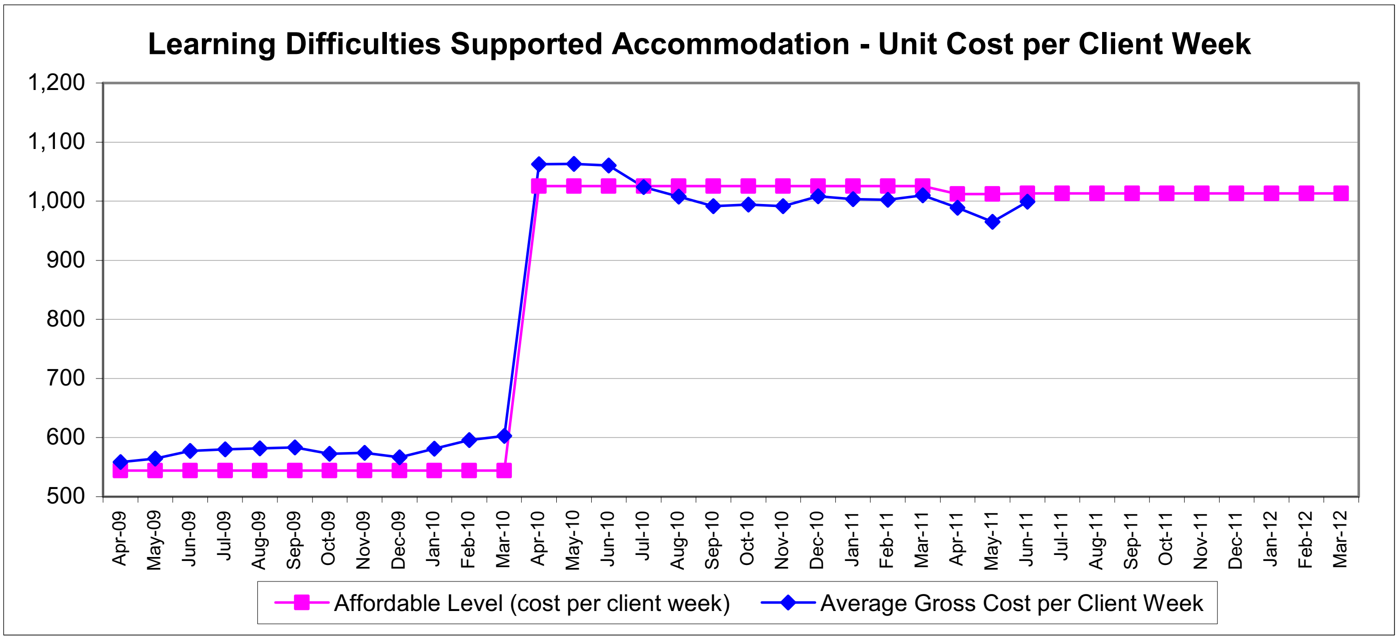


Comments:

- The above graph reflects the number of client weeks of service provided. The actual number of clients in LD supported accommodation at the end of 2009-10 was 309, at the end of 2010-11 it was 491, of which 131 were S256 clients, and at the end of June 2011 it was 536.
- The current forecast is 29,711 weeks of care, against an affordable level of 30,204, a difference of -493 weeks and includes people that we expect to be supported through supported accommodation and adult placement. Some of this is as a result of the transfer of clients from NHS who were previously S256, following the closure of LD Campus. Using the forecast unit cost of £999.24 this reduction in activity provides a saving of £492k, as reflected in section 1.1.3.14.a
- To the end of June 6,630 weeks of care have been delivered against an affordable level of 7,236, a difference of 607 weeks.
- Like residential care for people with a learning disability, every case is unique and varies in cost, depending on the individual circumstances. Although the quality of life will be better for these people, it is not always significantly cheaper. The focus to enable as many people as possible to move from residential care into supported accommodation means that more and increasingly complex and unique cases will be successfully supported to live independently.

2.11.2 **Average gross cost per client week of Learning Difficulties supported accommodation compared with affordable level (non preserved rights clients)**:

	2009-10		2010-11		2011-12	
	Affordable Level (Cost per Week)	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**	**Affordable Level (Cost per Week)**	**Average Gross Cost per Client Week**
April	544.31	558.65	1,025.67	1,062.38	1,011.73	988.73
May	544.31	564.49	1,025.67	1,063.22	1,011.73	964.95
June	544.31	577.33	1,025.67	1,060.59	1,013.18	999.24
July	544.31	580.27	1,025.67	1,023.90	1,013.18	
August	544.31	581.76	1,025.67	1,007.58	1,013.18	
September	544.31	583.26	1,025.67	991.20	1,013.18	
October	544.31	572.59	1,025.67	993.92	1,013.18	
November	544.31	574.24	1,025.67	991.56	1,013.18	
December	544.31	566.87	1,025.67	1,007.95	1,013.18	
January	544.31	581.53	1,025.67	1,003.21	1,013.18	
February	544.31	595.89	1,025.67	1,001.98	1,013.18	
March	544.31	603.08	1,025.67	1,009.82	1,013.18	



Comments:

- The forecast unit cost of £999.24 is lower than the affordable cost of £1013.18 and this difference of £13.94 provides a saving of £421k when multiplied by the affordable weeks, as reflected in section 1.1.3.14a.

- There are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different unit cost, which are combined to provide an average unit cost for the purposes of this report.

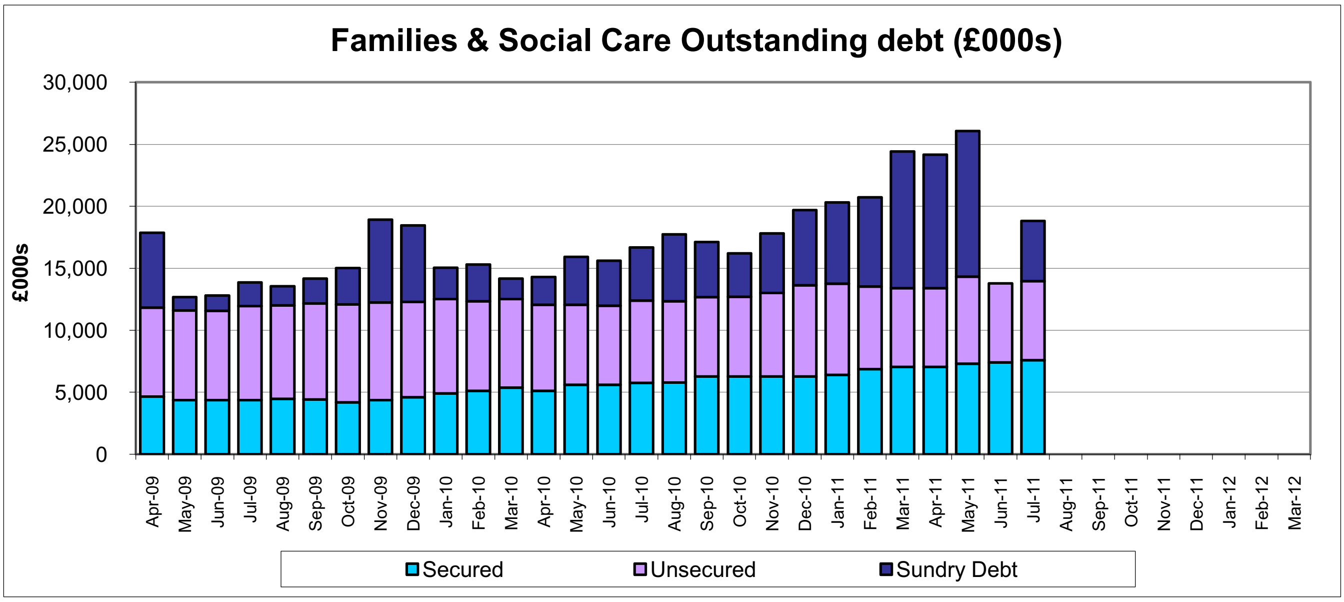
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.

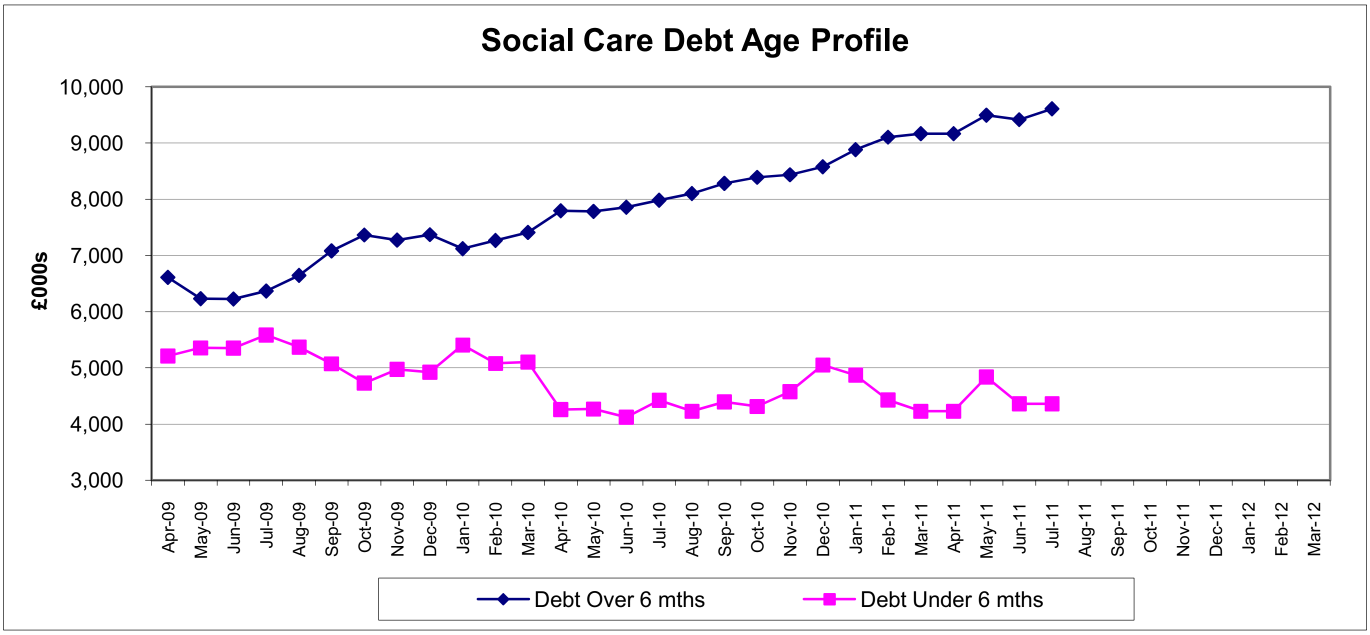
3. SOCIAL CARE DEBT MONITORING

The outstanding debt as at the end of July was £18.829m compared with March's figure of £24.413m (reported to Cabinet in June) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £4.860m of sundry debt compared to £11.011m in March. The amount of sundry can change significantly for large invoices to health, which has been the case in the movement from March. Also within the outstanding debt is £13.969m relating to Social Care (client) debt which is an increase of £0.567m from the last reported position to Cabinet in June. The following table shows how this breaks down in terms of age and also whether it is secured (i.e. by a legal charge on the client's property) or unsecured, together with how this month compares with previous months. For most months the debt figures refer to when the four weekly invoice billing run interfaces with Oracle (the accounting system) rather than the calendar month, as this provides a more meaningful position for Social Care Client Debt. This therefore means that there are 13 billing invoice runs during the year. It should be noted that the Sundry debt reports were not successful in June, and hence no figure can be reported, the problem was rectified in time for the July report, but reports are unable to be run retrospectively.

£000s

			Social Care Debt				
Debt Month	**Total Due Debt (Social Care & Sundry Debt) £000s**	**Sundry Debt £000s**	**Total Social Care Due Debt £000s**	**Debt Over 6 mths £000s**	**Debt Under 6 mths £000s**	**Secured £000s**	**Unsecured £000s**
Apr-09	**17,874**	**6,056**	11,818	6,609	5,209	4,657	7,161
May-09	**12,671**	**1,078**	11,593	6,232	5,361	4,387	7,206
Jun-09	**12,799**	**1,221**	11,578	6,226	5,352	4,369	7,209
Jul-09	**13,862**	**1,909**	11,953	6,367	5,586	4,366	7,587
Aug-09	**13,559**	**1,545**	12,014	6,643	5,371	4,481	7,533
Sep-09	**14,182**	**2,024**	12,158	7,080	5,078	4,420	7,738
Oct-09	**15,017**	**2,922**	12,095	7,367	4,728	4,185	7,910
Nov-09	**18,927**	**6,682**	12,245	7,273	4,972	4,386	7,859
Dec-09	**18,470**	**6,175**	12,295	7,373	4,922	4,618	7,677
Jan-10	**15,054**	**2,521**	12,533	7,121	5,412	4,906	7,627
Feb-10	**15,305**	**2,956**	12,349	7,266	5,083	5,128	7,221
Mar-10	**14,157**	**1,643**	12,514	7,411	5,103	5,387	7,127
Apr-10	**14,294**	**2,243**	12,051	7,794	4,257	5,132	6,919
May-10	**15,930**	**3,873**	12,057	7,784	4,273	5,619	6,438
Jun-10	**15,600**	**3,621**	11,979	7,858	4,121	5,611	6,368
Jul-10	**16,689**	**4,285**	12,404	7,982	4,422	5,752	6,652
Aug-10	**17,734**	**5,400**	12,334	8,101	4,233	5,785	6,549
Sep-10	**17,128**	**4,450**	12,678	8,284	4,394	6,289	6,389
Oct-10	**16,200**	**3,489**	12,711	8,392	4,319	6,290	6,421
Nov-10	**17,828**	**4,813**	13,015	8,438	4,577	6,273	6,742
Dec-10	**19,694**	**6,063**	13,631	8,577	5,054	6,285	7,346
Jan-11	**20,313**	**6,560**	13,753	8,883	4,870	6,410	7,343
Feb-11	**20,716**	**7,179**	13,537	9,107	4,430	6,879	6,658
Mar-11	**24,413**	**11,011**	13,402	9,168	4,234	7,045	6,357
Apr-11	**24,178**	**10,776**	13,402	9,168	4,234	7,045	6,357
May-11	**26,069**	**11,737**	14,332	9,496	4,836	7,309	7,023
Jun-11	**13,780**		13,780	9,418	4,362	7,399	6,381
Jul-11	**18,829**	**4,860**	13,969	9,609	4,361	7,584	6,385
Aug-11	**0**		0				
Sep-11	**0**		0				
Oct-11	**0**		0				
Nov-11	**0**		0				
Dec-11	**0**		0				
Jan-12	**0**		0				
Feb-12	**0**		0				


Families & Social Care Outstanding debt (£000s)
£000s
30,000
25,000
20,000
15,000
10,000
5,000
0
Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10 Mar-10 Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11 May-11 Jun-11 Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12
Secured
Unsecured
Sundry Debt


Social Care Debt Age Profile
£000s
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10 Mar-10 Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11 May-11 Jun-11 Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12
Debt Over 6 mths
Debt Under 6 mths

ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY
JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 Cash limits for the A-Z service analysis have been adjusted since the budget was set to reflect the transfers required to reflect the new directorate and portfolio structures. In addition, the cash limits that the Directorate is working to, and **upon which the variances in this report are based,** include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy.

The Directorate would like to request formal virement through this report to reflect adjustments to cash limits for the following changes required in respect of the allocation of previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process. This primarily relates to how the directorate has allocated savings in relation to Total Contribution Pay and Superannuation changes. These savings were ‘parked’ within Strategic Management and Directorate Support when the budget was approved and have now been allocated to the individual service units based on detailed analysis by Finance. In addition, Kent Highways Services (KHS) has undergone a major restructure, which impacts upon both staffing and work budgets, and budgets have been adjusted to reflect the new structure. In addition KHS gross and income budgets have been realigned in the light of 2010-11 outturn. These adjustments have had an impact on the gross and income budgets which has increased them both by £0.359m. Furthermore, there is a significant transfer between gross and income of £3.346m which reflects a correction to the accounting treatment for capitalised staff costs, this had previously been treated as income but should have been a credit to gross expenditure.

