AGENDA

CABINET

Monday, 14th September, 2009, at 2.00 pm	Ask for:	**Karen Mannering/Geoff Mills**
Council Chamber, Dover District Council Offices, White Cliffs Business Park, Dover CT16 3PJ (location map attached)	Telephone:	**(01622) 694367/694289**

Tea/Coffee will be available 15 minutes before the meeting.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Welcome to Dover - oral presentation from Paul Watkins, Leader of Dover District Council
2. Declaration of Interests by Member in Items on the Agenda for this meeting
3. Minutes of the Meeting held on 13 July 2009 (Pages 3 - 10)
4. Revenue and Capital Budgets, Key Activity and Risk Monitoring (Pages 11 - 138)
5. Strategic Risk Register (Pages 139 - 148)
6. Local Act for amendment of Road Traffic Regulation Act 1984 - The Kent County Council (Filming on Highways) Bill (Pages 149 - 154)
7. Kent International Gateway Planning Inquiry (Pages 155 - 160)
8. Decisions from Cabinet Scrutiny Committee - 21 July and 5 August 2009 (Pages 161 - 162)
9. Other items which the Chairman decides are relevant or urgent

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Peter Gilroy
Chief Executive
Friday, 4 September 2009

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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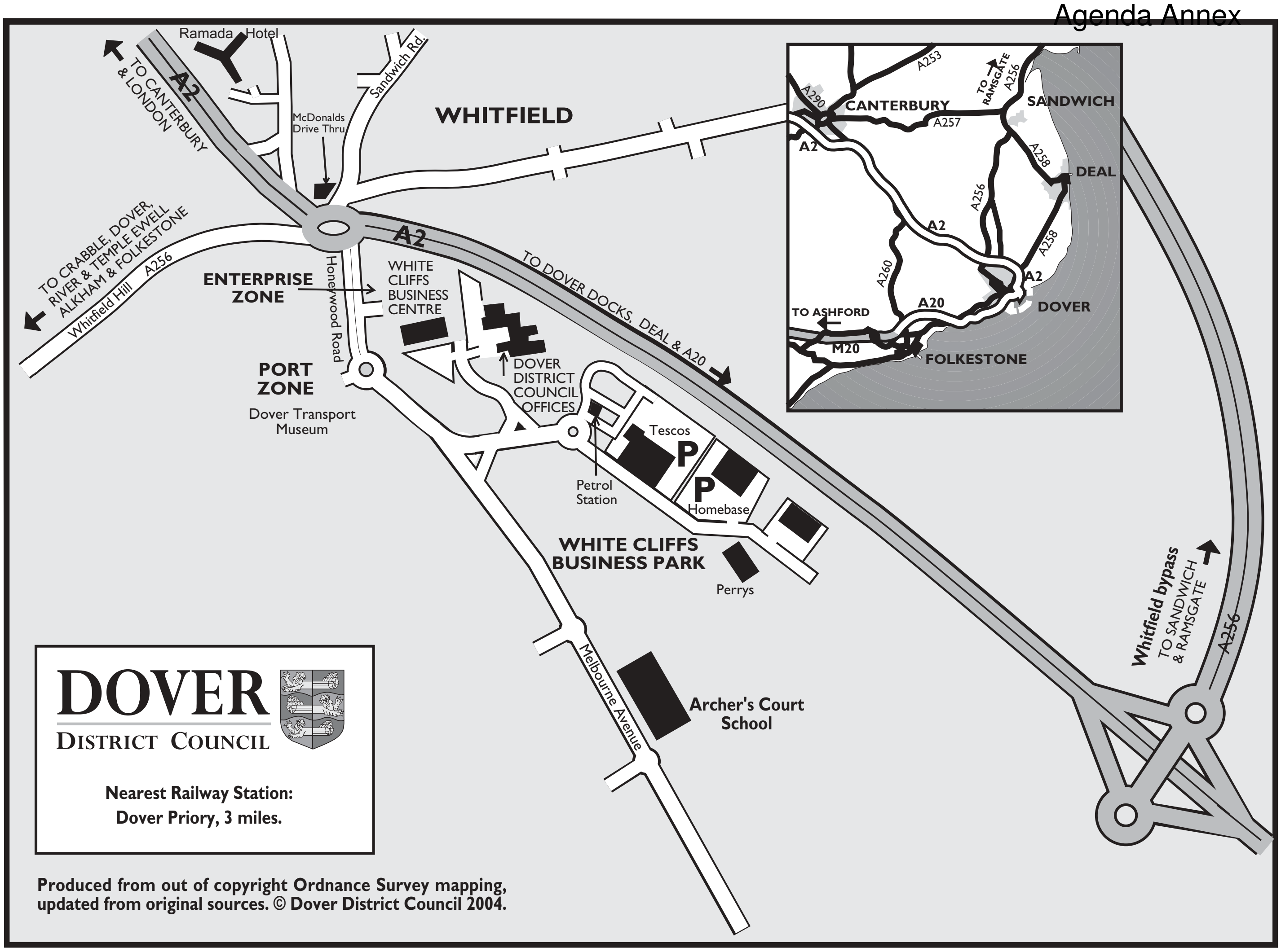
Ramada Hotel
TO CANTERBURY & LONDON
A2
McDonalds Drive Thru
Sandwich Rd.
WHITFIELD
TO CRABBLE, DOVER, RIVER & TEMPLE EWELL ALKHAM & FOLKESTONE
Whitfield Hill A256
ENTERPRISE ZONE
Honeywood Road
WHITE CLIFFS BUSINESS CENTRE
TO DOVER DOCKS, DEAL & A20
PORT ZONE
Dover Transport Museum
DOVER DISTRICT COUNCIL OFFICES
Tescos
P
P
Petrol Station
Homebase
WHITE CLIFFS BUSINESS PARK
Perrys
Melbourne Avenue
Archer's Court School
A253
A290
CANTERBURY
TO RAMSGATE
A256
SANDWICH
A257
A258
DEAL
A256
A2
A258
A260
A2
DOVER
TO ASHFORD
A20
M20
FOLKESTONE
Whitfield bypass
TO SANDWICH & RAMSGATE
A256
DOVER
DISTRICT COUNCIL
Nearest Railway Station:
Dover Priory, 3 miles.
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KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 13 July 2009.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mrs S V Hohler, Mr A J King, MBE, Mr K G Lynes, Mr R A Marsh and Mr J D Simmonds

IN ATTENDANCE: Ms A Honey (Managing Director Communities), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services), Ms M Peachey (Kent Director of Public Health) and Ms R Turner (Managing Director Children, Families and Education)

UNRESTRICTED ITEMS

1. Minutes of the Meeting held on 18 May 2009
(Item 2)

The Minutes of the meeting held on 18 May 2009 were agreed and signed as a true record.

2. Revenue and Capital Budget Outturn 2008-09; Revenue Budget Roll Forward; 2008-09 Final Monitoring of Key Activity Indicators; 2008-09 Final Monitoring of Prudential Indicators; Impact of 2008-09 Revenue Budget Outturn on Reserves and Capital Budget Outcomes & Achievements in 2008-09
(Item 3 – Report by Mr John Simmonds, Cabinet Member for Finance and Ms Lynda McMullan, Director of Finance)

(1) This report set out the provisional revenue and capital budget outturn for 2008/09 and detailed where revenue projects had been re-scheduled and/or were committed, and where there was under or over spending.

(2) Mr Simmonds said that with regard to asylum costs, it was now estimated that some £3.185m would be eligible for a Special Circumstances Payment from the Government bringing the net underspend down to some £3.125m. He said the Council had continued to pressure the Government in respect of this sum and it was hopeful that it would be fully reimbursed for this amount. Mr Simmonds also highlighted a pressure within the SEN Transport Budget which would need to be monitored as the year progressed. Mr Carter said that Cabinet Members together with their Managing Directors would need to reflect on where any underspends should be allocated, and placed on record his thanks on behalf of Cabinet to all staff as this was the ninth consecutive year where there had been a balanced budget with a reasonable underspend.

(3) Cabinet then noted the recommendations set out in paragraph 2 of the Cabinet report and also agreed that the £4.799m remainder of the 2008/09 revenue underspend be set aside in the Economic Downturn reserve.

3. Revenue & Capital Budget Monitoring Exception Report
(Item 4 – Report by Mr John Simmonds, Cabinet Member for Finance and Ms Lynda McMullan, Director of Finance)

(1) This was the first exception report for 2009/10 and identified a number of significant pressures that would need to be managed during the year if the Council was to have a balanced revenue position by year end.

(2) During the course of discussion, a number of pressures within the revenue budget were highlighted and in particular the rising costs related to SEN Transport, Asylum costs and increased costs related to the Fostering Service due to the exceptional high levels of Independent Fostering Allowances. Also highlighted was the reduction in LSC contracts in 2008/09 which had resulted in a base pressure that would have a similar impact in 2009/10.

(3) Following discussion, Cabinet noted the initial forecast revenue and capital budget monitoring position for 2009/10 and that a review of the underlying pressures within KEY training would be undertaken and that recommendations for resolving this within the Communities Directorate would be submitted to a future meeting of Cabinet.

4. Kent County Council response to the government consultation on the draft Flood and Water Management Bill
(Item 5 – Report by Mr Nick Chard, Cabinet Member for Environment, Highways and Waste and Mr Mike Austerberry, Executive Director, Environment, Highways and Waste)

Elizabeth Holliday, Team Leader for Natural Environment and Coast was present for this item.