A transfer has also been made between gross and income within Public Transport of £0.417m which predominantly reflects a revision of the income budget related to the Freedom pass. Changes to the gross and income budgets within Waste Management and Waste Disposal have also been reflected, as a result of revisions to contract prices affecting both spend and income levels and the use of new waste processing outlets for managing various recyclate waste streams, all of which were not known when the budget was set. These amount to an increase of £0.744m in the gross budget and a similar increase in the income budget.

There have also been a number of corporate adjustments to cash limit to reflect the allocation of roll forward, a virement of £0.130m from the underspending on the Finance & Business Support portfolio to offset the Commercial Services contribution because CSD are to fund two new audit posts and some outsourced work thereby reducing their ability to make the budgeted contribution, and where budgets have moved as a result of the restructure, but there has been no change to what the budget is being used for. These adjustments total +£0.145m (-£0.245m gross and +£0.390m income).

Therefore the overall movement in cash limits shown in table 1a below is a reduction in the gross expenditure budget of £2.071m (£0.359m - £3.346m + £0.417m + £0.744m - £0.245m from above) and a reduction in the income budget of £2.216m (-£0.359m + £3.346m - £0.417m - £0.744m + £0.390m from above).

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2010-11 as approved by Cabinet in July,
- the total value of the adjustments applied to each service line.

Cabinet is asked to approve these revised cash limits

1.1.2.1 **Table 1a Movement in Cash Limits since published A-Z budget in the new portfolio format**:

Budget Book Heading	Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Environment, Highways & Waste portfolio									
E&E Strategic Management & Directorate Support Budgets	7,528	-1,014	6,514	7,373	-388	6,985	-155	626	471
Environment:									
- Environment Management	3,880	-2,647	1,233	4,180	-2,830	1,350	300	-183	117
- Coastal Protection	733		733	686	0	686	-47		-47
	4,613	-2,647	1,966	4,866	-2,830	2,036	253	-183	70
Highways Services:									
- Adverse Weather	2,655		2,655	3,159	0	3,159	504		504
- Bridges & Other Structures	3,077	-433	2,644	2,753	-294	2,459	-324	139	-185
- General maintenance & emergency response	13,236	-1,027	12,209	13,572	-345	13,227	336	682	1,018
- Highway drainage	3,845	-206	3,639	3,431	-74	3,357	-414	132	-282
- Highway improvements	4,272	-2,356	1,916	2,105	-515	1,590	-2,167	1,841	-326
- Road Safety	2,921	-1,280	1,641	2,827	-1,213	1,614	-94	67	-27
- Signs, Lines & Bollards	2,046	-74	1,972	1,819	0	1,819	-227	74	-153
- Streetlight energy	4,955		4,955	5,104	0	5,104	149		149
- Streetlight maintenance	4,085	-271	3,814	3,924	-325	3,599	-161	-54	-215
- Traffic management	5,569	-2,860	2,709	5,506	-2,924	2,582	-63	-64	-127
- Tree maintenance, grass cutting & weed control	3,822	-102	3,720	3,352	-192	3,160	-470	-90	-560
	50,483	-8,609	41,874	47,552	-5,882	41,670	-2,931	2,727	-204
Integrated Transport Strategy & Planning:									
- Planning & Transport Policy	861	-15	846	774	-15	759	-87		-87
- Planning Applications	1,118	-500	618	1,102	-500	602	-16		-16
	1,979	-515	1,464	1,876	-515	1,361	-103	0	-103
Transport Services:									
- Concessionary Fares	16,304		16,304	16,332	-27	16,305	28	-27	1
- Freedom Pass	12,544	-1,700	10,844	13,625	-2,230	11,395	1,081	-530	551
- Subsidised Bus Routes	9,951	-1,777	8,174	9,259	-1,637	7,622	-692	140	-552
- Sustainable Transport	2,684	-1,525	1,159	2,503	-1,448	1,055	-181	77	-104
	41,483	-5,002	36,481	41,719	-5,342	36,377	236	-340	-104
Waste Management									
Recycling & Diversion from Landfill:									
- Household Waste Recycling Centres	8,391	-719	7,672	8,416	-1,109	7,307	25	-390	-365
- Partnership & Behaviour Change	892	-126	766	805	-126	679	-87		-87
- Payments to Waste Collection Authorities (DCs)	5,500		5,500	5,334	-102	5,232	-166	-102	-268
- Recycling Contracts & Composting	9,674		9,674	10,262	-609	9,653	588	-609	-21
	24,457	-845	23,612	24,817	-1,946	22,871	360	-1,101	-741
Waste Disposal:									
- Closed Landfill Sites & Abandoned Vehicles	743	-276	467	779	-266	513	36	10	46
- Disposal Contracts	29,463	-768	28,695	29,476	-430	29,046	13	338	351
- Landfill Tax	7,040		7,040	6,880	0	6,880	-160		-160
- Transfer Stations	8,203	-84	8,119	8,583	-75	8,508	380	9	389
	45,449	-1,128	44,321	45,718	-771	44,947	269	357	626
Commercial Services		-7,261	-7,261	0	-7,131	-7,131		130	130
Total E, H & W portfolio	**175,992**	**-27,021**	**148,971**	**173,921**	**-24,805**	**149,116**	**-2,071**	**2,216**	**145**
Regeneration & Enterprise portfolio									
Development Staff & Projects	**1,311**	**-1,311**	**0**	**1,311**	**-1,311**	**0**			**0**
Total E&E controllable	**177,303**	**-28,332**	**148,971**	**175,232**	**-26,116**	**149,116**	**-2,071**	**2,216**	**145**

1.1.2.2 **Table 1b** below details the revenue position by Service Unit against adjusted cash limits as shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
E&E Strategic Management & Directorate Support Budgets	7,373	-388	6,985	-69		-69	Vacancy management (Waste)
Environment:	0	0					
- Environment Management	4,180	-2,830	1,350			0	
- Coastal Protection	686	0	686			0	
	4,866	-2,830	2,036	0	0	0	
Highways Services:							
- Adverse Weather	3,159	0	3,159			0	
- Bridges & Other Structures	2,753	-294	2,459			0	
- General maintenance & emergency response	13,572	-345	13,227			0	
- Highway drainage	3,431	-74	3,357			0	
- Highway improvements	2,105	-515	1,590			0	
- Road Safety	2,827	-1,213	1,614			0	
- Signs, Lines & Bollards	1,819	0	1,819			0	
- Streetlight energy	5,104	0	5,104			0	
- Streetlight maintenance	3,924	-325	3,599			0	
- Traffic management	5,506	-2,924	2,582		-83	-83	Additional s74 and fixed penalty notices income
- Tree maintenance, grass cutting & weed control	3,352	-192	3,160			0	
	47,552	-5,882	41,670	0	-83	-83	
Integrated Transport Strategy & Planning:							
- Planning & Transport Policy	774	-15	759			0	
- Planning Applications	1,102	-500	602			0	
	1,876	-515	1,361	0	0	0	
Transport Services:							
- Concessionary Fares	16,332	-27	16,305			0	
- Freedom Pass	13,625	-2,230	11,395			0	
- Subsidised Bus Routes	9,259	-1,637	7,622			0	
- Sustainable Transport	2,503	-1,448	1,055		69	69	Reduction in forecast grant income for Local Sustainable Transport Fund
	41,719	-5,342	36,377	0	69	69	
Waste Management							
Recycling & Diversion from Landfill:							
- Household Waste Recycling Centres	8,416	-1,109	7,307	73	-100	-27	Additional income received from sale of lead acid batteries
- Partnership & Behaviour Change	805	-126	679	-41		-41	Reduction in campaign activity
- Payments to Waste Collection Authorities (DCs)	5,334	-102	5,232			0	
- Recycling Contracts & Composting	10,262	-609	9,653	-510	7	-503	reduced waste tonnage & improved contract prices when compared with working budget
	24,817	-1,946	22,871	-478	-93	-571	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Waste Disposal:							
- Closed Landfill Sites & Abandoned Vehicles	779	-266	513	1	-3	-2	
- Disposal Contracts	29,476	-430	29,046	-2,079		-2,079	Reduced residual waste tonnage compared to budget, less waste processed via Allington, more waste to landfill
- Landfill Tax	6,880	0	6,880	905		905	waste diverted to landfill from Allington WtE due to operational issues
- Transfer Stations	8,583	-75	8,508	-356		-356	reduced waste tonnage
	45,718	-771	44,947	-1,529	-3	-1,532	
Commercial Services	0	-7,131	-7,131			0	
Total E, H & W portfolio	**173,921**	**-24,805**	**149,116**	**-2,076**	**-110**	**-2,186**	
Regeneration & Enterprise portfolio							
Development Staff & Projects	**1,311**	**-1,311**	**0**			**0**	
Total E&E controllable	**175,232**	**-26,116**	**149,116**	**-2,076**	**-110**	**-2,186**	
Assumed Management Action							
- EHW portfolio							
- R&E portfolio							
Forecast after Mgmt Action				**-2,076**	**-110**	**-2,186**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Environment, Highways & Waste portfolio:

1.1.3.1 Waste Management:

The waste tonnage for the first three months of 2011-12 indicate that the experience of the last two financial years is likely to be repeated and the final tonnage figure is forecast to be less than the affordable level. Based on actuals to date, an estimated level of 735,000 tonnes is predicted which is 25,000 tonnes below the affordable level. This is a prudent forecast to allow for any potential growth in future months. Details of activity are shown in section 2.4.

1.1.3.1.1 Recycling & Diversion from Landfill

a. Household Waste Recycling Centres
An underspend of £100k is predicted as a result of additional income generated from a new income stream – the sale of lead batteries which were previously collected at zero cost or for a small charge.

b. Recycling Contracts & Composting
A combination of reduced waste tonnage, approximately 14,000 tonnes, for recycling and composting and improved contract prices are anticipated to deliver an underspend of £510k in this financial year. Approximately £126k is due to improved prices and £384k is due to reduced activity.

1.1.3.1.2 **Waste Disposal**

a. Disposal Contracts
An underspend of £2,079k is forecast for this budget line due to reduced residual waste tonnage being processed at the Allington Waste to Energy Plant when compared to the budget profile. The final tonnage figure for processing waste via Allington is expected to be 27,000 tonnes less than budget, however it is forecast that an additional 16,000 tonnes of waste will be sent to landfill due to operational circumstances at Allington.

b. Landfill Tax
An overspend of £905k is forecast due to operational circumstances at the Allington waste to energy plant during the early part of the financial year when it was necessary to divert a greater tonnage than anticipated to landfill, approximately a further 16,000 tonnes will be landfilled than planned.

c. Transfer Stations
An underspend of £356k is anticipated as a result of a reduction in forecast waste tonnage.

Overall annual forecast tonnes is expected to reduce by 25,000, which is made up of 27,000 tonnes less via Allington and 14,000 tonnes less via recycling/composting, however due to operational changes at Allington a further 16,000 tonnes is forecast to be landfilled.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
EHW	Landfill Tax - diversion of waste to landfill due to operational issues at Allington Waste to energy plant	+905	EHW	Disposal Contracts - lower then budgeted residual waste tonnage processed through Allington WtE	-2,079
			EHW	Recycling & Composting - lower then budgeted waste tonnage	-384
			EHW	Transfer Stations - lower then budgeted waste tonnage	-356
			EHW	Recycling Contracts & Composting - improved contract prices	-126
			EHW	Household Waste Recycling Centres - income from sale of lead batteries	-100
		+905			-3,045

1.1.4 **Actions required to achieve this position**:

None

1.1.5 **Implications for MTFP**:

Waste will be reviewing the trends of recent years in respect of waste tonnage and disposal costs when considering savings and pressure for the development of the 2012-15 MTFP. There is no guarantee that tonnage will continue to reduce so contingency arrangements will need to be incorporated to deal with any reversal in trends.

1.1.6 **Details of re-phasing of revenue projects**:

None

1.1.7 **Details of proposals for residual variance**:

The most significant element of the Directorate's forecast underspend arises from Waste Management**.** This is directly related to tonnage and whilst the forecast reflects the previous year's experience and tonnage data to date, it must be treated with an element of caution. The Directorate has a direct influence over the disposal and recycling of waste, but limited control over the amount of waste that is put into the system. Any surge in waste tonnage will impact the financial outturn of the Directorate and the forecast underspend reported in this report. It must be noted that previous years underspend on Waste Management was negated by additional costs arising in Highways as a result of hard winters and this could be repeated in 2011-12.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 18th July 2011, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	Future Yrs £000s	TOTAL £000s
Enterprise & Environment Portfolio						
Budget	239,529	95,191	77,223	70,334	242,583	724,860
Adjustments:						
- Re-phasing at Outturn	-567	568	-1	-200	200	
- Outturn changes	-320					-320
- Sittingbourne Northern Relief Rd		-167				-167
- Ashford Ring Road		-65				-65
- Ashford Station Forecourt		190				190
Revised Budget	238,642	95,717	77,222	70,134	242,783	724,498
Variance		6,181	-3,031	-4,841	10,307	8,616
split:						
- real variance		+8,782	-166			+8,616
- re-phasing		-2,601	-2,865	-4,841	+10,307	0

Real Variance		**+8,782**	**-166**	**0**	**0**	**+8,616**
Re-phasing		**-2,601**	**-2,865**	**-4,841**	**+10,307**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Highway major Maintenance	real	4,060			
EHW	A2 Cyclo Park	real		2,800		
EHW	Victoria Way	real		1,000		
EHW	Integrated Transport	real	786			
EHW	Ashford Drovers & J9 Foot Bridge	real		650		
EHW	HWRC-Ashford Transfer Station	phasing			350	
EHW	Commercial Services	real	320			
			+5,166	**+4,450**	**+350**	**+0**
Underspends/Projects behind schedule						
EHW	Kent Thameside Transport	phasing			-1,314	
EHW	HWRC-Herne Bay	phasing		-750		
EHW	Major Preliminary Design	real	-300			
EHW	Sittingbourne Northern Relief Rd	real		-384		
EHW	Integrated Transport	phasing	-300			
			-600	**-1,134**	**-1,314**	**0**
			+4,566	**+3,316**	**-964**	**-0**

1.2.4 **Projects re-phasing by over £1m**:

1.2.4.1 **Kent Thameside Strategic Transport Programme - re-phasing of -£10.374m (-£1.314m in 2011-12, -£3.502m in 2012-13, -£5.558m in 2013-14 and +£10.374m in future years)**

This programme is designed to deliver a package of Strategic Transport schemes in the Kent Thameside area, funded by Government Grants and Developer Contributions.

Following the Government's Comprehensive Spending Review in October 2010, the public sector funding commitment for the programme was deferred and subject to further review. Subsequently, the Homes and Communities Agency (HCA) agreed to fund £13m for phase 1 schemes with a further £10m for phase 2 schemes subject to review. The Department for Transport (DfT) indicated that their funding commitment (approx £23m) towards the programme would not be available in the current spending review period (2011-2014) and is unlikely to be available before 2017-18. Developer contributions will be required to balance the cost of the project.

Negotiations are taking place to ensure that the programme will be implemented on a phased basis dependent on securing relevant funding.

As limited funds are currently guaranteed, the programme has been re-phased with the bulk of the works planned post 2015.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	263	2,688	8,313	14,852	119,195	145,311
Forecast	263	1,374	4,811	9,294	129,569	145,311
Variance	0	-1,314	-3,502	-5,558	+10,374	0
FUNDING						
Budget:						0
Revenue	231					231
Developer		519	3,040	7,278	88,292	99,129
grant	32	2,169	5,273	7,574	30,903	45,951
TOTAL	263	2,688	8,313	14,852	119,195	145,311
Forecast:						
Revenue	231					231
Developer				463	98,666	99,129
grant	32	1,374	4,811	8,831	30,903	45,951
TOTAL	263	1,374	4,811	9,294	129,569	145,311
Variance	**0**	**-1,314**	**-3,502**	**-5,558**	**+10,374**	**0**

1.2.4.2 **Sittingbourne Northern Relief Road - re-phasing of -£1.321m in (2012-13)**

This scheme was started in autumn 2009 and is progressing well, with completion expected in December 2011. The spend profile for 2012-13 has been re phased into 2013-14 to cover the liability under the Land Compensation Act where claims cannot be made until 1 year after the scheme is opened for use. Payments under the Act are for depreciation to the value of properties affected by physical factors such as traffic noise which cannot be properly assessed until the scheme has been operational for this period of time.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	21,866	7,530	1,703	1,100		32,199
Forecast	21,866	7,146	216	2,421		31,649
Variance	0	-384	-1,487	+1,321	0	-550
FUNDING						
Budget:						
Ex Other		639				639
Revenue	153				0	153
Developer	67		1,703	1,100		2,870
grant	21,646	6,891				28,537
TOTAL	21,866	7,530	1,703	1,100	0	32,199
Forecast:						
Ex Other		839				839
Revenue	153					153
Developer	67		216	2,421		2,704
grant	21,646	6,307				27,953
TOTAL	21,866	7,146	216	2,421	0	31,649
Variance	**0**	**-384**	**-1,487**	**+1,321**	**0**	**-550**

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of +£8.617m (+£8.782m in 2011-12 and -£0.165m in 2012/13)

Preliminary Design Fees: -£0.300m (in 2011-12): Current intelligence indicates that the DfT will not accept any bids for major schemes in the short term and consequently an underspend is declared against this budget. It is proposed that this funding should be transferred to the Integrated Transport Schemes to support the Maidstone High Street development in 2011-12, allowing £0.300m from capital receipts to be re-phased to 2012-13 to fund the balance of the cost and **Cabinet are asked to approve this transfer of funds**.

Highway Maintenance: +£4.060m (in 2011-12): Major patching and full surface dressing works are being undertaken on parts of the road networks that have been worst affected by winter damage. This approach is more cost effective and better value for money than simply dealing with individual pot holes and enhances the capital value of the County Council's assets. The bulk of the cost (£4m) will be covered by a Government revenue grant designed to address winter damage on the County's roads with a small contribution (£0.060m) being provided by third parties.

Integrated Transport Schemes: +£0.786m (in 2011-12): There are two elements to this forecast overspend:

- +£0.486m relates to schemes that are funded by S106 developer contributions which have already been received, but an adjustment to the cash limit to reflect this is awaited.
- +£0.300m relates to works in Maidstone High Street which are proposed to be funded by a cash limit transfer from the Preliminary Design Fees cash limit with a further £0.300m being made available by slipping capital receipts to 2012/13.

Commercial Services Vehicle & Plant: +£0.320m (in 2011-12): this will be matched by an increased contribution from their Renewals Fund so there is no funding implication.

Energy Usage Reduction Programme: -£0.150m (in 2011-15): The programme was funded 50% grant from Carbon Trust and 50% by prudential borrowing. The forecast underspend is due to the repayment of the Carbon Trust grant. The overall funding for this programme will be reduced by the underspend.

Sittingbourne Northern Relief Road: -£0.550m (-£0.384m in 2011-12 and -£0.166m in 2012-13): A prudent approach has been taken throughout the construction phase regarding DfT funding ensuring that a contingency is maintained to fund any unforeseen works. As the scheme approaches completion, a further review of cost and risk has been carried out which has enabled the forecast scheme cost to be reduced by £0.550m. An element of the savings amounting to £0.584m relates to grant funding and has been reported to DfT. The reduction in construction cost has also reduced the developer contribution liability by £0.166m. However, additional work has been carried out for Southern Water for which their contribution will be increased by £0.200m. The net result has been to reduce the scheme cost by £0.550m.

A2 Cyclopark: +£2.800m (in 2011-12): This unique scheme was reported to Cabinet in November 2010 along with a list of potential external funding partners. Capital funding from the various contributors has now been secured and the scheme is now progressing. This secured funding has allowed the project to expand to undertake construction of the pavilion.

Victoria Way: +£1.000m (in 2011-12): The scheme provides a new urban street with public realm and in particular to locate existing and future utility needs into the road corridor to provide clear development sites. Difficulties with the utilities aspects because of uncharted services, phasing and utility companies' lack of performance in particular has fully utilised the contingency allocation. Utility works have continued to have a significant impact on the contract and disturbance and prolongation costs together with residual risks have been on an upward trend over recent months that now lead to forecast overspend of £1.000m.
A robust approach to minimising and reducing the overspend is being taken with the contractor, the consultant and the utility companies. As this scheme is fully externally funded, there is no capacity within the capital programme to meet the forecast overspend funding which will be claimed from Growth Area Funding (GAF) which is held by Ashford Borough Council on behalf of the Ashford's Future Partnership Board. The AFPB has agreed in principle that the major highway schemes in Ashford (ie Victoria Way and Drovers Roundabout / J9 and Footbridge) should have first call on the GAF pot of some £2.7m (see also below). The £0.397m commuted sum for future maintenance has already been received and will be redirected to reduce the funding deficit.

Drovers Roundabout, J9 and Footbridge: +£0.650m (in 2011-12): The net overspend is due to the following:

- **Construction +£1.697m:** An overspend of £0.300m was reported in 2010-11, to be funded from GAF. A further overspend of £1.697m is expected in this financial year which has resulted in a total forecast construction overspend of approximately £2.000m. The main cause of the overspend has been issues related to the unique cable stayed footbridge over the M20. The contractor has made very significant claims relating to design aspects, disturbance and prolongation and the consultant working for Kent County Council has indicated that there is some limited legitimacy to these claims.
  In common with Victoria Way, this scheme is fully externally funded, with KCC acting as delivery agent for the Ashford's Future Partnership Board and funding to cover the overspend will be claimed from GAF. As stated above, the AFPB has agreed in principle that any overspend on this scheme and Victoria Way should have the first call on the remaining GAF budget of approximately £2.7m. This would cover the forecast overspend on Victoria Way and Drovers, but would mean that the proposed improvements to the Station Forecourt, Ashford which were discussed by PAG on 21 February 2011 would not be able to proceed from GAF funds.
- **Commuted Sum - £1.047m:** The cash limit includes £1.047m for commuted sum which has to be transferred to the revenue balance sheet until it is paid out to the Highways Agency for the future maintenance of the Footbridge and Junction 9.

Taking these into account, there is an underlying nil variance.

1.2.6 **General Overview of capital programme**:

(a) Risks

As Victoria Way, Drovers Roundabout, M20 Junction 9 and Footbridge and East Kent Access Phase 2 near completion the key risk is around delivering the schemes within the current forecast expenditure levels.

(b) Details of action being taken to alleviate risks

Victoria Way - Outside of the normal contract management procedures, a risk workshop has been held with the contractor and consultant to seek to give added certainty to the out-turn cost prediction. The final account negotiations with utility companies will continue to be actively pursued to ensure we only pay valid costs and that we also maximise our income where works have been carried for them. Similarly, claims from our contractor will continue to be robustly assessed to ensure that payments are only agreed where there is proven entitlement. Instructions to the contractor will continue to be limited to those only required to complete the works.

Drovers Roundabout, M20 Junction 9 and Footbridge - We are in effect in dispute with the contractor on the content and quantum of his claims. Final contract costs may only be decided if agreement cannot be reached, after contractual provisions for mediation and arbitration are followed. A strategy has been put in place with our consultant to assess the claims and that is being progressed. Independent cost consultant's have been appointed to provided KCC with audit advice and to identify what components of the claims may relate to the bridge design.

East Kent Access Phase 2 - Management of the contract is supported by independent cost consultants. As construction progresses closer to the anticipated completion date of March 2012, the risks related to construction inflation reduce. The contract is being robustly managed to ensure that claims by the contractor are only agreed where there is proven entitlement. Similar efforts are being made in respect of third party costs for the utility diversion works and Network Rail fees for the two major railways structures.

1.2.7 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

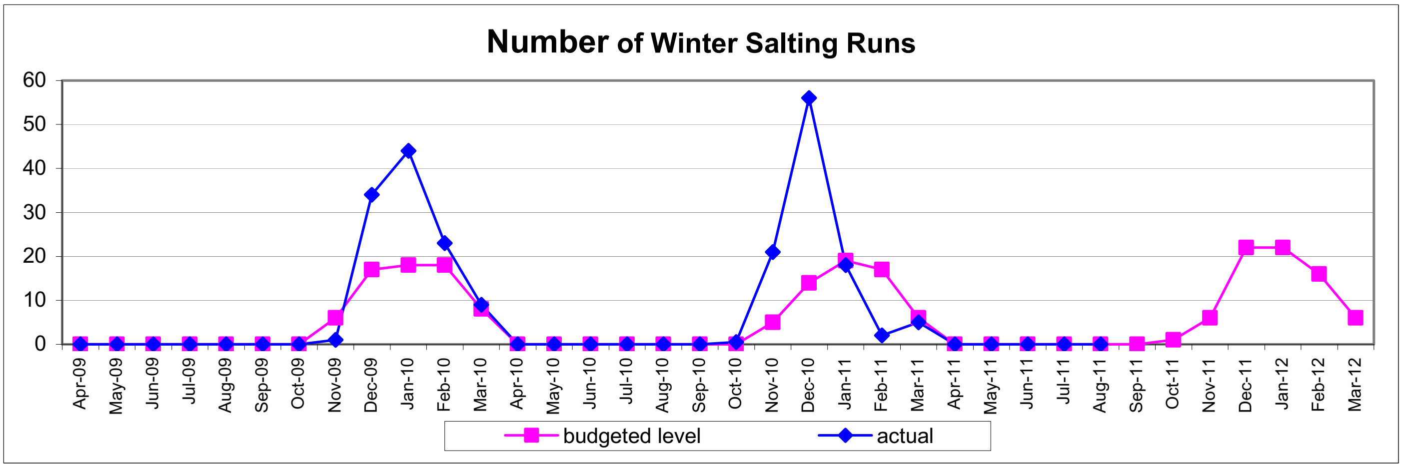
	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	
Integrated Transport Scheme					
Amended total cash limits	+3,291	+2,966	+3,824	+3,058	+13,139
re-phasing	-300	+300			0
Revised project phasing	**+2,991**	**+3,266**	**+3,824**	**+3,058**	**+13,139**
Non TSG Land Compensation Claims					
Amended total cash limits	+2,665	+706	+367	+249	+3,987
re-phasing	-100	+100			0
Revised project phasing	**+2,565**	**+806**	**+367**	**+249**	**+3,987**
Energy and Water Efficiency Investment					
Amended total cash limits	+238	+129	+125	+248	+740
re-phasing	-175	+79	+163	-67	0
Revised project phasing	**+63**	**+208**	**+288**	**+181**	**+740**

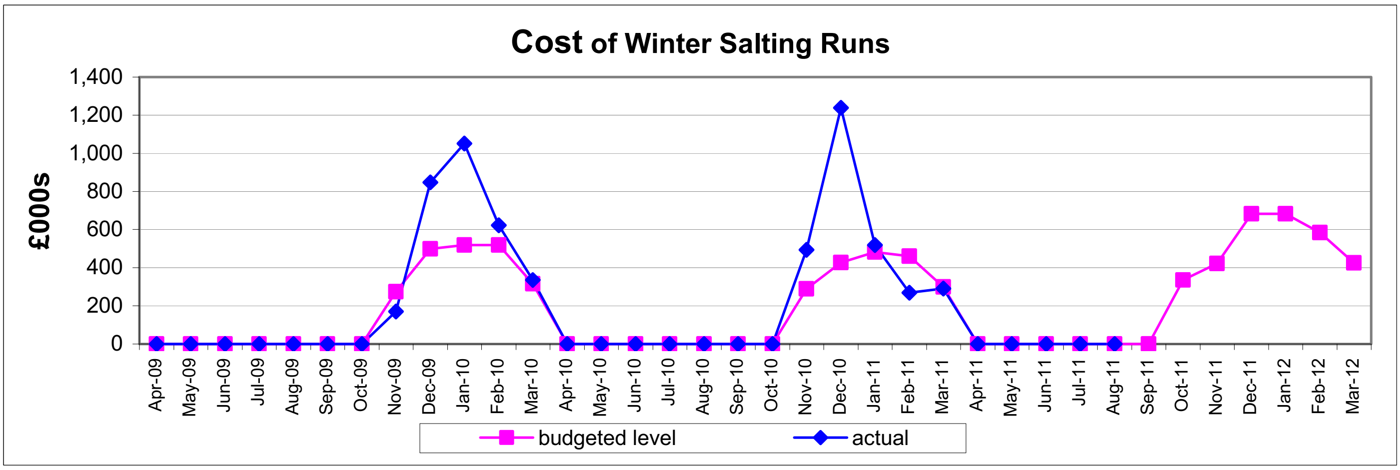
	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	
Energy Usage Reduction Programme					
Amended total cash limits	+150	+50	+94		+294
re-phasing	+113	-19	-94		0
Revised project phasing	**+263**	**+31**	**0**	**0**	**+294**
Sittingbourne Northern Relief Road					
Amended total cash limits	+7,530	+1,703	+1,100		+10,333
re-phasing		-1,321	+1,321		0
Revised project phasing	**+7,530**	**+382**	**+2,421**	**0**	**+10,333**
East Kent Access Phase 2					
Amended total cash limits	+27,894	+912	+3,217		+32,023
re-phasing	-222	+895	-673		0
Revised project phasing	**+27,672**	**+1,807**	**+2,544**	**0**	**+32,023**
A2 Cyclo Park					
Amended total cash limits	+2,003				+2,003
re-phasing	-203	+203			0
Revised project phasing	**+1,800**	**+203**	**0**	**0**	**+2,003**
Kent Thameside Strategic Transport Programme					
Amended total cash limits	+2,688	+8,313	+14,852	+119,195	+145,048
re-phasing	-1,314	-3,502	-5,558	+10,374	0
Revised project phasing	**+1,374**	**+4,811**	**+9,294**	**+129,569**	**+145,048**
HWRC - Herne Bay					
Amended total cash limits	+1,500				+1,500
re-phasing	-750	+750			0
Revised project phasing	**+750**	**+750**	**0**	**0**	**+1,500**
HWRC - Ashford Transfer Station					
Amended total cash limits	+400	+4,600			+5,000
re-phasing	+350	-350			0
Revised project phasing	**+750**	**+4,250**	**0**	**0**	**+5,000**
Total re-phasing >£100k	**-2,601**	**-2,865**	**-4,841**	**+10,307**	**0**
Other re-phased Projects below £100k					
TOTAL RE-PHASING	**-2,601**	**-2,865**	**-4,841**	**+10,307**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Number and Cost of winter salting runs**:

	2009-10				2010-11				2011-12			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted level	Actual £000s	Budgeted Level £000s
April	-	-	-	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-		-		-
October	-	-	-	-	0.5	-	6	-		1		335
November	1	6	171	273	21	5	494	288		6		423
December	34	17	847	499	56	14	1,238	427		22		682
January	44	18	1,052	519	18	19	519	482		22		682
February	23	18	622	519	2	17	268	461		16		584
March	9	8	335	315	5	6	291	299		6		425
TOTAL	**111**	**67**	**3,027**	**2,125**	**102.5**	**61**	**2,816**	**1,957**	**-**	**73**	**-**	**3,131**