(1) This report provided an overview of the Government's consultation on the draft Flood and Water Management Bill and presented the key points of the County Council's recommended response.

(2) Following discussion Cabinet:

(a) noted the contents of the report and supported consultation being undertaken with the Developer Community in Kent regarding the draft Bill's proposals to raise funds for Flood Risk Management and Sustainable Drainage Systems, Maintenance and Adoption through Bonds, Section 106 Agreements, Community Infrastructure Levy, and other such mechanisms; and

(b) supported the key points raised in response to the consultation as detailed in paragraph 4.2 of the report and delegated to the Cabinet Member for Environment, Highways and Waste, authority to approve the detailed response to the consultation to be submitted on behalf of the County Council to Government.

5. Kent Children and Young People's Plan 2008-2011 - Positive About Our Future - Year One Progress Report (April 2008 - March 2009)
(Item 6 – Report by Mrs Sarah Hohler, Cabinet Member for Children, Families and Education and Ms Rosalind Turner, Managing Director, Children, Families and Education)

(1) This report presented the first Annual Monitoring Report covering progress made in the delivery of Kent's Children and Young People's Plan 2008/11 – Positive About Our Future. Mrs Hohler said that the Children and Young People's Plan was central to the work of the Children's Trust as it was the defining statement of the Council's strategic planning and priorities for children, young people and families in Kent. Children's Trusts were required to deliver measurable improvements for all children and young people across all five of the Every Child Matters Outcomes and the Plan set out the improvements to the wellbeing of children and young people in their local area. Mrs Hohler said that this was a first class report and she commended its outcomes and recommendations to Cabinet for approval.

(2) Following discussion, Cabinet noted and agreed the 2008/11 Children and Young People's Plan Review.

6. Kent Building Schools for the Future (BSF) Wave 4
(Item 7 – Report by Mrs Sarah Hohler, Cabinet Member for Children, Families and Education and Ms Rosalind Turner, Managing Director for Children, Families and Education)

Mr Grahame Ward, Director of Resources, CFE was present for this item

(1) This report provided an update on the Building Schools for the Future Strategy and specifically how Wave 4 would contribute to the transformation of teaching and learning in the Thanet and Gravesham areas.

(2) During the course of discussion Mrs Hohler spoke about the improvements which the Building Schools for the Future Programme was bringing to schools in Kent and the positive effect that new buildings and improvements to existing buildings had had in terms of academic output and general respect within schools. Mr Carter spoke about the importance which schools have as a focus within the local community and he supported the concept of "the school that never sleeps". Mr Ward said that a major legacy of BSF would be a significant improvement in sports facilities and Mrs Hohler spoke about the important links that BSF had with the Young Persons' Plan and the development of culture and leisure activities within local communities.

(3) Following further discussion Cabinet noted the update on the overall Building Schools for the Future Strategy and agreed the Strategy for Wave 4 as detailed in the Cabinet report.

7. Independence, Wellbeing and Choice Inspection
(Item 8 – Report by Mr Graham Gibbens, Cabinet Member for Adult Social Services and Mr Oliver Mills, Managing Director Kent Adult Social Services)

Ms Silu Pascoe, the Lead Inspector responsible for the report of the Care Quality Commission was present for this item.

(1) Ms Silu Pascoe, the Lead Inspector responsible for the report of the Care Quality Commission said that the Inspection Team had reviewed a range of key documents and assessed other information about how the County Council was delivering and managing outcomes for people. As part of its work the Inspection Team had met with older people and their carers, staff and managers from the Council and representatives of other organisations.

(2) With regard to the County Council's services related to safeguarding adults, the Commission had rated the Council's performance using four grades, these being: poor, adequate, good and excellent. With regard to Safeguarding Adults, the Commission had concluded that Kent's Safeguarding of Adults as 'good'. The Commission also looked at the way the County Council delivered preventative services and in that area, it concluded that Kent was 'excellent'. The Commission also considered the County Council's capacity to improve and rated that as 'excellent'.

(2) During the course of discussion, Mr Gibbens said that he was very pleased with the outcomes of this report, which emphasised those areas of core business which the County Council did very well. He congratulated the Adult Social Services Directorate for its work and said that he believed only one other shire county had achieved the same level of attainment as Kent. Mr Mills said that whilst he welcomed the report, and the emphasis it placed on how well the Council was working to safeguard adults whose circumstances made them vulnerable, there was no room for complacency and he together with his staff, would be accountable for ensuring that the outcomes identified in the Action Plan were delivered.

(3) Following further discussion, Mr Carter said that in recognising those areas which had been identified for improvement, this was nonetheless an outstanding report and he placed on record his congratulations to all staff within the Kent Adult Social Services Directorate for the professional way in which they delivered these services. He also placed on record his thanks on behalf of the Council for the work which had been undertaken by the Care Quality Commission and its Inspectors.

(4) Cabinet then noted the Action Plan and the report as presented by the Care Quality Commission.

8. Sustainable Communities Act 2007
(Item 9 – Report by Mr Paul Carter, Leader of the Council and Mr David Cockburn, Executive Director for Strategy, Economic Development and ICT)

Mr David Whittle, Policy Manager, Corporate Policy was present for this item

(1) This report sought approval for the submission of two proposals under the Sustainable Communities Act 2007 – one relating to solving Operation Stack and the other with regard to Education and Skills and, in particular, that the functions of the National Apprenticeship Service, the Skills Funding Agency and the Young People's Learning Agency be devolved to the County Council.

(2) Following discussion, Cabinet agreed that the two proposals as identified in the Cabinet report should be submitted to the Local Government Association under the terms of the Sustainable Communities Act 2007.

9. Urgent Decisions Taken During the Interregnum

(Item 10 – Report by Mr Geoff Wild, Director of Law and Governance)

RESOLVED that the actions and decisions taken by the Managing Director for Children, Families and Education during the Interregnum period be confirmed.

10. Commissioning Connexions and Work Related Learning Services from April 2010

(Item 12 – Report by Mrs Sarah Hohler, Cabinet Member for Children, Families and Education and Ms Rosalind Turner, Managing Director for Children, Families and Education)

Ms Joanna Wainwright, Director Commissioning {Specialist Services} was present for this item.

This is an unrestricted minute of a report which was exempt under paragraph 1 of Schedule 12A of the Local Government Act 1972, as amended.

(1) This report outlined the outcome of the recent tendering process for Connexions and work related learning services to be delivered from 1 April 2010 to 31 March 2013.

(2) The submitted tenders had been evaluated against a robust evaluation scoring framework and the recommendation to Cabinet was that the current provider, Connexions Partnership Kent and Medway, should be awarded the contract.

(3) Following consideration of the report, Cabinet RESOLVED that the Connexions Partnership Kent and Medway should be confirmed as the preferred supplier from April 2010 and authority be given to the Director of Children, Families and Education to award the Partnership the contract following the Alcatel period (14 July – 24 July 2009).

11. Kent Building Schools for the Future Wave 4

(Item 13 – Report by Mrs Sarah Hohler, Cabinet Member for Children, Families and Education and Ms Rosalind Turner, Managing Director Children, Families and Education)

Mr Grahame Ward, Director Resources for Children, Families and Education was present for this item.

The following is an unrestricted minute of a report which was exempt under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended.

(1) This report sought approval to continue with the development of Kent's Wave 4 Building Schools for the Future (BSF) Project through the submission of the Wave 4 Outline Business Case and the development of projects by the Kent Local Education Partnership 1 through the New Project Approval Process. The report also gave an update on other Waves within the BSF Programmes.

(2) With regard to Wave 3, the approved Programme equated to 36 schools spread over 3 waves of the national Building Schools for the Future Programme including one academy. Construction of the first ten school buildings under Wave 3

commenced in October 2008 and the feedback to date from the schools had been positive and the performance of the contractors was good.

(3) The report updated Cabinet with regard to Wave 4 and outlined progress to date. The report detailed the decisions that the County Council would need to take over the coming months in order for this Wave to progress and for Kent to benefit from the investment in the education estate and the resulting improvement in the quality of teaching and learning. At this stage there were no contractual commitments just an intent to deliver Wave 4 and a recognition of the final contribution that the County Council would need to make. The report also set out the key approval dates in relation to Wave 4 culminating in approval being sought for the submission of the final business case to Government and approval to enter into contracts in October 2010. In the meantime there would be regular reports and updates through the New Project Approval Process to the BSF, PFI and Academies Programme Board.

(4) The report also updated Cabinet on the development of Wave 5 through the Strategy for Change. Work continued on the development of the Strategy for Change Part 2, Outline Business Case for Wave 5 and pre-procurement preparation and this included the development of two proposed academies in the Wave 5 Area. In relation to Wave 6, the Secondary Transformation Team had been actively engaged with Swale Headteachers in the development of a draft Strategy for Change Part 1 document which was currently under preparation. Following the finalisation of the Strategy for Change, the Strategy for Change Part 2 and Outline Business Case would be developed with further updates being brought to Cabinet for approval to submit the Wave 5 Outline Business Case and the affordability parameters.

(5) Following further discussion Cabinet agreed as follows:-

(i) to note the changes in current progress in respect of Wave 3 and the Trillium/Telereal Partnership Changes;

(ii) agreement be given to the submission of the Wave 4 Outline Business Case to the DCSF and Partnerships for Schools and to issue the schemes to the Kent Local Education Partnership 1 so these could be developed via the New Project Approval Process;

(iii) authority be delegated to the Director of Resources (CFE) and to the Head of PFI/PPP (CFE) in consultation with the Leader of the Council, the Cabinet Member for Children Families and Education and the Managing Director for Children Families and Education to proceed with the New Project Approval Process (stages 1, 2A and 2B) and to finalise contractual terms up to contract award within the affordability parameters as set out in the Cabinet report;

(iv) it be noted that final approval would be sought prior to the submission of the Final Business Case and the affordability position;

(v) authority be given to the Director of Resources (CFE) to proceed to contract award in respect of the Wave 4 at the end of stage 2B with regular progress reports being submitted to the BSF Programme Board; and

(vi) the progress in respect of Waves 5 and 6 be noted.

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REPORT TO: CABINET – 14 SEPTEMBER 2009

SUBJECT: REVENUE AND CAPITAL BUDGETS, KEY ACTIVITY AND RISK MONITORING

**BY: JOHN SIMMONDS – CABINET MEMBER FOR FINANCE
LYNDA McMULLAN – DIRECTOR OF FINANCE
MANAGING 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 KASS portfolio to reflect realignment of budgets in line with 2008-09 outturn and changing trends of service provision**
- **agree the virement of £100k from the underspending within the Finance portfolio to Communities portfolio to fund a contribution towards the construction programme at Maidstone Museum**
- **agree the proposal to overspend the Kent Highways Services revenue budget by £2.1m, to be funded by underspending on Waste Management**
- **note the changes to the capital programme, including the roll forward from 2008-09,**
- **agree that £43.281m of re-phasing on the capital programme is moved from 2009-10 capital cash limits to future years**

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1. INTRODUCTION

1.1 This is the first full monitoring report to Cabinet for 2009-10. The budgets reflected within this report have been realigned from what was approved at County Council in February in order to reflect the new portfolio structure to give a new starting point for the year.

1.2 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.

1.3 __Headlines__:

1.3.1 **Revenue:**

- The latest forecast revenue position (excl Schools and Asylum) before the implementation of management action is a pressure of £2.564m, which is up £0.372m since the last report. Management action is currently expected to reduce this to a small underspend of £0.097m.
- The current position on Asylum is a pressure of £3.6m, which is up £0.1m since the last report.
- There are significant pressures reported within the Children's Social Services budgets which are currently being offset by savings arising from difficulties in recruiting to the new social worker posts funded from additional money made available in the 2009-12 MTP. It is hoped that a national and international recruitment campaign will be successful in filling these posts by January; hence the underlying pressures will need to be addressed in the 2010-13 MTP process.
- The activity levels for Fostering are cause for concern as they are very high compared to the affordable level and last year's outturn. This is partly because of a large number of short term placements for 'respite' care following an increase in the number of referrals in the light of the baby Peter and other similar cases. It is hoped that the use of short term placements will prevent the need for longer term provision. It is not yet known whether this trend will continue and a further update will be provided in the next full monitoring report to Cabinet in November. The forecast assumes that the number of short term placements will revert to normal levels for

the rest of the financial year. Another factor contributing to this increase is the number of 16+ children choosing to remain with their foster family up to age 18, or 25 if undergoing further education, rather than move to supported lodgings at age 16. The budget for the 16+ service has historically only covered the lower cost of supported lodgings. If these trends continue then they will need to be addressed in the 2010-13 MTP.

- We have recently recovered our first £2.959m back from our principal investments in the collapsed Icelandic Banks. This recovery is the first dividend payment from the UK registered Heritable Bank.

1.3.2 **Capital:**

- The latest forecast capital position is a net rephasing of -£39.215m of spend mainly on schemes where we have less control over delivery. This is mainly due to a small number of externally funded projects.

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 small underspend of £0.097m 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 **after** management action

Portfolio	Budget	Gross Variance	Proposed Management Action	Net Variance
	£k	£k	£k	£k
Children, Families & Education	**-668,351**	**+1,711**	**-1,711**	**0**
Kent Adult Social Services	**+341,471**	**+496**	**-496**	**0**
Environment, Highways & Waste	**+151,887**	**-26**	**0**	**-26**
Communities	**+56,471**	**+189**	**-100**	**+89**
Localism & Partnerships	**+7,604**	**+188**	**-188**	**0**
Corporate Support & Performance Mgmt	**+9,769**	**+166**	**-166**	**0**
Finance	**+108,123**	**-160**	**0**	**-160**
Public Health & Innovation	**+790**	**0**	**0**	**0**
Regeneration & Economic Development	**+8,061**	**0**	**0**	**0**
TOTAL (excl Schools)	**+15,825**	**+2,564**	**-2,661**	**-97**
Asylum	**0**	**+3,600**	**0**	**+3,600**
TOTAL (excl Schools)	**+15,825**	**+6,164**	**-2,661**	**+3,503**
Schools	**+878,229**	**0**	**0**	**0**
TOTAL	**+894,054**	**+6,164**	**-2,661**	**+3,503**

2.2 Capital

This report reflects the current monitoring position against the revised programme, where a pressure of £3.992m and re-phasing of -£43.207m of expenditure into future years is forecast, giving a total variance in 2009-10 of -£39.215m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

Other than the realignment of cash limits to reflect the revised portfolio structure, Directorate cash limits have been adjusted to include:

- the roll forward from 2008-09 of £7.497m, as approved by Cabinet on 13 July 2009, which includes the transfer to the Economic Downturn reserve of £4.799m.
- 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 2.

In addition, a detailed exercise to realign budgets within the Kent Adult Social Services portfolio has been undertaken. At the time the budget was set, best estimates were used to distribute the growth, savings and demography money provided in the 2009-12 MTP and to determine gross expenditure and income levels but a more accurate distribution is now reflected based on the 2008-09 outturn and continuing trends, including the changing trends in services away from residential care into community based care as part of the modernisation of services. Further details are provided in annex 2. **Cabinet is asked to agree these changes.**

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.

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

			Directorate					
Portfolio	**Budget**	**Variance**	CFE	KASS	EH&W	CMY	CED	FI
	£k	**£k**	£k	£k	£k	£k	£k	£k
Children, Families & Educ	**-668,351**	**+1,711**	+1,711					
Kent Adult Social Services	**+341,471**	**+496**		+496				
Environ, Highways & Waste	**+151,887**	**-26**			-26			
Communities	**+56,471**	**+189**				+189		
Localism & Partnerships	**+7,604**	**+188**					+188	
Corporate Support & Performance Mgmt	**+9,769**	**+166**					+166	0
Finance	**+108,123**	**-160**					0	-160
Public Health & Innovation	**+790**	**0**					0	
Regen & Economic Dev	**+8,061**	**0**					0	
SUB TOTAL (excl Schools)	**+15,825**	**+2,564**	+1,711	+496	-26	+189	+354	-160
Asylum	**0**	**+3,600**	+3,600					
TOTAL (excl Schools)	**+15,825**	**+6,164**	+5,311	+496	-26	+189	+354	-160
Schools	**+878,229**	**0**	0					
TOTAL	**+894,054**	**+6,164**	+5,311	+496	-26	+189	+354	-160

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
Children, Families & Educ	+384,965	-1,053,316	**-668,351**	+1,865	-154	**+1,711**
Kent Adult Social Services	+474,646	-133,175	**+341,471**	+1,339	-843	**+496**
Environ, Highways & Waste	+168,151	-16,264	**+151,887**	-26	0	**-26**
Communities	+108,975	-52,504	**+56,471**	+541	-352	**+189**
Localism & Partnerships	+7,963	-359	**+7,604**	+234	-46	**+188**
Corporate Support & Performance Mgmt	+51,052	-41,283	**+9,769**	+1,072	-906	**+166**
Finance	+127,191	-19,068	**+108,123**	+221	-381	**-160**
Public Health & Innovation	+1,410	-620	**+790**	+10	-10	**0**
Regen & Economic Dev	+10,334	-2,273	**+8,061**	-25	+25	**0**
SUB TOTAL (excl Schools)	+1,334,687	-1,318,862	**+15,825**	+5,231	-2,667	**+2,564**
Asylum	+14,129	-14,129	**0**	0	+3,600	**+3,600**
TOTAL (excl Schools)	+1,348,816	-1,332,991	**+15,825**	+5,231	+933	**+6,164**
Schools	+959,196	-80,967	**+878,229**	0	0	**0**
TOTAL	+2,308,012	-1,413,958	**+894,054**	+5,231	+933	**+6,164**

A reconciliation of the above gross and income cash limits to the approved budget as restated in the new portfolio structure, is detailed in **Appendix 2**.