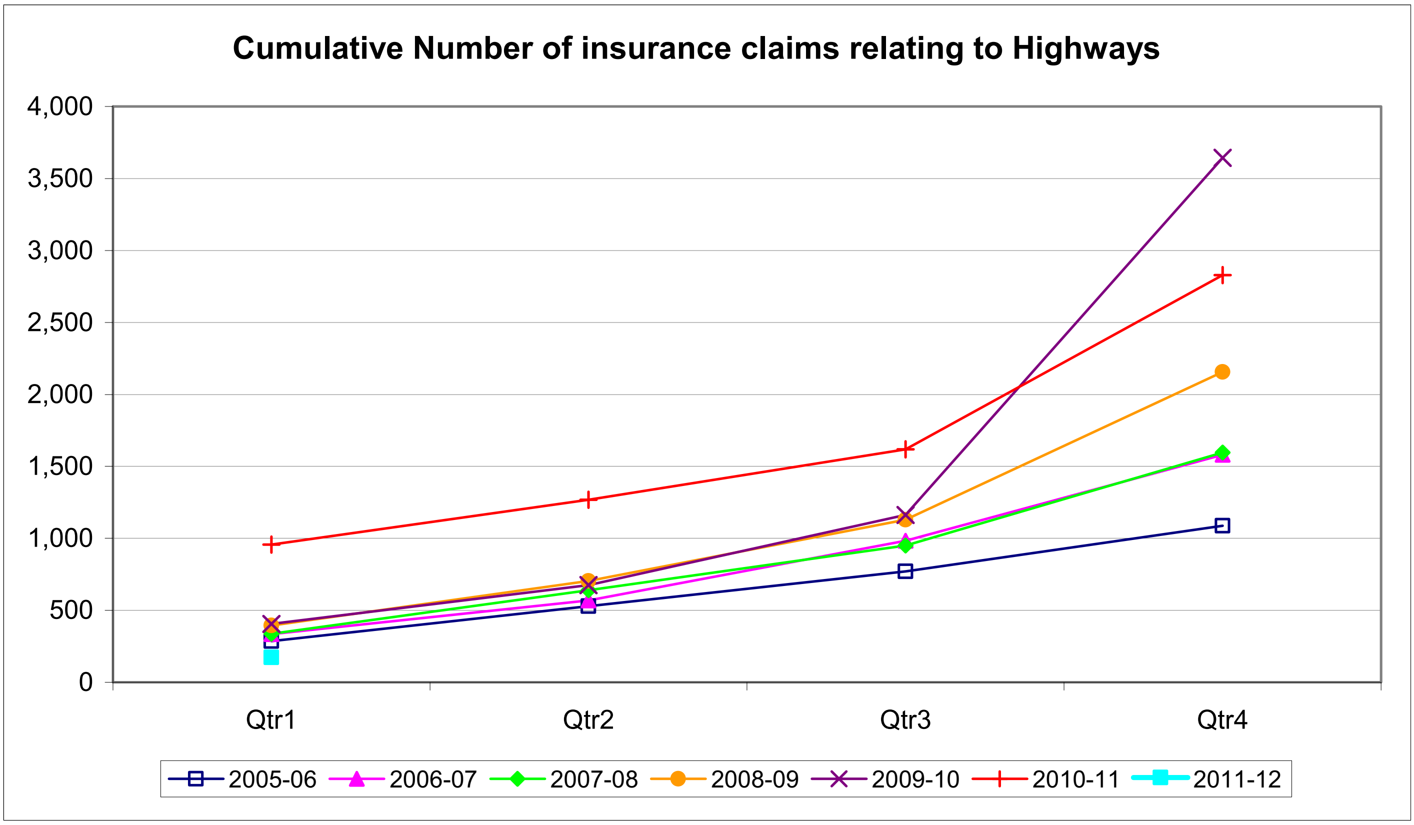


Comment:

- Under the Ringway contract, local and specific overheads and depot charges were dealt with separately and were consequently excluded whereas the new Enterprise contract is for an all inclusive price so these costs are now included, hence the increase in the budgeted cost in 2011-12 compared to previous years.

2.2 **Number of insurance claims arising related to Highways**:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April-June	286	335	337	393	404	956	172
July-Sept	530	570	640	705	675	1,268	
Oct-Dec	771	982	950	1,130	1,162	1,618	
Jan- Mar	1,087	1,581	1,595	2,156	3,643	2,830	

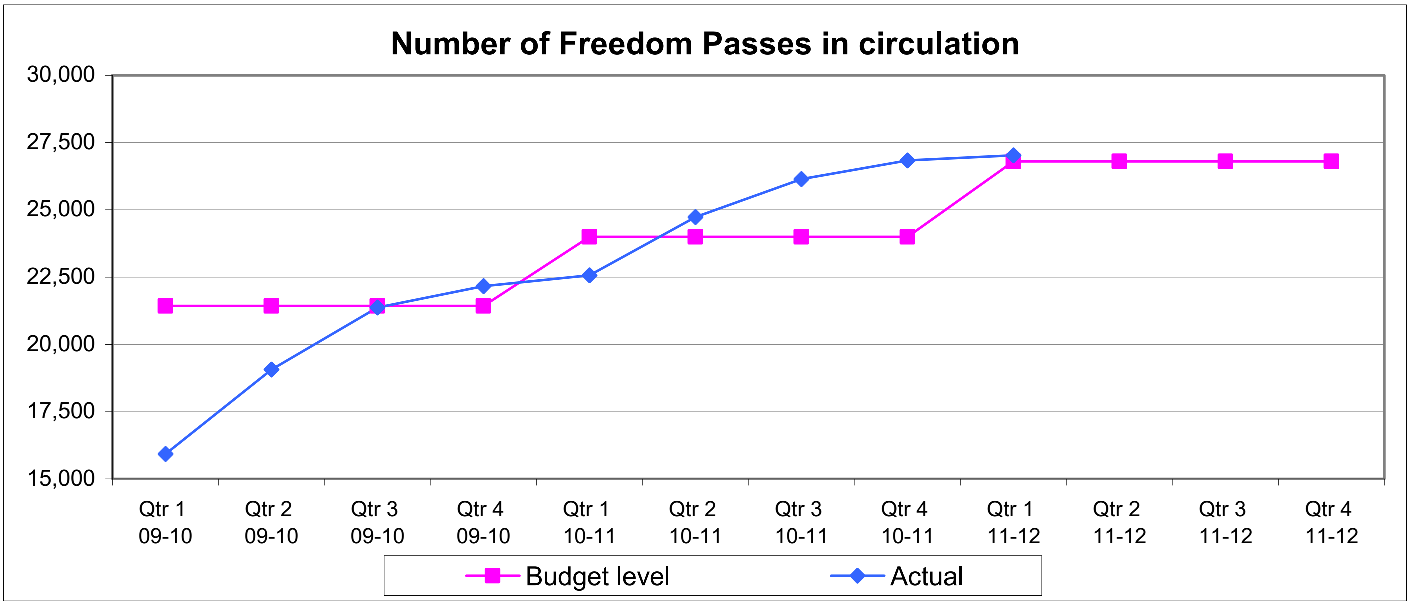


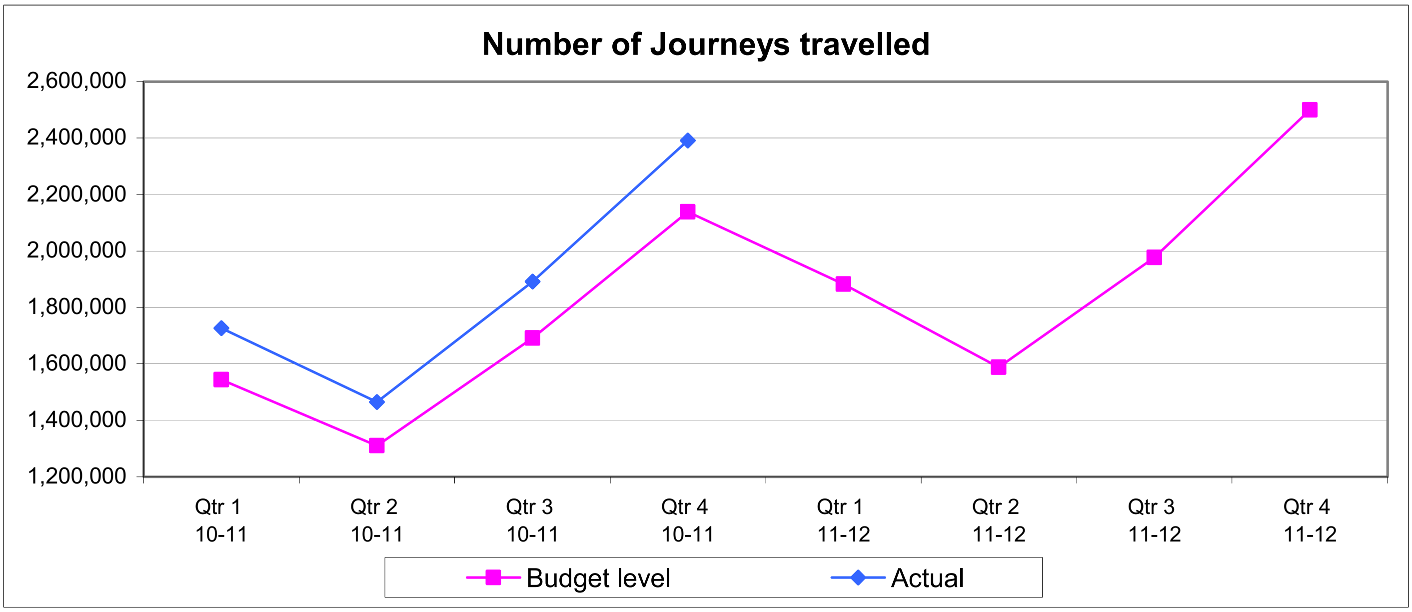
Comments:

- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 26 July 2011.
- Claims were high in each of the last three years largely due to the particularly adverse weather conditions and the consequent damage to the highway along with some possible effect from the economic downturn. These claim numbers are likely to increase further as more claims are received for incidents which occurred during the period of the bad weather.
- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2011-12 claims where it is considered that we do not have any liability, of about 71%.

2.3 Freedom Pass - Number of Passes in circulation and Journeys travelled:

	2009-10				2010-11				2011-12			
	Passes		Journeys travelled		Passes		Journeys travelled		Passes		Journeys travelled	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
Qtr 1 April - June	21,434	15,923			24,000	22,565	1,544,389	1,726,884	26,800	27,031	1,882,098	
Qtr 2 July - Sept	21,434	19,060			24,000	24,736	1,310,776	1,465,666	26,800		1,588,616	
Qtr 3 Oct - Dec	21,434	21,369			24,000	26,136	1,691,828	1,891,746	26,800		1,976,884	
Qtr 4 Jan - Mar	21,434	22,157			24,000	26,836	2,139,053	2,391,818	26,800		2,499,462	
							6,686,046	7,476,114			7,947,060	





Comments:

- The figures above for journeys travelled represent the number of passenger journeys which directly or indirectly give rise to reimbursement to the bus operator under the Kent Freedom Pass scheme. It is forecast that the increase in the cost of the pass from £50 to £100 this year will limit the increases in demand that have been experienced since the introduction of the pass. However, the number of journeys may not change in line with pass numbers as those students who are more likely not to take up a pass because of the increased cost, will be those travelling the least number of journeys, whilst those who do continue to take out the pass may increase journeys to gain maximum value from the pass. It is too early to accurately predict the effect of the increase in cost of the pass, but this should become clearer once the September applications are processed.

- The above figures do not include journeys travelled relating to home to school transport as these costs are met from the Education, Learning & Skills portfolio budget and not from the Kent Freedom Pass budget.

- The actual journey numbers travelled in quarter 1 is not yet available as the bus operators are paid on projected numbers and this is reconciled to actual journeys based on claims later on. This data is expected to be available for the quarter 2 report.

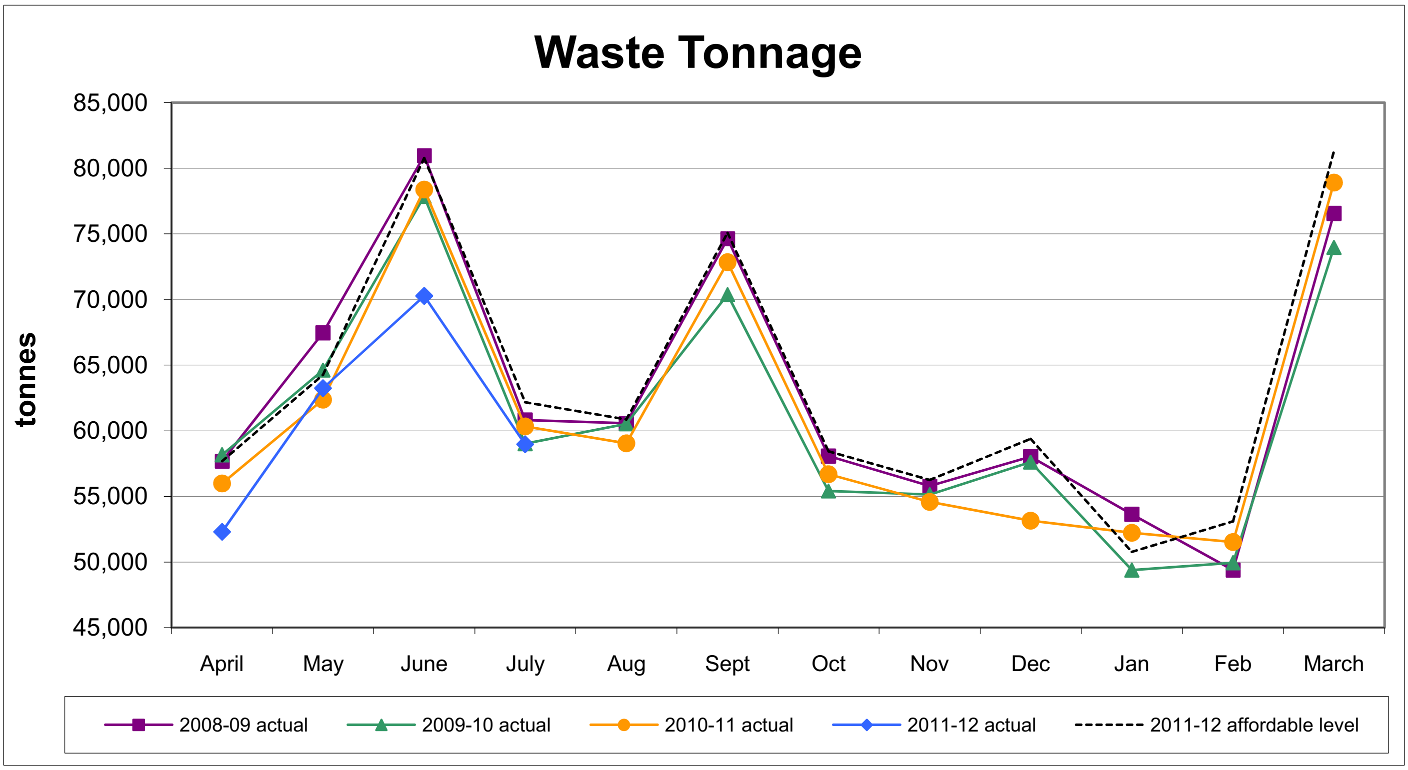
- Comparable figures for 2009-10 journeys travelled are not available because the scheme was still being rolled out and was changing radically year on year and we do not have the data in order to split out the home to school transport journeys.