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 **Children, Families & Education**
Annex 2 **Kent Adult Social Services**
Annex 3 **Environment, Highways & Waste**
Annex 4 **Communities**
Annex 5 **Chief Executives**
incl. Public Health & Innovation, Regeneration & Economic Development, Localism & Partnerships, Corporate Support & Performance Management and Finance portfolios
Annex 6 **Financing Items**
Incl. elements of the Corporate Support & Performance Management and Finance portfolios

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Asylum - shortfall in Home Office income (income)	+3,600	EHW	Reduced waste tonnage	-2,170
FIN	Contribution to economic downturn reserve	+3,471	FIN	2009-10 write down of discount saving from 2008-09 debt restructuring	-1,971
EHW	KHS - in order to reduce backlog of capital maintenance	+2,100	KASS	Older People Domiciliary gross - activity lower than anticipated	-1,893
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+1,682	FIN	Treasury savings - Increased interest on cash balances and lower debt charges	-1,660
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments	+1,182	CFE	Assessment & Related - staffing vacancies (gross)	-1,492
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,057	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for planned maintenance	-806
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+822	CFE	Leaving Care/16+ service - Section 24/leaving care payments (gross)	-690
KASS	LD Residential gross - activity in excess of affordable level in independent sector placements	+738	KASS	Older People Residential income resulting from higher unit cost	-681
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	IS Residential Care - reduction in no of disability placements (gross)	-675
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+695	KASS	Older People Residential gross - activity below affordable level	-674
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+622	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
EHW	KHS - White lining refresh	+600	KASS	Older People Residential gross - Preserved Rights increased attrition	-479
CFE	Other Preventative Services - pressure on Section 17 payments (gross)	+596	CFE	Fostering Service - reduction in no of in-house fostering payments (districts & disability, gross)	-463
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+554	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-416
			KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-357

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Personnel & Development - pensions pressure resulting from previous years early retirements & cost of living increase (gross)	+550	CFE	Mainstream Home to School Transport - contract renegotiations (gross)	-314
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+495	CSPM	Information Systems income from additional services/projects	-303
CFE	SEN Transport - expensive travel arrangements (gross)	+470	CFE	Fostering Service - County Fostering Team vacancies	-277
CFE	Adoption Service - special guardianship orders (gross)	+391	CFE	Fostering Service - reduction in no of Fostering related payments	-241
KASS	Older People Residential gross - change in unit cost in independent sector placements	+307	KASS	Older People Nursing income resulting from higher unit cost	-204
CSPM	Information Systems costs of additional services/projects	+303	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
CFE	Awards - home to college transport prices and demand (gross)	+280	CFE	Direct Payments - rebadge of sure start expenditure (gross)	-191
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117, and therefore do not contribute towards costs	+276	KASS	LD Support Accomm income - addit activity/higher contribution	-190
KASS	Older People Residential gross - in house provision staffing	+275	CMY	Libraries: staff savings to mitigate reduced income from AV issues and merchandising.	-189
KASS	Older People Residential income - under-recovery of income due to lower activity	+270	CFE	Independent Sector Residential Care - reduction in no of secure accomodation placements (gross)	-185
EHW	KHS - Sign cleaning programme	+250	CMY	Additional non recurring funding received from external and internal sources in relation to Active Sports programme.	-177
KASS	PD Residential gross - change in unit cost of independent sector placements	+241	CFE	Leaving Care/16+ service - Independent Sector residential care (gross)	-176
CSPM	Legal services cost of additional work (offset by increased income)	+240	CMY	New funding secured from LSC with regard to Response to Redundancy contract and from ESF with regard to Skills Development within KEY Training	-172
KASS	Older People Residential income - Preserved rights reduced income due to higher attrition	+237	CMY	Adult Education support staff savings.	-160
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+233	CMY	Youth: Contribution from CFE towards ToGoGo project and revamp of website.	-152
KASS	LD Residential gross - in house provision staffing	+183	CFE	Other Preventative Services - disability day care services rebadge of sure start	-137
CMY	Additional contracts entered into with private and voluntary sectors in relation to Active Sports programme.	+177	CFE	CSS Business Support - Social Work Pilot project (income)	-135
CSPM	MTP saving 'In year management action'	+175	KASS	LD Residential income - additional income resulting from additional activity	-117
CMY	Additonal staff costs and contracts with private sector to service the new contracts commissioned by LSC and ESF within Key Training.	+172	CMY	Youth: Additional one-off funding from DCSF towards additonal Contactpoint expenditure.	-111
KASS	LD Residential gross - contribution to provision for potential future liability	+170	CFE	Other Preventative Services - additional income from health for NSPCC	-109

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CSPM	Staffing & consultancy costs to strengthen performance management & corporate assurance across KCC	+167			
CMY	Coroners: Mortuary, Histology and Toxicology fees that are not governed by CMY	+152			
CMY	Youth: increased expenditure on ToGoGo project and website covered by contribution from CFE	+152			
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector placements	+152			
CFE	CSS Business Support - Social Work Pilot project (gross)	+135			
CMY	Reduced forecast in relation to Libraries' Audio Visual income streams due to declining demand and alternative sources of supply.	+125			
L&P	Committee Manager post to March 2010 plus maternity covers.	+117			
CMY	Youth: increased expenditure on Contactpoint covered by increase in funding from DCSF.	+111			
KASS	Older People Nursing gross - change in unit cost in independent sector placements	+106			
KASS	Older People Domiciliary income - reduced due to lower activity	+103			
CMY	Libraries: shortfall in merchandising income	+100			
CMY	Contribution to Construction programme at Maidstone Museum	+100			
		+25,634			**-18,767**

3.4 **Key issues and risks**

3.4.1.1 **Children, Families & Education portfolio:** Forecast (excl. schools & Asylum) **+£1.711m**

This pressure is mainly related to the fostering and adoption budgets and fostering related payments within the 16+ service, but these pressures are largely being offset by savings as a result of difficulties in recruiting to social worker posts. However, it is expected that a national and international recruitment campaign will be successful in filling these posts by January; hence these underlying pressures will need to be addressed in the 2010-13 MTP. Other pressures within this portfolio include increased pension costs from early retirements in previous years, exacerbated by the 5% cost of living increase compared to the 1% provided in the budget; the costs of maintenance and boarding up of unused school buildings which are likely to continue until the property market recovers and pressure on the Home to College and SEN transport budgets largely due to the expensive nature of the travel arrangements. All of these pressures are detailed in Annex 1.

3.4.1.2 **Children, Families & Education portfolio - Asylum:** Forecast **+£3.600m**

As the grant guidance for 2009-10 is yet to be published, the forecast assumes that the over 18s will be funded at the same level as 2008-09 and there will be a 2% increase in the rate for under18s. The forecast also assumes a £2.169m special circumstances payment. The majority (£3.506m) of this pressure relates to 18+ care leavers, as the Home Office grant does not fund clients once they have exhausted all right of appeal for residency but the Authority has a duty of care under the Leaving Care Act to support these clients until they are deported or reach age 21. However, we continue to lobby central government to seek further funding for these clients and a meeting with the UK Borders Agency has been re-scheduled for September to discuss long term funding issues.

3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£0.496m**
The pressure is mainly as a result of demographic and placement pressures, primarily within services for people with learning disabilities and to a lesser degree within services for people with physical disabilities and mental health services, offset by underspending within services for older people due to a continuing decline in domiciliary care and the number of older people without a Mental Health need, requiring permanent residential care. Further details are provided in Annex 2.

3.4.3 **Environment, Highways & Waste portfolio:** Forecast **-£0.026m**
There is underspending on waste management due to lower waste tonnage than budgeted and savings resulting from planned downtime for maintenance at the Allington waste to energy plant, but it is proposed that this underspending be used to help reduce the backlog of capital maintenance. There is also pressure on the signs and lines budget within Kent Highways Services. Further details are provided in Annex 3.

3.4.4 **Communities portfolio:** Forecast **+£0.189m**
Pressure continues to be experienced on the Coroners budget as a result of more deaths being investigated and increased costs arising from the re-tender of the body removal contract. We have agreed a contribution to the construction programme at Maidstone Museum which gives a further £100k pressure but a virement is sought from the underspending within the Finance portfolio to fund this. These pressures are currently being partially offset by underspending within Adult Education from vacancy management of support staff. It was hoped that this saving could be used to contribute to a repairs and renewals reserve to meet the future replacement costs of plant and equipment, but until the directorate has achieved a balanced budget position for 2009-10 this contribution to reserves will not be made. Further details are detailed in Annex 4.

3.4.5 In the Chief Executives directorate, the key issues by portfolio are:

3.4.5.1 **Localism & Partnerships portfolio**: Forecast **+£0.188m**
This pressure largely relates to the continuation of the Committee Manager post through to March 2010, the costs of providing maternity cover and a part year effect of the restructuring of Member Allowances.

3.4.5.2 **Corporate Support & Performance Management portfolio**: Forecast **+£0.166m**
This pressure is largely due to staff and consultancy costs within the Central Policy and Improvement and Engagement teams in order to strengthen these areas in preparation for developing plans to improve performance management and corporate assurance across KCC. There is also a pressure resulting from the budgeted saving for in year management action which is to be met from savings and income generation opportunities which present themselves throughout the year. These pressures are partially offset by increased income within Legal Services due to both increased internal and external demand.
Further details are provided in Annex 5.

3.4.6 The key issues within the Financing Items budgets are:

3.4.6.1 **Finance portfolio:** Forecast **-£0.160m**.
Treasury savings as a result of lower debt charges, because we have not undertaken any new borrowing so far this year, and higher interest on cash balances, are largely offset by our holding a provision for the impact of the recession. In addition 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. From the residual underspending of £0.160m, a virement to the Communities portfolio is sought to fund a contribution to the construction programme at Maidstone Museum.
Further details are provided in Annex 6

3.4.7 A significant amount of management action is still expected to be achieved by year end. There is a risk that not all of this will be achieved. The position will be closely monitored throughout the remainder of the financial year so that, if necessary, a decision on further action can be taken as soon as possible.

3.5 **Implications for future years/MTP**

3.5.1 The key issues and risks identified above will need to be addressed in directorate medium term financial plans (MTP) for 2010-13. Although these are forecast to be largely offset by management action this year, a lot of the management action is 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 MTP. 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 13th July, the following adjustments have been made to the 2009-10 capital budget.