- There is an issue with the accounting for the increase charge for the pass from September and it may be the case that the resulting increase in income may need to be accrued to reflect the proportion that relates to April to August 2012 (the pass relates to the academic year as opposed to the financial year). This issue will be examined and the result may affect the affordable levels highlighted above.

2.4 Waste Tonnage:

	2008-09	2009-10	2010-11	2011-12	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	57,688	58,164	55,975	52,288	57,687
May	67,452	64,618	62,354	63,230	64,261
June	80,970	77,842	78,375	70,255	80,772
July	60,802	59,012	60,310	58,967	62,154
August	60,575	60,522	59,042		60,847
September	74,642	70,367	72,831		75,058
October	58,060	55,401	56,690		58,423
November	55,789	55,138	54,576		56,246
December	58,012	57,615	53,151		59,378
January	53,628	49,368	52,211		50,766
February	49,376	49,930	51,517		53,093
March	76,551	73,959	78,902		81,315
TOTAL	**753,545**	**731,936**	**735,934**	244,740	**760,000**

** Note: waste tonnages are subject to slight variations between quarterly reports as figures are refined and confirmed with Districts*



Comments:

- These waste tonnage figures include residual waste processed either through Allington Waste to Energy plant or landfill, recycled waste and composting.
- To date, the cumulative total amount of waste managed for the first quarter is approximately 16,000 tonnes less than the affordable level stated above.
- The current forecast as reflected in section 1.1.3.1 of this annex assumes waste volumes will be around 25,000 tonnes below budget by year end. This is a prudent forecast to allow for any potential growth in future months.
- Cumulative tonnage activity for the first quarter of 2011-12 shows a 5% reduction when compared with the corresponding quarter for the last financial year. If this trend continues, the savings forecast in section 1.1.3.1 of this annex will increase.

CUSTOMER & COMMUNITIES DIRECTORATE SUMMARY
JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the budget was set to reflect the transfers required to reflect the new directorate and portfolio structures, the addition of £0.621m of roll forward from 2010-11 as approved by Cabinet on 20 June 2011, and a number of other technical adjustments to budget.
- The inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities, Customer Services & Improvement portfolio							
C&C Strategic Management & Directorate Support Budgets	5,234	-1,451	3,783	242	323	565	Shortfalls against savings target and income target in Communications and Media relations
Other Services for Adults:							
- Drug & Alcohol Services	17,571	-16,066	1,505	0	0	0	
- Supporting People	29,825		29,825	0	0	0	
	47,396	-16,066	31,330	0	0	0	
Community Services:							
- Archive Service (incl Museum Development)	1,345	-424	921	41	-29	12	Increased staff costs funded by European Regional Development Fund(ERDF); and Museums, Libraries & Archives Council (MLA), offset by modern records storage costs. Income from ERDF and MLA being offset by shortfall in fees income in the Archive Service (-£40k)
- Arts Development (incl Turner Contemporary)	2,394	-90	2,304	-21	-1	-22	Reduced staff costs from vacancy management.
- Community Learning Services	16,590	-16,790	-200	0	0	0	
- Community Safety	1,819	-225	1,594	68	-2	66	Additional staff costs due to backfilling for maternity leave & loss of funding for partnership officers posts - being mitigated by vacancy management in Wardens' Service.
- Community Wardens	2,810	-2	2,808	-67	1	-66	Reduced staff costs from vacancy management, offset by increased premises, transport and running costs.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Contact Centre & Consumer Direct	5,414	-2,657	2,757	566	78	644	Undeliverable CFIS & KCAS savings; increased level of demand over & above expected levels for current and new services requiring additional staff to respond to 80% of calls in 20 secs. Reduced income from Trading Standards S.E. Ltd, offset by additional income
- Gateways	2,593	-718	1,875	-76	59	-17	Reduced hosting costs due to delayed opening of gateways being offset by additional costs associated with the Multi-Channel project; reduced internal income.
- Library Services	16,503	-2,332	14,171	-1	-15	-16	Planned reduction in running costs to offset switch of costs from capital; reduced staff costs due to RFID project, partially offset by new posts. Invest to save funding and increased contributions from Kent Cultural Trading, being offset by reduced fees income
- Sports Development	2,730	-1,373	1,357	4	-4	0	
- Supporting Independence & Supported Employment	3,206	-1,954	1,252	-265	48	-217	Reduced staff costs arising from vacancies anticipated to be held for the reminder of the year. Reduced external and internal income.
- Big Society Fund	5,000		5,000	0	0	0	
	60,404	-26,565	33,839	249	135	384	
Environment:							
- Country Parks	1,777	-973	804	7	-7	0	
- Countryside Access (incl PROW)	3,241	-1,145	2,096	5	-6	-1	
	5,018	-2,118	2,900	12	-13	-1	
Local Democracy:							
- Local Boards	817	0	817	-43	0	-43	Reduced staff costs achieved through vacancy management.
- Member Grants	1,303	0	1,303	0	0	0	
	2,120	0	2,120	-43	0	-43	
Regulatory Services:							
- Coroners	2,860	-475	2,385	17	-17	0	
- Emergency Planning	830	-199	631	0	0	0	
- Registration	2,998	-3,166	-168	-86	68	-18	Vacancy management and release of CARA reserve, with no gross spend planned. Non deliverable income associated with collaborative working with other local authorities.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Trading Standards-(incl. KSS)	4,333	-865	3,468	-156	69	-87	TS - Advancement of 2012-13 savings to be achieved in 2011-12 & savings on gross spend in KSS, incl.savings due to maternity leave where not backfilling. KSS: Unachievable income target and income shortfall on fees.
	11,021	-4,705	6,316	-225	120	-105	
Support for Individual Children:							
- Youth Service	10,326	-4,257	6,069	95	-95	0	Increased staff costs, running costs & internal recharges. Increased external & internal income offset by reduced fees.
- Youth Offending Service	6,029	-2,538	3,491	5	-5	0	
	16,355	-6,795	9,560	100	-100	0	
Total controllable	**147,548**	**-57,700**	**89,848**	**335**	**465**	**800**	
Assumed Management Action						**0**	Not quantified at this stage.
Forecast after Mgmt Action				**335**	**465**	**800**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 **Strategic Management & Directorate Support Budgets** Gross +£242k, Income +£323k Net +£565k

The gross variance relates primarily to gross pressures of +£357k in Communication, Media Relations and Public Engagement, as a result of (i) the savings target of £1.5m that is yet to be fully achieved - £500k remains a pressure – following a review of staff/activity spend and (ii) compensating underspend on staffing of £143k .

The staff restructure is expected to deliver £500k in-year (full year effect in the region of £1m), with a further £500k identified through reducing activity levels, leaving a residual pressure of £500k.

In first two quarters, prior to the new structure taking effect, it is expected that vacancy management and maternity cover will deliver £143k of savings to offset some of this pressure, leaving a residual gross variance of £357k.

In addition to the Communications, Media Relations and Public Engagement gross variance, there are other minor variances totalling -£115k in a number of budgets that make up the Strategic Management & Directorate Support Budgets, including a £91k forecast underspend on the strategic management budgets, which when combined with the £357k forecast pressure on Communications arrives back at the £242k adverse gross variance.

However, in addition to the gross variance, an income variance also exists and can be largely explained by a shortfall against an income target of £249k for the Communications, Media Relation and Public Engagement, together with reduced internal income in Centrally Managed Budgets of £63k.

1.1.3.2 **Community Services:**

a. Contact Centre & Consumer Direct: Gross +£566k, Income +£78k, Net +£644k

The gross variance is primarily due to a shortfall against savings targets of £406k and a call volume pressure of £460k meaning adverse variances of £866k.

The shortfall against savings targets relates to two services that transferred under the control of the Contact Centre as part of the council restructure, namely Kent Contact & Assessment Services (KCAS) and Children and Families Information Services (CFIS), of £246k and £120k respectively (£366k in total). A further target was identified in relation to Consumer Direct South East Limited of £40k (so £406k in total).

The funding of the CFIS service was significantly reduced as the grant, which forms part of the aggregated Early Intervention Grant (EIG), was subsequently top-sliced so not only is the saving in doubt – due to a lower funding base – but the service has had to restructure in order to mitigate this funding reduction. The proposals for savings have therefore been shown as a pressure until a solution can be found.

A number of one-off solutions totalling £214k have been identified to mitigate part of the above pressures but a base solution for these shortfalls in savings is being reviewed to ensure a balanced position is reported for future years.

In addition to these shortfalls against savings targets, the service has been inundated with calls and requests for information, with a 20% increase in call volumes being reported. This has led to performance indicators, including the need to respond to 80% of calls within 20 seconds, not being met and in order to achieve these indicators, more staff are required. The cost of this has been estimated at £460k, to cover salary costs and training. Management action is being devised in an attempt to mitigate this pressure, and reduce the burden of demand on the service.

A small saving of £8k has been generated through reducing administration and support, together with staff savings in the region of £78k (to mitigate income reductions below) delivered to arrive back at the £566k gross variance (£406K+£460k-£214k-£8k-£78k).

The income variance of £78k is primarily due to two movements, one being a reduced call activity, and therefore income, from Trading Standards South East Limited (TSSEL) – not the KCC Trading Standards service - with the Contact Centre forecasting £173k less income this year. This is being offset by an increase in internal income, mainly from a recharge to Gateways, for call handling of £85k.

Payments from TSSEL are calculated on a price per call basis and call volumes are down this year for the Consumer Direct service. A resulting reduction in staff costs, as mentioned above, has been enacted to counter the fall in expected income. The quality bonus usually received for this service is potentially in doubt, if the increase in call volumes – meaning calls not answered or answered late - is perceived as a fall in quality but this has not been reflected in the above forecast.

b. Gateways: Gross -£76k, Income +£59k, Net -£17k

The reduction in gross expenditure is due to lower hosting charges scheduled to be paid to other local authorities as the roll-out of the gateways programme has been delayed (see capital monitoring) which provides a saving of £134k, with compensating increased spending on Multi Channel projects of £117k. There are also minor underspends on staffing, transport and premises costs.

The income variance relates to a shortfall in internal income due to an income target which cannot now be met due to the delay in the roll-out of the gateway programme in 2011-12.

c. Library Services Gross -£1k & Income -£15k, Net -£16k

The service has made savings on gross expenditure, mainly through a planned reduction in running costs (-£240k) to mitigate against additional costs associated with Kent History and Library Centre (KHLC) where a switch from capital to revenue funding is required due to the nature of the moving costs (+£130k) and to allow for increased prudential borrowing costs (+£57k).

Increased staff costs of £116k relating to the delayed launch of Kent Cultural Trading, a time limited Capital Transition Manager for the Edenbridge project and a Radio Frequency Identification (RFID) support assistant is being offset by reduced staff costs of £177k from the RFID self service implementation project. Other minor variances mean that the gross forecast is effectively in line with budget.

Libraries are forecasting a reduction in their Audio Visual and Merchandising income of £60k, this is a continuation in the trend of reducing sales over the past number of years. An exit strategy is currently being devised and opportunities for replacing this with other forms of income investigated.

Income targets set for fines and recharges to Medway are no longer achievable in their entirety; with such income for fines (just shy of £100k) reducing as customers are taking advantage of new technologies such as websites and the contact centre to renew books and other items. As a result, income from fines is declining but has been offset by an increase of £85k in relation to external contributions (merchandising stock being returned to the supplier) and internal income of £50k, with other minor variances arriving back at the income variance of -£15k.

d. <u>Supporting Independence & Supported Employment: Gross -£265k, Income +£48k, Net -£217k</u>

Kent Supported Employment has made savings on gross expenditure, mainly through extended vacancy management of -£278k, which is being offset by minor overspends on other gross budgets. These savings have been made to compensate for a forecast shortfall in external income from the DWP. As the contract is in its early stages, a prudent approach has been adopted with more savings made than currently required to meet the funding shortfall, so this situation may change during the year.

1.1.3.3 **Regulatory Services:**

a. <u>Registration: Gross -£86k, Income +£68k Net -£18k</u>

The Registration Service has made savings on gross expenditure, mainly from reduced sessional staff costs and reduced running costs of £76k. The service also intends to draw down the remaining balance on reserves as the Ceremonies and Registrations Appointments booking system (CARA) cost less than originally anticipated.

The income variance of £68k is largely due to a savings target that was to be achieved through collaborative working with other authorities. However it is doubtful whether the agreement will commence in the current year and even if it does then a full year effect will not arise and the prudent approach has been taken in this monitoring report.

b. <u>Trading Standards (Incl. Kent Scientific Services): Gross -£156k, Income +£69k Net -£87k</u>

Trading Standards has achieved gross savings through an acceleration of the review of service priorities and is planning to deliver in the region of £139k of the 2012-13 savings a year early, as well as delivering one-off staff savings of £23k by holding vacancies and not backfilling maternity leave so as to maximise the underspends in an attempt to part mitigate the directorate's pressures elsewhere.

The income variance relates almost entirely to KSS and is due to a shortfall against the target for increasing income from other authorities, which was predicated on more and more laboratories closing resulting in new custom to KSS. Unfortunately this trend has not continued, and in addition, authorities are reducing the number of samples that are being placed at the laboratory until their own budget situation becomes clearer. It is expected that contracts will pick up during the year but at this stage the whole of the savings target of £50k is being shown as a pressure that is covered by accelerating the Trading Standards review of service priorities.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CCSI	Strat Mgmt & Directorate Support: shortfall against Communications & Engagement savings target to be mitigated by management action.	+500	CCSI	Kent Supported Employment: Staff vacancies anticipated to be held for the remainder of the year.	-278
CCSI	Contact Centre: Increase in staffing required to meet call volume pressure.	+460	CCSI	Libraries: Planned reduction in spend on other running costs to mitigate additional KHLC moving costs	-240
CCSI	Communication & Engagement: A shortfall against the income target set at the time of building the budget.	+249	CCSI	Contact Centre: one-off solutions to offset shortfall against savings targets	-214
CCSI	Contact Centre: Shortfall against Kent Contact & Assessment Service (KCAS) saving	+246	CCSI	Libraries: reduced staff costs arising from Radio Frequency Identification (RFID) self service implementation.	-177
CCSI	Consumer Direct: Reduced income from Trading Standards S.E. Ltd; income predicated on price per call and call volumes are down.	+173	CCSI	Trading Standards: Reduced staff costs achieved through vacancy management & advancement of 2012-13 savings.	-162
CCSI	Libraries: Additional moving costs associated with Kent History & Library Centre, mitigated by reduced spend on other running costs..	+130	CCSI	Communications & Engagement: reduced staff costs achieved through vacancy management, maternity cover and reduced TSSEL call volume activity.	-143
CCSI	Contact Centre: Shortfall against Children & Families Information Service (CFIS) saving	+120	CCSI	Gateways: reduced spend on Third Party Payments to other local authorities, due to delayed opening of Gateways.	-134
CCSI	Gateways: increase spend for Multi-Channel project.	+117			
CCSI	Libraries: Increased staff costs for Kent Cultural Trading ; Capital transition Mgr and RFID Support Assistant	+116			
		+2,111			-1,348

1.1.4 **Actions required to achieve this position**:

1.1.4.1 <u>Contact Kent</u>

The Contact Centre currently has a shortfall against their savings targets of £406k – as detailed in section 1.1.3.2.a above - following the integration of the Kent Contact & Assessment Service (KCAS) and Children & Families Information Services (CFIS).

Alternative ways of achieving savings through the integration of services into the Contact Centre are being devised, with the hope that management, support and logistical savings can still be generated, although potentially not to the level previously expected.

One-off solutions have been identified by the service already and hence why the reported overspend in relation to savings is not the full £406k, but merely £106k.

In relation to the £460k call volume pressure, avenues to achieve the funding to pay for the necessary staff are being explored, as well as options for reprioritising certain types of calls. This will mean that core services will adhere to the 80/20 (80% of calls answered within 20 seconds) indicators, whereas others will be achieved in 70/30 or even 60/40 until funding can be secured or until call volumes reduce to their previous levels.