		£000s 2009-10	*£000s 2010-11*
1	Cash Limits as reported to Cabinet on 13th July	438,857	*420,362*
2	Roll forward from 2008-09 due to re-phasing:		
	Children, Families & Education (CFE)	5,155	*17*
	Children, Families & Education (CFE) - Schools	9,469	
	Kent Adult Social Services	1,387	*-1*
	Environment, Highways & Waste	5,404	
	Community Services	1,959	*2,140*
	Regeneration & Economic Development	1,503	*98*
	Corporate Support Services & Performance Management	2,680	*72*
	Localism & Partnerships	84	
3	Practical Cooking Spaces - additional grant received - CFE portfolio	50	*250*
4	Kitchen and Dining Improvements - additional grant received - CFE portfolio	410	*1,166*
5	Transforming Short Breaks (Aiming High) - additional external funding received - CFE portfolio		*2,407*
6	Flexible and Mobile Engagement (FAME) - transfer to revenue spend - KASS portfolio	-1,161	
7	Edenbridge Community Centre - additional external developer contributions - KASS portfolio		*26*
8	Highway maintenance (member grants) - transfer to revenue spend - EH&W portfolio	-2,100	
9	Integrated Transport (uneconomical buses) - transfer to revenue spend - EH&W portfolio	-1,518	
10	Major Fees - Design (Operation Stack) - transfer to revenue spend - EH&W portfolio	-350	
11	Energy & Water Efficiency Investment Fund - reduction in external funding - EH&W portfolio	-117	
		461,712	***426,537***
12	PFI	54,983	*27,101*
		516,695	*453,638*

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

			Directorate				
Portfolio	**Budget**	**Variance**	CFE	KASS	E,H&W	CMY	CED
	£k	**£k**	£k	£k	£k	£k	£k
CFE	**+219,253**	**+3,482**	+3,482				
KASS	**+11,493**	**-4,987**		-4,987			
E,H&W	**+130,872**	**-28,506**			-28,506		
Community Services	**+30,515**	**-6,316**				-6,316	
Regen & ED	**+8,338**	**-1,247**					-1,247
Corporate Support & PM	**+23,936**	**-1,641**					-1,641
Localism & Partnerships	**+584**	**0**					0
TOTAL (excl Schools)	**+424,991**	**-39,215**	+3,482	-4,987	-28,506	-6,316	-2,888
Schools	**+36,721**	**0**	0				
TOTAL	**+461,712**	**-39,215**	+3,482	-4,987	-28,506	-6,316	-2,888
Real Variance		**+3,992**	+4,391	-25	-306	-21	-47
Re-phasing (detailed below)		**-43,207**	-909	-4,962	-28,200	-6,295	-2,841
		2009-10	**2010-11**	**2011-12**	**Future yrs**		**Total**
Re-phasing		-43,207	+24,319	+6,190	+12,698		0

4.2.1 Table 3 shows that there is an overspend of £3.992m on the capital programme for 2009-10 and -£43.207m of re-phasing of expenditure into later years. Of the current -£43.207m forecast re-phasing, -£35.629m 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; -£6.749m relates to projects with variances between £0.25m and £1m which are also identified in table 6, and the balance of -£0.829m 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 2009-10 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	100,294	-226	1,304	1,078	
Approval to Spend	165,092	4,277	-17,914	-13,637	
Approval to Plan	159,605	-59	-26,597	-26,656	
Preliminary Stage	0	0	0	0	
Total	424,991	3,992	-43,207	-39,215	
	2009-10	**2010-11**	**2011-12**	**future years**	**total**
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	1,304	-4,523	2,229	990	0
Approval to Spend	-17,914	18,109	-195	0	0
Approval to Plan	-26,597	10,733	4,156	11,708	0
Preliminary Stage	0	0	0	0	0
Total	-43,207	24,319	6,190	12,698	0

4.3.1 Table 4 shows that of the -£39.215m forecast capital variance (excluding devolved capital to schools), -£26.656m 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 -£12.559m 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 -£14.349m and this is a contributory factor in the treasury management underspend reported within the Finance portfolio.

Table 5: 2009-10 Capital Variance analysed by funding source (incl Devolved Capital to Schools)

	Capital Variance £m
Supported Borrowing	-0.468
Prudential	-4.455
Prudential/Revenue (directorate funded)	-4.167
PEF2	-5.259
Grant	-20.620
External Funding - Other	-1.037
External Funding - Developer contributions	-1.708
Revenue & Renewals	+0.207
Capital Receipts	-3.651
General Capital Receipts (generated by Property Enterprise Fund 1)	-1.300
Transfer of Land in payment	-1.230
Special Schols Review funding to find	+4.473
TOTAL	**-39.215**

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

			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						
CFE	Maintenance Programme	phasing	+3,000			
EHW	Sittingbourne Relief Road	phasing			+1,592	
CFE	Meadowfield School	real		+1,200		
CFE	Bower Grove School	real		+663		
CFE	Wyvern (Clockhouse & Buxford)	real		+500		
CFE	Orchard (Dunkirk)	real		+500		
CFE	Milestone School	real		+480		
CFE	Grange Park School	real		+418		
CMY	Moderisation of Assets	phasing	+385			
CMY	Ramsgate Library	real		+369		
CFE	Rowhill School	real		+257		
EHW	Major Scheme Design	real	+250			
			+3,635	**+4,387**	**+1,592**	**+0**
		Real	+250	+4,387	+0	+0
		Phasing	+3,385	+0	+1,592	+0

			Project Status			
portfolio	Project	real/ phasing	Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Underspends/Projects rescheduled						
EHW	East Kent Access Rd Ph 2	phasing			-10,696	
EHW	Reshaping Highways Accomm.	phasing		-5,939		
EHW	Ashford Drovers Roundabout	phasing			-3,712	
CMY	Ashford Gateway Plus	phasing		-3,521		
EHW	Victoria Way	phasing			-3,476	
KASS	Dartford Town Centre	phasing			-2,600	
EHW	KTS Transport Programme	phasing			-2,449	
CFE	Transforming Short Breaks	phasing		-1,636		
KASS	Broadmeadow Extension	phasing		-1,530		
CSS&PM	Kent Public Services Network	phasing		-1,491		
CMY	Turner Contemporary	phasing		-1,171		
CMY	Gravesend Library	phasing			-1,000	
CMY	Contribution to Marlowe Theatre	phasing			-1,000	
EHW	Church Marshes Transfer Station	phasing			-970	
EHW	Hernebay Site Improvement	phasing		-823		
EHW	Rushenden Relief Road	phasing			-781	
CFE	Primary Pathfinder - The Manor	phasing		-771		
R&ED	Dover Sea Change	phasing			-750	
CFE	Templar Barracks	phasing	-744			
EHW	Dartford Heath Site Replacement	real		-687		
R&ED	Swale Parklands	phasing			-600	
KASS	FAME	phasing		-480		
EHW	Wetland	phasing		-478		
CFE	Dartford Grammar Girls	phasing	-437			
CMY	Tunbridge Wells Library	real		-391		
CFE	Corporate Property Recharge	real	-338			
EHW	Integrated Transport scheme	phasing	-300			
			-1,819	**-18,918**	**-28,034**	**0**
		Real	-338	-1,078	+0	+0
		Phasing	-1,481	-17,840	-28,034	+0
			+1,816	**-14,531**	**-26,442**	**+0**
		Real	-88	+3,309	+0	+0
		Phasing	+1,904	-17,840	-26,442	+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 £3.992m real variance forecast. The main areas of under and overspending in 2009-10 are listed below together with their resourcing implications:-

- Special Schools Review: +£5.393m (+£4.473m in 2009/10, +£0.869m in 2009/10, +£0.026m and +£0.025m in future years).
  The overall management of the SSR Programme continues to create challenges both in terms of actual delivery and financial management. The pressures on the overall budget have already required Members to agree that a number of schemes would have to be delivered through the Building Schools for the Future Programme, whilst others have been deferred until other funding sources have been identified. As the Programme progresses there has been less opportunity to offset pressures and we are now in effect seeing the final approved schemes being completed.

The funding shortfall for this programme of works, most of which has been previously identified and reported, will be resolved as part of the MTP workings for 2010/11. The major variances to cash limit in this programme are :

1. Meadowfield School +£1.200m - this refurbishment/re-modelling project has been very problematic and with hindsight a new build option would have been considerably easier, less disruptive and possibly cheaper. Delays and additional costs have resulted from resolving a number of design issues, roof leaks, mechanical and electrical changes following changes in building regulations and contractor performance issues. Claims are outstanding against the contractor and if successful will reduce the scale of this overspend.
2. Grange Park School +£1.294m (of which +£0.418m is in 2009/10) – the original costings and cash limits for this project, to re-provide the school on the Wrotham School site, were based on a standard build cost per square metre. Its agreed location has required additional works to take place : acoustic works to reduce the traffic noise from the M26 motorway, extra drainage works and the need for a new electricity sub station. This forecast overspend should be reduced by the anticipated receipt from giving up the lease earlier on the existing, very unsuitable site. This receipt has been estimated at £0.4m.
3. Bower Grove School +£0.663m – the increase in spend on this project relates to a combination of the addition of a number of extra items and an error in the monitoring of the overall scheme: Part of the scheme was the development of a satellite centre at the Astor of Hever School (+£0.326m). This scheme was managed by the School, funded by us but unfortunately not reflected in the monitoring. Other increases relate to the need to infill a basement area at the school (which was previously unknown), extra ceiling and dining hall works and contractor claim payments.
4. Milestone School +£0.480m - additional costs have resulted from delays caused by design and performance issues plus arranging for asbestos to be removed. There are outstanding claims against the contractor still to be finalised.
5. Rowhill School +£0.257m – additional costs resulting from delays to outdoor progress on the project caused by inclement weather (snow) and the discovery of unknown buried services. Efforts are being made to offset this pressure.
6. Valence School +£0.199m – additional costs have resulted from the collapse of the access road, which has delayed progress on the residential accommodation and had to be replaced, as well as electricity design issues that have needed to be resolved.
7. Ifield School (6th Form Unit) +£0.180m – this relates to the final payment to North West Kent College for the provision of village based 6th Form tuition facilities.
8. Appeasement Works – In approving the new budget for the SSR as part of the 2009/11-2011/12 MTP, there was a commitment to spend up to £3m on the six schools that had had their planned scheme deferred. Two of the Schools are:
   (a) The Wyvern School (Clockhouse and Buxford) +£0.500m – this is an addition to the programme which will provide the School with additional temporary accommodation, two care suites and the refurbishment of the toilets.
   (b) Orchard School (Dunkirk) +£0.500m – this is an addition to the programme which includes a building extension and some refurbishment which will allow the School to take primary aged pupils.

- Ramsgate Library Betterment +£0.369m – overspend in 2009-10 as a result of delays during construction, some design changes and additional fees as a result of the higher overall cost. There has also been an extension of time claim by the contractor, which has now been settled. The final cost could be slightly lower, but we await confirmation from the QS of the final fee costs. This extra cost will be funded £0.036m from CFE and the balance from savings in the Modernisation of Assets budget and the Tunbridge Wells project.
- Tunbridge Wells Library – saving of £0.391m in 2009-10 with the necessary works trimmed back to meet DDA requirements for the library and AEC, with Tunbridge Wells BC making an appropriate contribution. The saving will be used to fund the over spend at Ramsgate Library.

- Corporate Property Project Management - £0.338m (all in 2009/10) This saving in our Capital budget has arisen because we are unable to capitalise the Corporate Property Unit recharge for indirect staffing to the Capital Programme. Accounting rules demand that these costs have to be met from the CFE Revenue budget.

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: -

- Transforming Short Breaks; -£1.636m - The aim of the Short Breaks Transformation Programme is to increase the quality, quantity and range of provision of short term breaks for disabled children in Kent through : services in family's own home - including both overnight, day care, and sitting services, day, evening, weekend and holiday activities, foster care provision for short breaks - both overnight and day care, provision of overnight residential care for children with complex needs, services for children requiring palliative care, fuller use of school facilities, enhancement of transport provision and provision for 14+ age group.
  The major areas of rephasing within this programme are :
  1. Multi Agency Resource Centre, Ashford (rephasing of £0.580m from 2009/10 to 2010/11) Additional funding of £3.941m has now been secured by the Eastern and Coastal Kent Primary Care Trust for investment in this new facility to be built on the Wyvern Special School site, giving a total resource for the project of £4.650m. The delay in obtaining approval to proceed has delayed the start of the project by six months, hence the need to rephase. Approval has now been obtained for the design phase of this project to commence. Architects were appointed in July 09 and the design phase is expected to be completed by December 09, with a target date of building work commencing in April 10.
  2. The Rainbow Lodge project in Dartford (rephasing of £0.328m from 2009/10 to 2010/11). This project is a complex reconfiguration programme within the existing building. The work has to be undertaken on a phased approach as the unit is unable to shut and must remain open as a respite unit. The planning for the allocation of some of the children to other units has to be undertaken on a co-ordinated approach. The best time for the work to commence on the unit is January 2010, with a completion date expected in the first quarter of 2010/11.
  3. Adaptations to Foster Carers homes (rephasing of £0.300m from 2009/10 to 2010/11) – During 08/09 the Fostering service was in the process of increasing their base staff in readiness for the recruitment of new foster carers. The foster carers are now in the process of being recruited. We should therefore see an increase in the adaptations expenditure towards the end of 09/10.
  4. Court Drive (rephasing of £0.230m from 2009/10 to 2010/11) – Initial delays, which have now been resolved, related to the transfer of staff from the Health Service via TUPE arrangements. Further delays have been caused through the internal transfer of the property within Health. At present the ownership issue is ongoing. Until the ownership of the property within Health is resolved it would not be prudent to develop this site. The impact of this issue has resulted in a delayed start to the project and the need to rephase funding into 2010/11.

  Overall this leaves a residual balance of £0.198m on a number of more minor projects.
  There are no financial implications. All of the £1.636m rephasing is grant funded with a spend deadline of 31st March 2011.

- Kent Public Services Network; -£1.5m - KPSN is a communications infrastructure that spans the whole county of Kent, connecting the majority of KCC's sites into central services. It connects these KCC administrative sites, including Libraries, to services such as email, internet access and central business applications. The network is also being used by Kent's local and independently managed Schools, all Kent Connects Partner's including Police and Fire & Rescue for internet access and GCSx services as well as providing network connectivity for a number of local authority administrative sites. KPSN's aim was to replace the old KCC network and provide a minimum of 5 times more bandwidth into KCC's sites for the same money and to offer services to the wider public sector in the county. Both of these aims have been achieved. Kent Schools are scheduled to transfer on to the new network as of 1st September 2009. Until the then, it is very difficult to forecast total costs. Increased capacity has been held back until Schools transferred, thus saving costs by not paying for capacity until it was needed. It is likely that capacity and other increases will be necessary when all services are on the same network.

As these costs will only have a part year effect in 09/10, there is re-phasing in to 10/11. Until steady state is reached, future year forecasts are difficult. There are no overall financial implications as the total contract will be delivered within existing cash limits.

- Maintenance Programme – Payments ahead of plan £3m - One of the government's initiatives to pump prime the local economy during the current financial recession has been to advance to local authorities their 2010/11 modernisation grant funding early in 2009/10. This is not additional funding and as such any spend of it in 2009/10 means a corresponding reduction in 2010/11. We have therefore had to adopt a prudent view on what could be brought forward and have brought forward £3 million of the planned condition maintenance programme.

- Sittingbourne Northern Relief Road – ahead of plan £1.592m - This scheme is designed to deliver regeneration of Sittingbourne by supporting existing and future commercial and housing development. The scheme progress is expected to be advanced by £1.6m representing 4% of the revised scheme cost. The total scheme cost has now been reduced by £7.4million due to favourable tender price under current economic climate and consequent adjustment of risk registers. The scheme is expected to start in October 09 and looks to an accelerated completion. The cost reduction of the scheme has no financial savings to the council as the scheme is funded from grant and the developer.

- East Kent Access Road Phase 2; -£10.696m - This scheme is designed to deliver improved economic performance for east Kent. The scheme has rephased by £10.7million, representing 12% of the total value of the scheme. The start of the scheme has been delayed by 15 months due to the delay in confirmation of statutory Orders and more recently by awaiting full approval of funding from DfT. The total scheme cost has significantly increased due to Tender returns being significantly above the estimate and this was considered to be a combination of increased archaeology costs and contractors being more cautious about the cost of the complex box structure under the railway line, together with the risks associated with Network Rail approval. The increased cost has been reported to PAG on 29 July and was approved. The full approval of funding is expected in August and an award of contract will follow with a formal start of construction in October 2009. There will be no delay in the completion of the scheme, but there will be some delays in the settlement of part1 land compensation claims. There is no service or the financial implications by the expected delay in settling the claims.

- Kent Highways accommodation; -£5.939m - This scheme is designed to deliver service improvements through creating the West Kent equivalent of the new Ashford super depot. A site has now been identified (after considerable difficulty in finding a suitable location) but the purchase of this land will be subject to gaining the appropriate planning permission. This will not happen now before the end of the financial year and therefore the spend will need to be rephased into 2010/11.

- Kent Thameside Strategic Transport Programme; -£2.449m - This programme is designed to deliver a package of Strategic Transport schemes in the Kent Thameside area. The programme has rephased by £2.4m representing 1% of its total value. This rephasing is due to a delay in the programme due to the slow down in development in Kent Thameside area and the fact that funding agreements have not been secured with HAC/DfT. There is an overall reduction in the programme due to change in price base compared to 2007. This is a long term project that covers a wide time span. The necessary infrastructure will be crucial to deliver growth in the Thameside area. This current delay should have minimal impact to the 20 year plus development timescale for this area (provided that sufficient contributions can be secured in the future).

- Ashford Drovers Roundabout; -£3.712m - This scheme is designed to support the growth of Ashford and improve access into the area from the west, including measures to facilitate future Smartlink and access to the Waren Street Park & Ride site. The scheme has rephased by £3.7million representing 24% of the total value of the scheme. The programme has rephased from what was an optimistic profile in the Regional Infrastructure Fund (RIF) bid aimed at achieving acceptance. The announcements on RIF have been delayed and this has allowed the design of Drovers roundabout which is a complex junction involving a roundabout with five dual carriageways entries to be reviewed The

Highways Agency has asked for the slip road aspects of the M20 J9 scheme to be reviewed. Ashford's Future Partnership board has also asked for the new footbridge over the M20, as a consequence of the J9 improvements to be more of a feature structure rather than a utilitarian solution. The South East Regional Panel are minded to approve RIF which will require substantive expenditure to be completed by 31 March 2011.