An alternative management action would be for the indicators to be relaxed, in the short term, thereby alleviating the pressure on the staffing budget.

1.1.4.2 Corporate Communications & Media Relations

This service has a savings target of £1.5m in 2011-12 and a further £0.5m in 2012-13, giving a total savings target of £2m.

The overall position on this service in the current year is detailed below, and explained in the subsequent narrative:

	£m
Anticipated part year savings from restructure	-0.500
Activity savings	-0.500
Vacancy management savings	-0.143
Shortfall in income	+0.249
TOTAL	**-0.894**
2011-12 Savings Target	**-1.500**
Shortfall	**0.606**

a) Staff restructure

A restructure of the service has been explored and is currently being consulted upon, with a new structure anticipated to be in place by early September. The anticipated full-year effect of this restructure is – subject to consultation – a saving in the region of £1m but this could change depending on alternative proposals, on the level of redundancy payments required, notice periods to be worked and based on the mix of staff who remain in the new structure going forward.

The anticipated part-year effect in the current year is a saving of £0.5m.

b) Proposed reduction in activity levels and spend

The savings target of £2m cannot be met from staff reductions alone as the £1m anticipated restructure saving is set to reduce the establishment by in the region of 30 FTE, a significant reduction.

The balance of the savings of £1m will need to be delivered through a review of communications related activity expenditure and these budgets are not held within C&C directorate but remain across all directorates, so whilst this service will coordinate savings options, the actual savings will be delivered through reduced activity in the service units.

No area of related spend – including publicity, printing & photocopying, recruitment advertising, books/publications/newspapers, advertising, will escape scrutiny and options are being devised to contribute to this area. Half of the £1m activity reductions have been found, with a further £500k to be finalised and then delivered. Options to achieve a part-year effect, whether one-off or base, are currently being explored and it is hoped that the management actions will be available in time for the next exception report.

c) Vacancy Management Savings

In-year vacancy management and not backfilling staff on maternity has enabled the service to deliver £143k of staff savings and therefore this area has been fully exhausted so the only options surrounding staffing is the restructure that is currently mid consultation.

1.1.4.3 Moratorium on non essential expenditure

In order to deliver a balanced budget position, the directorate will continue to review all non critical expenditure, with the view of maximising opportunities to reduce expenditure without adversely affecting service delivery.

1.1.4.4 Vacancy Management

Where possible, the directorate will continue to maintain and extend vacancies as far as practicable. Currently vacancies are, in some cases, being held for up to 16 weeks and our ability to maintain vacancy management at this level – without impacting on service delivery - is becoming a significant challenge.

1.1.4.5 To date, in contrast to the £644k net pressure on the Contact Centre and the £606k pressure on Communications, Media Relations and Engagement (totalling £1.25m), the service has already enacted management action to keep these pressures at those levels, as well as delivering underspend of £0.45m, mainly within Trading Standards and Kent Supported Employment, in order to get to the current +£0.8m reported position in an attempt to deliver a balanced budget.

The identification of management action will continue, with a balanced budget being the aspiration by the end of the year.

1.1.5 **Implications for MTFP**:

The directorate will continue to manage in-year pressures and deliver savings proposals to the best of its ability and where this is not possible will aim to over-deliver or deliver future savings early in order to present a balanced budget at the year-end.

The outcome of the review of Communications and Media Relations staffing restructure, as well as the reconfiguration of Contact Kent, will determine the extent of pressures and further savings options that will need to be considered as part of the Medium Term Financial Plan (MTFP) for the coming period.

Note will also have to be taken of in-year grant funding reductions, as well as prior year funding reductions that have implications on the ability of the directorate to deliver savings that had assumed no change to funding levels.

1.1.6 **Details of re-phasing of revenue projects**:

None, apart from the early delivery of certain savings options e.g. Trading Standards service priority review and over-delivery of the RFID libraries project.

1.1.7 **Details of proposals for residual variance**:

Management action for Communications & Media Relations and Contact Kent are currently being prepared. It is hoped that more detailed management action proposals will be available for the next exception report.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 18th July 2011, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	Future Yrs £000s	TOTAL £000s
Customer & Communities Portfolio						
Budget	44,572	19,646	5,053	3,523	3,929	76,723
Adjustments:						
- Re-phasing at Outturn	-702	702				0
- Outturn changes	439					439
- New Community Centre Edenbridge		-267				-267
- Transfer of Small Community Projects	556	506	500	500	1,000	3,062
- Library Modernisation		-300				-300
- Gateways		300				300
- Transfer of Web Platform	635	504				1,139
Revised Budget	45,500	21,091	5,553	4,023	4,929	81,096
Variance	0	-2,894	+7	+1,251	0	-1,636
split:						
- real variance		-1,636	0	0	0	-1,636
- re-phasing		-1,258	7	1,251	0	0

Real Variance	**0**	**-1,636**	**0**	**0**	**0**	**-1,636**
Re-phasing	**0**	**-1,258**	**7**	**1,251**	**0**	**0**

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
C&C	Kent History & Library Centre	real		280		
			+0	**+280**	**+0**	**+0**
Underspends/Projects behind schedule						
C&C	New Community Centre Edenbridge	real		-1,793		
C&C	Gateways	phasing		-1,395		
C&C	Library Modernisation	real	-280			
			-280	**-3,188**	**-0**	**-0**
			-280	**-2,908**		**-0**

1.2.4 **Projects re-phasing by over £1m**:

1.2.4.1 **Gateways - re-phasing of -£1.395m**

The re-phasing of this programme reflects the complexity of the external collaborations with key strategic partners, and in particular the impact of time delays with 3 town centre regeneration projects. The roll-out of the Gateway programme in these areas has been re-phased accordingly.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,417	2,493	930			6,840
Forecast	3,417	1,218	1,074	1,251		6,960
Variance	0	-1,275	+144	+1,251	0	+120
FUNDING						
Budget:						
External	55					55
prudential	1,559	2,296	930		0	4,785
General Capital Rec	1,803	197				2,000
						0
TOTAL	3,417	2,493	930	0	0	6,840
Forecast:						
External	55	270				325
prudential	1,559	751	1,074	1,251		4,635
General Capital Rec	1,803	197				2,000
						0
TOTAL	3,417	1,218	1,074	1,251	0	6,960
Variance	**0**	**-1,275**	**+144**	**+1,251**	**0**	**+120**

NB: The variance of £1.275m in 2011-12 reflects re-phasing of £1.395m plus a net real increase of £0.120m (see 1.2.5 below).

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of -£1.636m in 2011-12

New Community Centre at Edenbridge: -£1.793m (-£2.041m in 2011-12 and +£0.248m in 2012-13): The project budget of £2.540m included funding from the sale proceeds of the site, which were £1.906m. This money is now being held independently in an ESKROW account which will be drawn upon by the contractor as construction proceeds in line with the terms of the developer agreement. The forecast has been reduced accordingly and now includes only the balance of construction and other project costs. It now includes £0.150m for the Gateway component, but does not include £0.259m for the Families & Social Care (FSC) facilities, which remains held in their capital programme. The above represents a "netting down" of costs and income but the forecast also reflects other cost reductions amounting to £0.037m as a result of further refinement of the cost plan.

Library Modernisation -£0.280m and Kent History & Library Centre +£0.280m (in 2011-12): The public realm works at Kent History and Library Centre did not form part of the original construction budget and developer agreement but have now been reflected in this forecast. The works are to be funded from the Library Modernisation programme.

Gateways: +£0.120m (in 2011-12): The overspend consists of two elements:

- -£0.150m which has previously been reported separately in this programme as a contribution towards planned facilities in the Edenbridge Project. This is now reflected in the project forecast as detailed above.
- +£0.270m the agreed partner contribution from Swale Borough Council were included in the original project approval for Sheerness Gateway, to be drawn down in 2011-12 but the gross effect on costs and income had not been reflected. The Sheerness project costs do not reflect £0.092m for FSC facilities, which remains held their capital programme.

Modernisation of Assets -£0.047m and Tunbridge Wells Library +£0.031m (in 2011-12): This reflects the latest estimate for the revised plans for the Tunbridge Wells Library project, with costs increasing by £0.031m and a reduced contribution from Tunbridge Wells Borough Council (TWBC) of £0.016m. A total of £47k is needed and the intention is to divert funding from the Modernisation of Assets rolling programme.

The Beaney: +£0.040m (in 2011-12): Revenue savings of £0.040m in 2011-12 from running the temporary Canterbury library have been earmarked as part of the funding strategy approved in February to help fund the costs of essential additional works to the façade and roof.

Country Park Access & Development: +£0.013m (in 2011-12): This is due to additional European Union (EU) Interreg funding to fund Easy Access Trail works, so increased income leading to an increased cost base.

Taking these into account, there is an underlying nil variance.

1.2.6 **General Overview of capital programme**:

The risks set out in (a) below must be read in conjunction with section (b), which are the actions being taken to alleviate the potential risks.

(a) Risks

Library Modernisation Programme – consists of several large individual projects, which if delayed, could result in significant re-phasing of costs into 2012-13. As this programme is linked to the Modernisation of Assets (MOA) budget (an aim to conduct works simultaneously in order to minimise cost and disruption), delays in relation to Disability Discrimination Act (DDA) works and planned maintenance would also ensue.

Modernisation of Assets Programme – the programme of works is determined in conjunction with service requirements. If operational priorities or requirements override the timetable of works, then this will impact directly on delivering improvements to facilities and the inter-related schedule and cost of works.

The Beaney – Costs from contractor claims for an extension of time, design team claims for additional fees, change control requests and the higher museum fit out costs could lead to unavoidable further increases to the overall project cost.

Turner – included within the project funding is an external funding target of £2.9m, which has been underwritten by KCC. In the current climate, the full amount of this target may not be achieved, therefore causing a potential funding shortfall.

Gateways – if Sheerness opening is delayed beyond 28 October the landlord may impose financial penalties under the terms of the lease as a rent-free period was granted while works were ongoing. The target completion date is 23 October and this could provide insufficient time for services to relocate by the target opening date. The contingency could well be insufficient, giving rise to additional financial demand for the project

Kent History & Library Centre – the remainder of project funding could be affected by the state of the property market, by virtue of reduced capital receipts/land value, which are needed in order for construction costs to be met.

Ramsgate Library – the Administrator has now agreed that final snagging be undertaken and it is anticipated that this will be possible in line with the retention monies held, however there is small risk that the costs will exceed the funds available or that the surplus will have to be returned to the Administrator.

Tunbridge Wells Library – a risk that the associated costs to ensure full DDA and fire compliance, and the costs of the lift installation, cannot be met from the existing budget.

New Community Centre at Edenbridge – the project is partially dependent upon external partner funding and without this in place the KCC share of the project costs will rise.

Web Platform – there is a risk that the restructure of the Communications and Web function during autumn 2011 and subsequent proposed reduction in staff numbers could impact on the project governance which could in turn cause project delays and could impact on cost.

(b) Details of action being taken to alleviate risks

Library Modernisation Programme – the Library Modernisation Advisory Group, including support from the Property Group, is overseeing this programme and co-ordinating appropriate project management, design development, estates and financial advice and linking into the Modernisation of Assets programme as appropriate. Expenditure has been profiled over the coming year for each of the key locations, in line with latest information available.

Modernisation of Assets Programme – by working very closely with Heads of Service, careful planning is in place to ensure that, as far as possible, investment is co-ordinated with other funds available and targets service priorities in the most cost effective manner.

The Beaney – Following a full assessment of all risks by the project managers a schedule of associated costs is being continually reviewed and challenged. A further bid to Viridor Credits is in hand and will be submitted in the autumn. Further value engineering in relation to the museum fit out in taking place and the project managers are actively and robustly addressing the various claims by the contractor and design team to minimise/ eliminate any additional costs.

Turner – Turner Contemporary Art Trust has raised £1.65m towards the funding target of £2.9m. Alternative methods are being explored should the full amount of funds not be forthcoming in the coming year.

Gateways – The contract ensures that the contractor will provide partial completion to enable site set-up of IT and furniture installation and in order to meet the deadline for opening to the public. The intention is for the building to open in two phases - ground and then 1st floor so as to eliminate any unnecessary costs and with minimal disruption to the public.

Kent History & Library Centre – Alternative options are being developed and other sources of funding explored, should the fall in the residential property market impact on the disposal of land earmarked to fund the completion of the project.

Ramsgate Library – the outstanding defects liability has been costed by the Quantity Surveyor and formed part of the settlement negotiations. The programme of work is now being tendered and will be monitored against the funds available.

Tunbridge Wells Library – any additional works and therefore funding will have to be prioritised alongside other DDA priorities within the MOA programme, as well as exploring other funding opportunities.

New Community Centre at Edenbridge – All partner funding (including external contributions) is now in place, thereby eliminating this risk that has been logged from the outset.

Web Platform – a new team is being appointed and should be in place by the end of August and with active support from ISG, the programme should remain on target. By the end of August project governance will be reviewed to ensure the appropriate balances and checks are established.

1.2.7 Project Re-Phasing

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	
Gateways					
Amended total cash limits	+2,492	+930			+3,422
re-phasing	-1,395	+144	+1,251		0
Revised project phasing	**+1,097**	**+1,074**	**+1,251**	**0**	+3,422
Tunbridge Wells Library					
Amended total cash limits	+129	+200			+329
re-phasing	+200	-200			0
Revised project phasing	**+329**	**0**	**0**	**0**	+329
Kent History & Library Centre					
Amended total cash limits	+4,269	+216			+4,485
re-phasing	+216	-216			0
Revised project phasing	**+4,485**	**0**	**0**	**0**	**+4,485**
New Community Facility at Edenbridge					
Amended total cash limits	+2,233				+2,233
re-phasing	-248	+248	0		0
Revised project phasing	**+1,985**	**+248**	**0**	**0**	**+2,233**
Total re-phasing >£100k	**-1,227**	**-24**	**+1,251**	**0**	**0**
Other re-phased Projects below £100k	**-31**	**+31**	**0**		**0**
TOTAL RE-PHASING	**-1,258**	**+7**	**+1,251**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