- Victoria Way Phase 1; -£3.476m - This scheme is designed to support the growth of the Ashford town centre to the south and provide a link between Beaver Road and A28 Chart Road. It has rephrased by £3.5m representing 21% of the total value of the scheme. The programme has rephased from what was an optimistic profile in the Community Infrastructure Fund (CIF) bid aimed at achieving acceptance. The rephasing is due to delay in securing planning consent and in publishing statutory Orders to accommodate scheme amendments and the outcome of negotiations with commercial landowners. KHS are working with Ashford Future Company to deliver a tight but just deliverable programme subject to the full support of the Ashford's Future Partnership Board and other key partners.

- The latest project cost forecast is based on revisions to the project and its funding both of which have been under negotiation with Ashford's Future and HCA for some months. Assuming the planning application is made this month rephasing of £3.521m is being reported. The estimated opening date is early 2011 and the total cost of the scheme is now estimated at £7.566m. The Funding of the project has been affected by the economic downturn particularly regarding the expected capital receipts from Associate House and the affordability of prudential revenue borrowing. However, the support from GAF3 that has been noted in previous reports is expected to be £1.95m and this will be partly matched by other KCC monies, details of which will be set out when Approval to Spend is sought.

- Turner Contemporary; -£1.171m - The latest forecast is based on the estimated schedule of payments from the contractor. £1.171m represents 6.7% of the total value of the scheme, however, despite this the project is still on schedule to be completed in 2010 with an official opening in spring 2011.

- Gravesend Library; -£1.0m - There have been a number of issues to resolve with design/listed building consent to this project as the library is a Grade II listed building leading to delays of £1.0m (40% of the project cost). These issues have now been resolved and a planning application is expected to be submitted this month, with the project costs being contained within the overall project budget. It is anticipated that work could start on site in January 2010 and the building reopening Spring 2011.

- Contribution to The Marlowe Theatre; -£1.0m - Agreement as to the draw down of this grant has yet to be finalised with Canterbury City Council. The project is underway in Canterbury and this funding will be matched to the cash flow requirements of the project. At present it seems likely that only half the grant will be required in 2009-10. There are no financial implications because it is a City Council project.

- Dartford Town Centre; -£2.6m - The Dartford Town Centre Project is a new Health and Social Care Centre aiming to relocate and modernise a number of existing day care services into a new building incorporating voluntary services, independent living flats, social enterprise and potentially health care services. The project is largely dependent upon a retail and residential development. It has been delayed in starting, as due to the present economic climate, the developer has delayed submitting the planning application to the Borough Council's Planning Committee. This has had the effect of delaying the possible start date of any build on site, and this in turn has delayed the negotiation process for securing developer contributions and suitable space on the site to construct a Health and Social Care Centre. As a result, indications are that should the planning application be approved in the coming months, the earliest anticipated start date would be into the next financial year, hence the rephasing request. There are currently no financial implications caused by this delay, the project is funded by Capital Receipts which have already been realised, and developer contributions that have been signed and secured from developments in close proximity to the site.

- Broadmeadow Extension; -£1.5m - This scheme is the construction of an extension to the Broadmeadow Registered Care Centre, with the objective of developing a more cohesive approach towards service commissioning for people with Dementia and OPMH (over the age of 65) and their carers by ensuring that these are more localised, responsive and flexible. It has rephased by £1.5m representing 85% of the total value of the scheme. Whilst the rest of the scheme is on track, submission for planning permission for the extension will now take place in September. This means the completion of the project is anticipated to be 4 months behind schedule; expected in December 2010. During this time, services will be accommodated within existing KASS homes, the impact of which is already included within the revenue forecast.

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.

4.9 **Impact on Treasury Management**

4.9.1 The re-phasing of the capital programme from 2008-09, resulting in high cash balances at the end of the 2008-09 financial year, and the re-phasing on the capital programme projected in this report are factors in the £1.660m underspend reported against the Interest on cash balances/debt charges budget within the Financing Items revenue budget. Further details are provided in Annex 6. This re-phasing will impact upon the phasing of the debt charges within the revenue budget and this will be reflected in the 2010-13 MTP.

4.10 **Resourcing issues**

4.10.1 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 19 February 2009 and the creation of PEF2, 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.

4.11 **Capital Project Re-phasing**

It is proposed that a cash limit change be recommended 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 possible 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	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	£k
CFE					
Amended total cash limits	219,253	189,888	57,386	135,777	602,304
Re-phasing	-939	-2,413	2,256	1,096	0
Revised cash limits	**218,314**	**187,475**	**59,642**	**136,873**	**602,304**
KASS					
Amended total cash limits	11,493	17,155	13,770	12,651	55,069
Re-phasing	-4,962	2,652	2,310	0	0
Revised cash limits	**6,531**	**19,807**	**16,080**	**12,651**	**55,069**
E,H&W					
Amended total cash limits	130,872	154,167	124,938	325,986	735,963
Re-phasing	-28,232	15,566	958	11,708	0
Revised cash limits	**102,640**	**169,733**	**125,896**	**337,694**	**735,963**
Community Services					
Amended total cash limits	30,515	14,073	3,282	5,670	53,540
Re-phasing	-6,307	5,891	416	0	0
Revised cash limits	**24,208**	**19,964**	**3,698**	**5,670**	**53,540**
Regen & ED					
Amended total cash limits	8,338	6,168	4,480	6,222	25,208
Re-phasing	-1,350	1,100	250	0	0
Revised cash limits	**6,988**	**7,268**	**4,730**	**6,222**	**25,208**
Corporate Support & PM					
Amended total cash limits	23,936	17,896	16,599	14,613	73,044
Re-phasing	-1,491	1,597	0	-106	0
Revised cash limits	**22,445**	**19,493**	**16,599**	**14,507**	**73,044**
Localism & Partnerships					
Amended total cash limits	584	500	500	1,000	2,584
Re-phasing	0	0	0	0	0
Revised cash limits	**584**	**500**	**500**	**1,000**	**2,584**
TOTAL RE-PHASING >£100k	**-43,281**	**24,393**	**6,190**	**12,698**	**0**
Other re-phased Projects below £100k					
re-phasing	+74	-74	0	0	0
TOTAL RE-PHASING	**-43,207**	**+24,319**	**+6,190**	**+12,698**	**0**

4.12 **Completed Capital Projects**

Projects detailed below are those that have opened/become operational in the first four months of 2009/10.

4.12.1 **EHW projects**

Swanley HWRC Site Improvement – The capital expenditure was incurred to address the health and safety issues, better recycling facilities and improve access to the site by easing traffic flows. The project started in 2008-09 and completed in April 2009. The site is now open to the public.
Hawkinge Transfer Station – Site Improvements – The capital expenditure was undertaken to overcome health and safety issues by improving the site and building. The scheme was started in 2008-09 and completed in early April 2009.

4.12.2 **KASS projects**

Modernisation of Day Services for those with a Physical Disability in North West Kent (reprovision of the QEF service) - As part of the modernisation of day services KASS explored the possibility of developing new and innovative services for people with physical disabilities.
A number of opportunities were identified to develop localised services across the North West of Kent. Phase 1 of this is now complete and within budget.
Phase 1 of this project has improved accessibility to Swanley Youth & Community centre and has provided two accessible Changing Places at Dartford Community Centre, where the previous toilet did not meet regulations. In addition to this, the project has improved the toilet facilities at the Riverside Community Centre in Gravesend, where it has also fitted Braille signage. Further to this, the project has also delivered pool-side hoists, an accessible gym and automatic doors throughout at Cascades Leisure Centre, Gravesend. The adaptations from this project have benefited both the displaced group from QEF, and the disabled community as a whole.
There is evidence of increasing use by more and more adults with differing abilities from partially sighted groups to those with both physical and mental health disabilities.
Phase 2 is ongoing.

Edenbridge Leisure Centre - This project has created two Changing Places at Edenbridge Leisure Centre; one wet, and one dry, along with other adaptations. This has given service users somewhere to change, and has opened up many new exercise activities to those service users. These adaptations are complete, and are operational. A ceremony is scheduled in September, when the Cabinet Member for Adult Services, and the Adult Services POC Chairman will officially open the changes.
This project is a part of the wider Adult Services Strategy for Learning Disabled Services, and is a working example of KASS funding adaptations to non-KASS buildings to enable independence and inclusion of service users in society.

Home Support Fund - The HSF aims to achieve greater independence by the provision of adaptations and equipment within existing homes and communities. This quarter, the HSF has spent £0.150m supporting people to people to remain in their own homes and within the community, with increased confidence and a greater sense of well being.
The Home Support Fund (HSF) provides both minor adaptations/equipment including alteration of steps/grab rails, and major adaptations such as changing the layout or use of a room. Major work is carried out in partnership with district and borough councils, through the Disabled Facilities Grants. Work is also undertaken jointly with housing associations.

Thanet DOS Roof - We have completed the repairs to the roof at Thanet DOS, at a cost of £0.068m, which is well within the budget allocation of £0.149m. These works will enable the service, accessed daily by between 80-100 people to continue.

4.12.3 **CFE projects**

Modernisation 06-08: Salmestone PS – Build of a stand alone extension to replace existing HORSA dining hall, linked to existing school by tensile canopy. The new build has provided kitchen, catering offices, dining hall, resource room, offices and storage areas.

Modernisation 06-08: Sussex Road PS – Replacement of the 4 classrooms in hutted accommodation with permanent construction.

Special Schools Review: Meadowfield School – Provision of new special needs school accommodation including new build and refurbishment, alteration and improvements of existing school buildings.