N/A

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the budget was set to reflect the transfers required to reflect the new directorate and portfolio structures, the addition of £1.095m of roll forward from 2010-11 as approved by Cabinet on 20 June 2011, and a number of other technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Social Care & Public Health portfolio							
Public Health Management & Support	344		344	0	0	0	
Public Health - Health Promotion	241	-148	93	0	0	0	
Public Health - Local Involvement Network (LINk)	440		440	0	0	0	
Total ASC&PH portfolio	**1,025**	**-148**	**877**	**0**	**0**	**0**	
Communities, Customer Services & Improvement portfolio							
Public Health - Health Watch	78		78	0	0	0	
Total CCS&I portfolio	**78**	**0**	**78**	**0**	**0**	**0**	
Regeneration & Enterprise portfolio							
Directorate Management & Support	447		447	0	0	0	
Development Staff & Projects	3,968	-275	3,693	0	0	0	
Total R&E portfolio	**4,415**	**-275**	**4,140**	**0**	**0**	**0**	
Finance & Business Support portfolio							
Finance & Procurement	19,821	-4,648	15,173	268	0	268	Creation of ERP Oracle team, and delay of restructure plans
Business Strategy External Funding	0	0	0	0	0	0	
HR Business Operations	8,661	-5,486	3,175	0	228	228	Under-delivery of increased income target
Total F&BS portfolio	**28,482**	**-10,134**	**18,348**	**268**	**228**	**496**	
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	2,775	-10,459	-7,684	0	0	0	
Governance & Law - Legal Services	8,293	-9,472	-1,179	560	-842	-282	£100k disbursements costs & income; addt costs & income from trading activities
Business Strategy	3,810	-99	3,711	0	0	0	
Property & Infrastructure	26,205	-4,908	21,297	0	0	0	
Human Resources	10,937	-1,692	9,245	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Information & Communication Technology (incl Schools ICT)	32,124	-12,403	19,721	1,607	-1,500	107	IT pay as you go activitiy funded by income, and delay in restructuring CIS team
Health Reform	250		250	0	0	0	
Total BSP&HR portfolio	**84,394**	**-39,033**	**45,361**	**2,167**	**-2,342**	**-175**	
Deputy Leader portfolio							
Finance - Audit & Risk	1,671	-742	929	0	0	0	
Business Strategy - International, Partnerships & Cabinet Office	990	-269	721	0	0	0	
Democratic & Member Services	3,836	-3	3,833	68	-5	63	Delay on delivery of savings on Members' Services
Local Democracy:							
- County Council Elections	505		505	0	0	0	
- District Grants	703		703	0	0	0	
Total DL portfolio	**7,705**	**-1,014**	**6,691**	**68**	**-5**	**63**	
TOTAL CORPORATE POSC	**120,581**	**-50,181**	**70,400**	**2,503**	**-2,119**	**384**	
Total BSS Controllable	**126,099**	**-50,604**	**75,495**	**2,503**	**-2,119**	**384**	
Assumed Management Action:							
- ASC&PH portfolio						**0**	
- CCS&I portfolio						**0**	
- F&BS portfolio				**-268**	**-228**	**-496**	**Fin & Proc:** hold vacancies wherever possible; limit non-staffing spend; & release some staff through VR/ER before implementation of restructure on 1 April 12. **HR:** Continue to seek further income generation activity
- BSP&HR portfolio				**-107**		**-107**	Currently investigating alternative savings to compensate for not restructuring CIS; and hold vacancies in ICT.
- Deputy Leader portfolio				**-63**		**-63**	Review of non critical spend
- R&E portfolio						**0**	
Forecast after Mgmt Action				**2,065**	**-2,347**	**-282**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Finance & Business Support portfolio:

1.1.3.1 Finance & Procurement

The £268k pressure on Finance & Procurement is due to the creation of the Enterprise Resource Planning (ERP) Oracle Project team, and a delay in the delivery of restructure savings, which transferred in to BSS directorate as part of the centralisation of support functions from one of the old Directorate Finance Teams, in lieu of the main restructure of the whole of the Finance Function.

1.1.3.2 Human Resources – Business Operations

The Schools Personnel Service was given an additional income target of £150k for 2011-12, which was felt to be achievable. However, this target was set without the knowledge that there would be a £300k loss of income from ELS as a result of responsibility for undertaking CRB checks and other support being delegated to schools. These two issues combined have resulted in the unit forecasting an under-delivery of income of £228k.

Business Strategy, Performance & Health Reform portfolio:

1.1.3.3 Governance & Law – Legal Services

Variances on gross spend **(+£461k)** and income **(-£742k)** reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand. Variances of **(+/-£100k)** are due to increased costs & their recovery for Disbursements.

1.1.3.4 Information & Communication Technology (including Schools ICT)

The main variances are **(+£1,500k)** on gross spend and income **(-£1,500k)** reflecting the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting. The further variance **(+£107k)** is as a result of a delay in restructuring the Children's Information Service team following the decision to replace the Integrated Children's System.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
Portfolio		£000's	Portfolio		£000's
BSPHR	ICT: Information Systems costs of additional pay as you go activity	+1,500	BSPHR	ICT: Information Systems income from additional pay as you go activity	-1,500
BSPHR	Legal services cost of additional work (offset by increased income)	+461	BSPHR	Legal income resulting from additional work (partially offset by increased costs)	-742
F&BS	Fin & Proc: Creation of the ERP Oracle Project team, and delay to restructure savings which transferred in from 'old' Directorate Finance Team in lieu of main restructure of the whole of the Finance Function.	+268	BSPHR	Legal Services: increased income relating to Disbursements	-100
F&BS	HR: Schools Personnel Service under delivery of increased income target/loss of internal income.	+228			
BSPHR	ICT: Delay in restructuring the CIS team following decision to replace ICS	+107			
BSPHR	Legal Services: increased costs of Disbursements	+100			
		+2,664			**-2,342**

1.1.4 **Actions required to achieve this position**:

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria etc. This section should provide details of the management action already achieved, reflected in the net position before assumed management action reported in table 1.

1.1.4.1 Vacancy management is already in place in Finance & Procurement, Human Resources – Business Operations, and ICT.

Finance & Business Support portfolio:

1.1.4.2 Human Resources – Business Operations

The following other management action has been undertaken within HR to address the under-delivery of the increased income target in Schools Personnel Service: reduction to the cost of administering CRB checks, generating income directly from schools for CRB checks, reduced cost of supplies & services, and seeking to generate additional income through more ad-hoc work.

1.1.5 **Implications for MTFP**:

The shortfall in Schools Personnel Service income is planned to be managed within the HR unit on an ongoing basis from other income generating activities.
Similarly, the ongoing costs of ERP are expected to be managed within the Finance & Procurement unit in conjunction with the savings arising from the restructure of the function. This will be monitored throughout the year and if the pressures continue to exist following management action, they will be flagged as part of the 2012-15 MTFP process.

1.1.6 **Details of re-phasing of revenue projects**:

N/A

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

This section should provide details of the management action outstanding, as reflected in the assumed management action figure reported in table 1 and details of alternative actions where savings targets are not being achieved.

1.1.7.1 **Finance & Business Support portfolio:**

i) Finance & Procurement

In order to offset the current £268k forecast pressure, the planned management action plan is threefold:

a) Hold vacancies wherever possible.
b) Limit non-staffing spend to only business-critical activities.
c) Release some staff who have requested voluntary redundancy/early retirement before the implementation of the new structure on 1 April 2012.

ii) Human Resources – Business Operations

In order to offset the current forecast pressure of £228k, the HR function will continue to seek further income generating activities. It is also planned that economies and efficiencies will be achieved through the new HR Business Centre.

1.1.7.2 **Business Strategy, Performance & Health Reform portfolio:**

Information & Communication Technology (including Schools ICT)

The ICT function is currently investigating alternative savings to compensate for not restructuring CIS, which has resulted in the current forecast pressure of £107k. There is also a vacancy freeze in place across ICT to give capacity to deliver planned staffing savings without incurring redundancy costs.

1.1.7.3 **Deputy Leader's portfolio:**

The current forecast pressure of £0.063m is expected to be offset following a review of non-critical spend within Democratic Services.

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

The capital cash limits have been adjusted since last reported to Cabinet on 18th July 2011, as detailed in section 4.1.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	Future Yrs £000s	TOTAL £000s
Business Strategy & Support Portfolio						
Budget	15,185	12,279	5,859	3,390	2,923	39,636
Adjustments:						
- Re-phasing at Outturn	-342	342				0
- Outturn Changes	-47					-47
- Asset Modernisation		84				84
- Transfer of Web Platform	-635	-504				-1,139
						0
Revised Budget	14,161	12,201	5,859	3,390	2,923	38,534
Variance		0	0	0	0	0
split:						
- real variance						0
- re-phasing						0
Regeneration & Economic Development Portfolio						
Budget	20,965	14,179	8,549	2,500	2,500	48,693
Adjustments:						
- Re-phasing at Outturn	-78	78				0
- Outturn Changes	157					157
						0
Revised Budget	21,044	14,257	8,549	2,500	2,500	48,850
Variance		481	0	0	0	481
split:						
- real variance		+481	0	0	0	+481
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	35,205	26,458	14,408	5,890	5,423	87,384
Variance	0	481	0	0	0	481

Real Variance	**0**	**+481**	**0**	**0**	**0**	**+481**
Re-phasing	**0**	**0**	**0**	**0**	**0**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
Regen	Margate Eastern Seafront	real		349		
			+0	**+349**	**+0**	**+0**
Underspends/Projects behind schedule						
			0	**-0**	**-0**	**-0**
			0	**+349**	**0**	**0**

1.2.4 **Projects re-phasing by over £1m**:

None

1.2.5 **Projects with real variances, including resourcing implications:**

There is a real variance of +£0.481m in 2011-12.

Margate Eastern Seafront: +£0.349m (in 2011-12): The pressure is due to the following: consolidation of project costs and funding between directorates which amounts to £0.193m and additional costs due to changes to the original scheme including the costs of sub-base not factored in the original submission amounting to £0.156m. Revenue funding allocated to this project has been re-assigned to meet the unplanned costs.

Rendezvouz Site- Margate: +£0.085m (in 2011-12): This pressure relates to public realm works for Turner Harbour View. The funding is allocated in revenue, but actual work carried out falls within capital definition.

Dover Sea Change: +£0.023m (in 2011-12): The Ringway contract for works was over budget by £0.011m, which is 0.6% of the £1.74m contract there has been additional remedial work carried out in respect of railings. Revenue funding allocated to this project has been re-directed to meet the additional costs.

Swale Parklands: +£0.024m (in 2011-12): The increase cost is due additional features to the scheme to be funded from additional grant from SUSTRAN.

Taking these into account, there is an underlying nil variance.

1.2.6 **General Overview of capital programme**:

(a) Risks

N/A

(b) Details of action being taken to alleviate risks

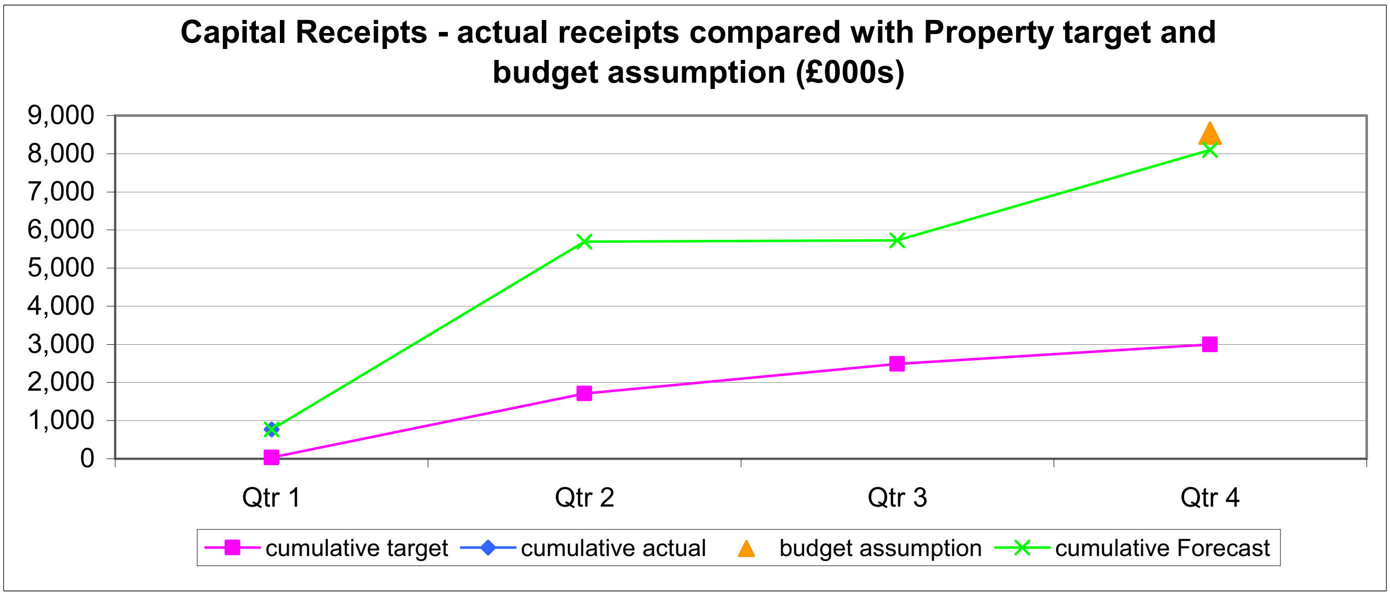
N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Capital Receipts – actual receipts compared to budget profile**:

	2011-12			
	Budget funding assumption £000s	Cumulative Target Profile £000s	Cumulative Actual Receipts £000s	Cumulative Forecast receipts £000s
April - June		30	769	769
July - September		1,710		5,693
October - December		2,490		5,728
January - March		3,000		8,097
TOTAL	**8,538**	**3,000**	**0**	**8,097**

The cumulative target profile shows the anticipated receipts at the start of the year totalled £3.0m. The difference between this and the budget funding assumption is mainly attributable to timing differences between when the receipts are anticipated to come in and when the spend in the capital programme will occur. There are banked receipts achieved in prior years which were not required to be used for funding until 2011-12.



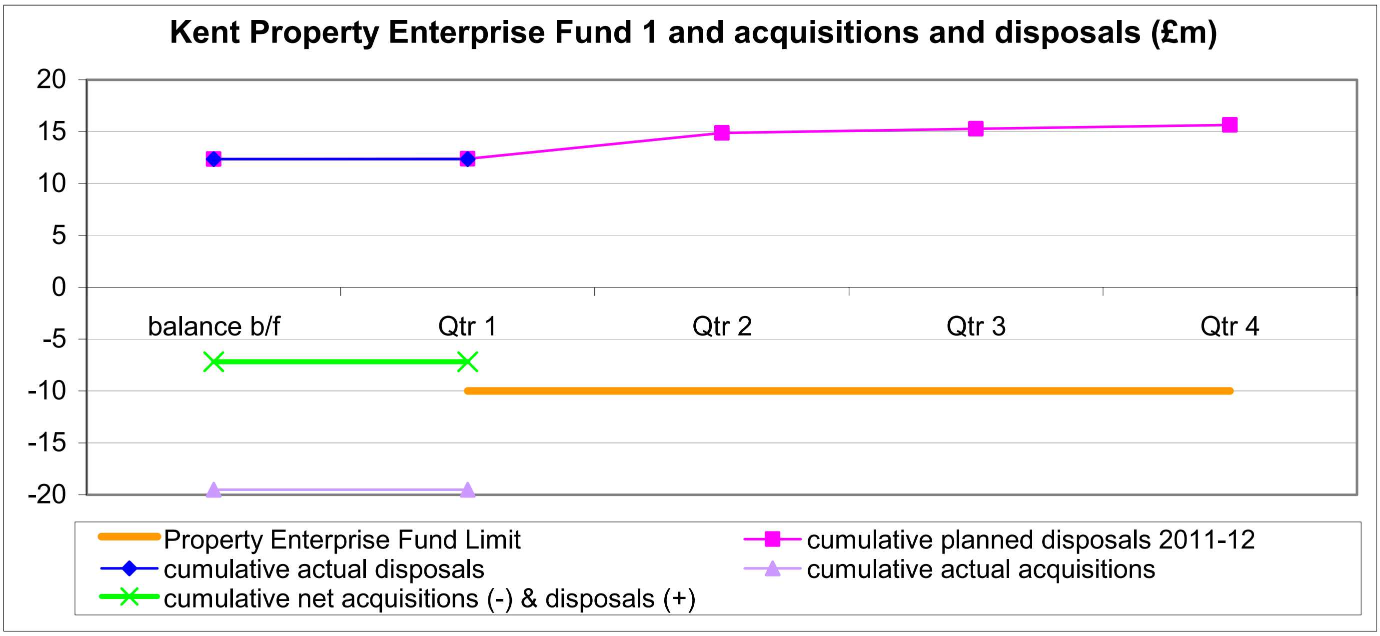
Comments:

- The table below compares the capital receipt funding required per the capital programme this year, with the expected receipts available to fund this.
- Property Group is actually forecasting a total of £8.067m to come in from capital receipts during the year. Taking into consideration the receipts banked in previous years and receipts from other sources there is a forecast surplus of £7.251m in 2011-12. This is due to receipts being forecast to be achieved during 2011-12 which are held to fund spend in future years of the programme.

	2011-12 £'000
Capital receipt funding per revised 2011-14 MTFP	8,538
Property Groups' actual (forecast for 11-12) receipts	8,067
Receipts banked in previous years for use	5,953
Capital receipts from other sources	1,769
Potential Surplus Receipts	**7,251**

2.2 **Capital Receipts – Kent Property Enterprise Fund 1**:

	2011-12				
	Kent Property Enterprise Fund Limit *£m*	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		12.342	12.342	-19.504	-7.162
April - June	*-10*	12.377	12.342	-19.504	-7.162
July - September	*-10*	14.862			0
October - December	*-10*	15.282			0
January - March	*-10*	15.638			0



<u>Background:</u>

- County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
  - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
  - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

  Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

<u>Comments:</u>

The balance brought forward from 2010-11 on PEF1 was **-£7.162m**.

A value of **£4.744m** has been identified for disposal in 2011-12. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 31 July 2011 there have been no disposals.

The fund has been earmarked to provide **£0.197m** for Gateways in this financial year.

At present there are no committed acquisitions to report, however forecast outturn for costs of disposals (staff and fees) is currently estimated at **£0.173m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £4.417m at the end of 2011-12.

Opening Balance – 01-04-11	-£7.162m
Planned Receipts (Risk adjusted)	£4.744m
Costs	-£0.173m
Acquisitions	-
Other Funding: - Gateways	-£0.197m
Closing Balance – 31-03-12	**-£2.788m**

Revenue Implications

In 2011-12 the fund is currently forecasting £0.011m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.486m) against the overdraft facility and the cost of managing properties held for disposal (net £0.037m), the PEF1 is forecasting a £2.115m deficit on revenue which will be rolled forward to be met from future income streams.

2.3 **Capital Receipts – Kent Property Enterprise Fund 2 (PEF2)**:

County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

Overall forecast position on the fund

	2011-12 Forecast
	£m
Capital:	
Opening balance	-22.209
Properties to be agreed into PEF2	-22.120
Forecast sale of PEF2 properties	19.915
Disposal costs	-0.996
Closing balance	-25.410
Revenue:	
Opening balance	-3.417
Interest on borrowing	-0.952
Holding costs	-0.595
Closing balance	-4.964
Overall closing balance	-30.374

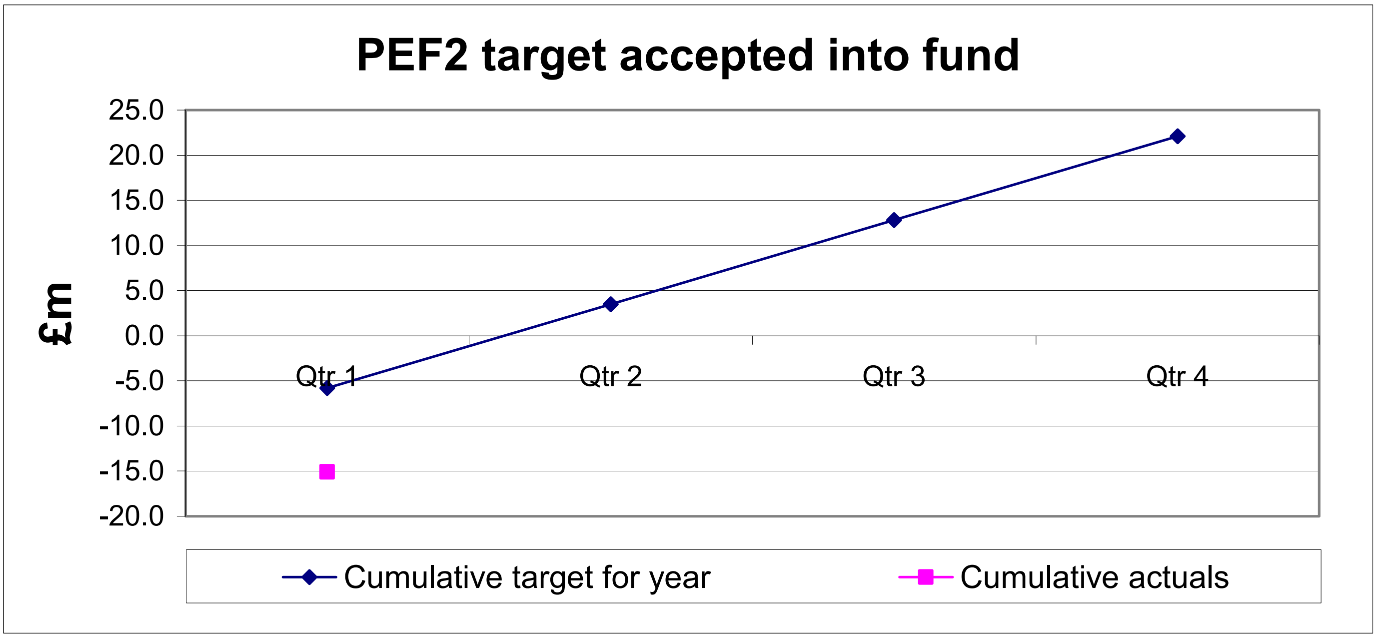
The forecast closing balance for PEF2 is -£30.374m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2011-12 equate to the PEF2 funding requirement in the 2011-14 budget book, and achievement against this is shown below:

	2011-12	
	Cumulative target for year	Cumulative actuals
	£m	£m
Balance b/fwd	-15.1	-15.1
Qtr 1	-5.8	-15.1
Qtr 2	3.5	
Qtr 3	12.8	
Qtr 4	22.1	

Comments:

- The above table shows a £15.1m deficit which is the net of a £17.6m deficit within ELS and £2.5m of PEF2 achieved in previous years by FSC and E&E that was not required until later years.
- To date no properties have been transferred into PEF2. Corporate Property and Directorates continue to work together to enable properties to be transferred into the fund.



PEF2 Disposals

To date seven PEF2 properties have been sold and five are in the process of completing. The cumulative profit on disposal to date is £1.261m. Large profits or losses are not anticipated over the lifetime of the fund.

Interest costs

At the start of the year interest costs on the borrowing of the fund for 2011-12 were expected to total £0.878m.

Latest forecasts show interest costs of £0.952m, an increase of £0.74m. This is because the latest forecast value of disposals has decreased.

Interest costs on the fund are calculated at a rate of 4%.

FINANCING ITEMS SUMMARY
JULY 2011-12 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 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” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the budget was set to reflect the addition of £7.839m of roll forward from 2010-11, which includes a transfer to the Economic Downturn reserve, as approved by Cabinet on 20 June 2011, which has subsequently been draw down to offset the pressures within Specialist Children’s Services portfolio, a virement of £0.130m from the underspend on debt charges to offset the Commercial Services contribution within the EH&W portfolio because CSD are to fund two new audit posts and some outsourced work thereby reducing their ability to make the budgeted contribution and a number of other technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by Service Unit:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Finance & Business Support Portfolio							
Carbon Reduction Commitment Levy	1,368		1,368			0	
Contribution to/from Reserves	-11,245		-11,245	-963		-963	transfer of 11-12 write down of discount saving from 08-09 debt restructuring to reserves; drawdown of Insurance Reserve to cover pressure on Insurance fund
Insurance Fund	3,479		3,479	1,450		1,450	increase in liability claims forecast to be paid & increase in provision for period of time claims
Modernisation of the Council	4,038		4,038			0	
Net Debt Charges (incl Investment Income)	124,434	-8,877	115,557	-4,534	693	-3,841	2011-12 write down of discount saving from 2008-09 debt restructuring; re-phasing of capital programme in 10-11 has provided savings on debt charges & MRP
Other	6,490	0	6,490	-1,494	0	-1,494	-£1.546m unexpected unringfenced grant increase held to offset pressures across Authority; +£0.052m costs of Transformation Programme Manager for Change
Total F&BS portfolio	**128,564**	**-8,877**	**119,687**	**-5,541**	**693**	**-4,848**	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy, Performance & Health Reform portfolio							
Contribution to IT Asset Maintenance Reserve	**2,352**		**2,352**			**0**	
Deputy Leader portfolio							
Audit Fees	**464**		**464**			**0**	
Total Controllable	**131,380**	**-8,877**	**122,503**	**-5,541**	**693**	**-4,848**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

1.1.3.1 Insurance Fund

A forecast pressure on the Insurance Fund, currently estimated at £1.450m, will need to be met by a drawdown from the Insurance Reserve (see 1.1.3.3 below). This is due to an increase in liability claims forecast to be paid in year and an increase in the provision for period of time claims. These are claims which span a number of years and are distinguishable from claims resulting from a single incident on a particular date. With period of time claims, a number of successive annual insurance policies held by an authority are triggered/become active and this raises difficulties where there are varying terms across the policies and the interests of more than one insurer to consider. One former liability insurer for the Authority has been consulting with their legal team, whilst the current liability insurer has returned with conflicting advice, hence, as a precaution and until a legal position is established, we have increased our provision for each of our registered period of time claims to reflect a worse case settlement position.

1.1.3.2 Net Debt Charges (including Investment Income):

- There is a saving of £3.354m as a result of:
  - deferring borrowing in 2010-11 due to the re-phasing of the capital programme and also no new borrowing was taken in the first quarter of 2011-12.
  - in addition, the re-phasing of the capital programme in 2010-11 is likely to provide a saving on Minimum Revenue Provision (MRP) as it is likely that fewer assets became operational than anticipated. As reported in 2010-11, we have adopted the asset life method of calculating MRP. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday". However, once these assets do become operational we will incur MRP in the following year. MRP is based on capital expenditure incurred in the previous year and therefore cannot be calculated until the previous year's accounts have been finalised and audited. This very complex calculation is currently being undertaken and therefore further details and confirmation of the level of saving will be provided in future reports.
  - however, there is a reduced interest return on cash balances as a result of using cash to finance a higher proportion of capital expenditure in 2010-11 but this is more than offset by the savings achieved from deferring borrowing.
- There is a saving of £0.487m which relates to the write-down in 2011-12 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£3.378m was written down during the period 2008-11, therefore leaving a further £0.159m to be written in 2012-13).

1.1.3.3 Contributions to/from reserves:

- As planned, the £0.487m write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve to offset the Icelandic investments impairment cost incurred in 2010-11.
- At year end there will be a draw down from the Insurance Reserve to cover the pressure on the Insurance Fund, currently estimated at £1.450m.

1.1.3.4 Other Financing Items:

a) After the budget had been set we received notification of an unexpected un-ringfenced grant increase of £1.546m for Extended Rights to Free Travel. In light of the pressures faced by the Authority in the current year, we are holding this funding increase within the Finance & Business Support portfolio to offset pressures elsewhere across the Authority.

b) There is a pressure of £0.052m relating to the Council restructure for the costs of the Transformation Programme Manager for Change. It was originally anticipated that this work would be completed by 31 March 2011 but it continued through the first quarter of 2011-12.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
F&BS	Pressure on the Insurance Fund due to increase in liability claims forecast to be paid & increase in provision for period of time claims	+1,450	F&BS	savings on debt charges & MRP due to re-phasing of capital programme in 10-11, together with no new borrowing in 11-12	-3,354
F&BS	Contribution to economic downturn reserve of 2011-12 write down of discount saving from 2008-09 debt restructuring	+487	F&BS	unexpected un-ringfenced grant for Extended Rights to Free Travel to be used to offset pressures across Authority	-1,546
			F&BS	drawdown from Insurance Reserve to cover pressure on the Insurance Fund	-1,450
			F&BS	2011-12 write down of discount saving from 2008-09 debt	-487
		+1,937			-6,837

1.1.4 **Actions required to achieve this position**:

eg Management Action achieved to date including vacancy freeze, changes to assessment criteria

N/A

1.1.5 **Implications for MTFP**:

N/A

1.1.6 **Details of re-phasing of revenue projects**:

N/A

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

Currently the underspending on the Financing Items budgets is offsetting pressures elsewhere across the authority.

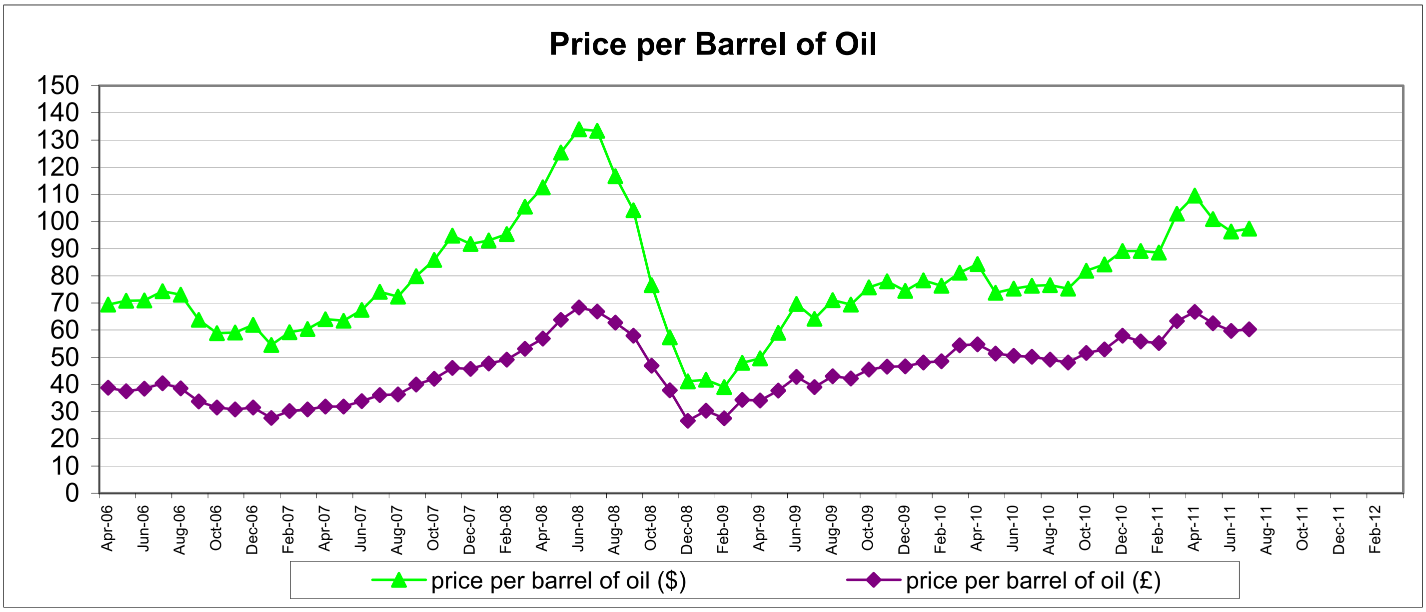
1.2 CAPITAL

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Price per Barrel of Oil – average monthly price in dollars since April 2006:**

	Price per Barrel of Oil					
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
	$	$	$	$	$	$
April	69.44	63.98	112.58	49.65	84.29	109.53
May	70.84	63.45	125.40	59.03	73.74	100.90
June	70.95	67.49	133.88	69.64	75.34	96.26
July	74.41	74.12	133.37	64.15	76.32	97.30
August	73.04	72.36	116.67	71.05	76.60	
September	63.80	79.91	104.11	69.41	75.24	
October	58.89	85.80	76.61	75.72	81.89	
November	59.08	94.77	57.31	77.99	84.25	
December	61.96	91.69	41.12	74.47	89.15	
January	54.51	92.97	41.71	78.33	89.17	
February	59.28	95.39	39.09	76.39	88.58	
March	60.44	105.45	47.94	81.20	102.86	



Comments:

- The figures quoted are the West Texas Intermediate Spot Price in dollars per barrel, monthly average price.
- The dollar price has been converted to a sterling price using exchange rates obtained from the HMRC website.

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