Special Schools Review: Orchard School – Phase 2 of the Orchard School project is the completion of refurbishment works in the existing School buildings.

Childrens Centre: Broadwater Down PS – Provision of a partial core new build Childrens Centre at Broadwater Down Primary School as part of the KCC Sure Start Round 2 programme.

Childrens Centre: Cliftonville PS – Refurbishment project within Cliftonville Primary School to provide a full core Children's Centre as part of the KCC Sure Start Round 2 programme.

Childrens Centre: Swalecliffe PS – Provision of a partial core New Build Childrens Centre at Swalecliffe Primary School as part of the KCC Sure Start Round 2 programme. This project also incorporated a School funded Nursery.

Development Opportunities: St James the Great PS – Build of a new 1FE Primary school and Nursery for 26 pupils incorporated within the new primary school building. The school's playing field is replaced by reclaiming land from the neighbouring Malling school.

4.13 Capital Projects That Can Be Brought Forward From Future Years

4.13.1 <u>**CFE projects**</u>

Maintenance Programme – Payments ahead of plan £3.000m - One of the government's initiatives to pump prime the local economy during the current financial recession has been to advance to local authorities their 2010/11 modernisation grant funding early in 2009/10. This is not additional funding and as such any spend of it in 2009/10 means a corresponding reduction in 2010/11. We have therefore had to adopt a prudent view on what could be brought forward and have brought forward £3m of the planned condition maintenance programme.

5. FINANCIAL HEALTH

5.1 The latest Financial Health indicators, including cash balances, our long term debt maturity, outstanding debt owed to KCC and the percentage of payments made within 20 and 30 days are detailed in **Appendix 3**.

5.2 The latest monitoring of Prudential Indicators is detailed in **Appendix 4**.

6. RISK MANAGEMENT

6.1 The strategic risk register was updated by Resource Directors and presented to Chief Officer Group (COG) in May 2009. Changes to the register included updates to mitigating controls and the inclusion of two new risks around Government funding constraints and the increase in numbers of adults claiming support who have no recourse to public funds. COG also requested the inclusion of two further risks around the Learning Skills Council transition and impact of the stop start nature and potential withdrawal of hypothecated funding be highlighted.

6.2 The strategic risk register was then presented to the Governance & Audit Committee in June 2009 for information.

6.3 The strategic risk register will now be updated and reported to COG on a quarterly basis to ensure appropriate actions are delivered.

6.4 The development of more defined guidance around the amount of risk that can be tolerated, often referred to as 'risk appetite' has also been considered by Resource Directors and COG. This is an advanced approach to managing risk and usually only seen in the private sector. The potential to define and use 'risk appetite' will be trialled at the next formal refresh of the strategic risk register in December.

7. BALANCE SHEET AND CONSOLIDATED REVENUE ACCOUNT

7.1 Impact on reserves

7.1.1 A copy of our balance sheet as at 31 March 2009 is provided at **Appendix 1**. Highlighted are those items in the balance sheet that we provide a year-end forecast for as part of these quarterly budget monitoring reports, based upon the current forecast spend and activity for the year. The forecast for the three items highlighted are as follows:

Account	Projected balance at 31/3/10 £m	Balance at 31/3/09 £m
Earmarked Reserves	82.7	102.0
General Fund balance	25.8	25.8
Schools Reserves *	63.2	63.2

* Both the table above and section 2.3 of annex 1 include delegated schools reserves and unallocated schools budget.

7.1.2 The reduction of £19.3m in earmarked reserves is mainly due to the planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, PRG, earmarked reserve to support 09-10 budget, insurance reserve, economic downturn reserve and PFI equalisation reserves together with the anticipated movements in the rolling budget, Asylum, DSG, and Supporting People reserves.

8. RECOMMENDATIONS

Cabinet is asked to:

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

8.2 **Agree** the realignment of budgets within the KASS portfolio as detailed in section 1.1.1 and 1.1.2 of annex 2

8.3 **Agree** a virement of £0.1m from the treasury savings within the Finance portfolio to Communities portfolio for a contribution towards the construction programme at Maidstone Museum.

8.4 **Agree** the proposal to overspend the Kent Highways Services revenue budget by £2.1m. Overall the EH&W portfolio will remain within budget due to underspending on Waste Management.

8.5 **Note** the changes to the capital programme, as detailed in section 4.1.

8.6 **Agree** that £43.281m of re-phasing on the capital programme is moved from 2009-10 capital cash limits to future years. Further details are included in section 4.11 above.

8.7 **Note** the latest Financial Health Indicators and Prudential Indicators.

Balance Sheet

The County Fund Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

		31 March 2009		31 March 2008	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets			3,551		3,629
Tangible fixed assets					
Operational assets					
Land and buildings		1,470,089		1,443,378	
Vehicles, plant and equipment		28,811		21,576	
Roads and other highways infrastructure		606,431		568,640	
Community assets		8,505		8,047	
Non-operational assets					
Investment property		6,624		6,588	
Assets under construction		327,734		256,871	
Surplus and non-operational property		99,869		81,737	
Total tangible assets			2,548,063		2,386,837
Total fixed assets			2,551,614		2,390,466
Long-term investments			96,267		134,547
Long-term debtors			54,712		56,533
PFI debtor			8,167		3,933
Total long-term assets			2,710,760		2,585,479
Current assets					
Stocks and work in progress		5,937		5,390	
Debtors		205,106		177,518	
Investments		262,949		264,121	
Total current assets			473,992		447,029
Current liabilities					
Temporary borrowing		-60,641		-35	
Creditors		-298,747		-266,688	
Cash balances overdrawn		-103,339		-108,383	
			-462,727		-375,106
Total assets less current liabilities			2,722,025		2,657,402
(Net assets employed)					
Long-term liabilities					
Long-term borrowing		-998,427		-1,017,200	
Deferred liabilities		-255		-535	
Deferred credit - Medway Council		-51,249		-53,385	
Provisions		-14,489		-14,636	
Government grant deferred account		-196,454		-196,381	
Liability related to defined benefit	- KCC	-739,900		-569,300	
pensions schemes	- DSO	-2,199		-2,447	
			-2,002,973		-1,853,884
Total assets less liabilities			719,052		803,518

Balance Sheet

Revaluation reserve		-131,912		-72,530	
Capital adjustment account		-1,081,188		-1,071,609	
Financial instruments adjustment account		27,715		20,803	
Earmarked capital reserve		-70,144		-52,436	
Usable capital receipt reserve		-14,379		-7,825	
Pensions reserve	- KCC	739,900		569,300	
	- DSO	2,199		2,447	
Earmarked reserves		-102,002		-86,015	
General fund balance		-25,835		-25,835	
Schools reserves		-63,183		-79,360	
Surplus on trading accounts		-223		-458	
Total net worth			-719,052		-803,518

APPENDIX 2

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

	APPROVED BUDGET AS RESTATED IN NEW PORTFOLIO STRUCTURE			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
Children, Families & Educ	+396,161	-1,051,760	**-655,599**	
Kent Adult Social Services	+464,525	-123,607	**+340,918**	
Environ, Highways & Waste	+166,945	-16,264	**+150,681**	
Communities	+107,098	-50,751	**+56,347**	
Localism & Partnerships	+7,817	-359	**+7,458**	
Corporate Support & Performance Mgmt	+49,840	-40,832	**+9,008**	
Finance	+135,878	-32,425	**+103,453**	
Public Health & Innovation	+680	0	**+680**	
Regen & Economic Dev	+10,081	-2,273	**+7,808**	
SUB TOTAL (excl Schools)	+1,339,025	-1,318,271	**+20,754**	
Asylum	+14,129	-14,129	**0**	
TOTAL (excl Schools)	+1,353,154	-1,332,400	**+20,754**	
Schools	+946,233	-80,517	**+865,716**	
TOTAL	+2,299,387	-1,412,917	**+886,470**	
Subsequent changes:				
	7,497	0	7,497	Roll Forwards as agreed at 13 July Cabinet
CFE	87		87	Additional ABG for Designated Teacher Funding
				Changes to grant/income allocations:
CFE	-971	971	0	School Standards Grant (incl Personalisation)
CFE	1,989	-1,989	0	Standards Fund: School Development Grant
CFE	10	-10	0	SureStart: Aiming High Transition Programme
CFE	100	-100	0	Poverty Pilot Kent Innovation Bid
CFE	450	-450	0	Income for occupational therapy equipment received from health
CFE	164	-164	0	MAX project income
CFE	300	-300	0	CSS Training income
KASS	22	-22	0	Strategic Business Support - Newly Qualified Social Worker Project ('P Plate' Adult Social Workers grant)
KASS	150	-150	0	Supporting People - Minor repairs & adaptations 'handyperson' grant
KASS	45	-45	0	Increase in HIV/AIDS grant
KASS	174	-174	0	LD Campus Reprovision Grant receipt in advance from 2008/09
KASS	761	-761	0	Social Care Reform Grant receipt in advance from 2008/09
CMY	-897	897	0	Reduced funding from Sports England and Big Lottery Fund
CMY	31	-31	0	Turner: Additional grant from Arts Council
CMY	261	-261	0	KDAAT: Additional contributions from PCTs/Probation to support new
CMY	519	-519	0	KDAAT: Increase to Adult Treatment pooled budget income
CMY	709	-709	0	KDAAT: Increase to Young people's treatment pooled budget income
CMY	347	-347	0	Additional contributions from partner agencies to support YOS activities

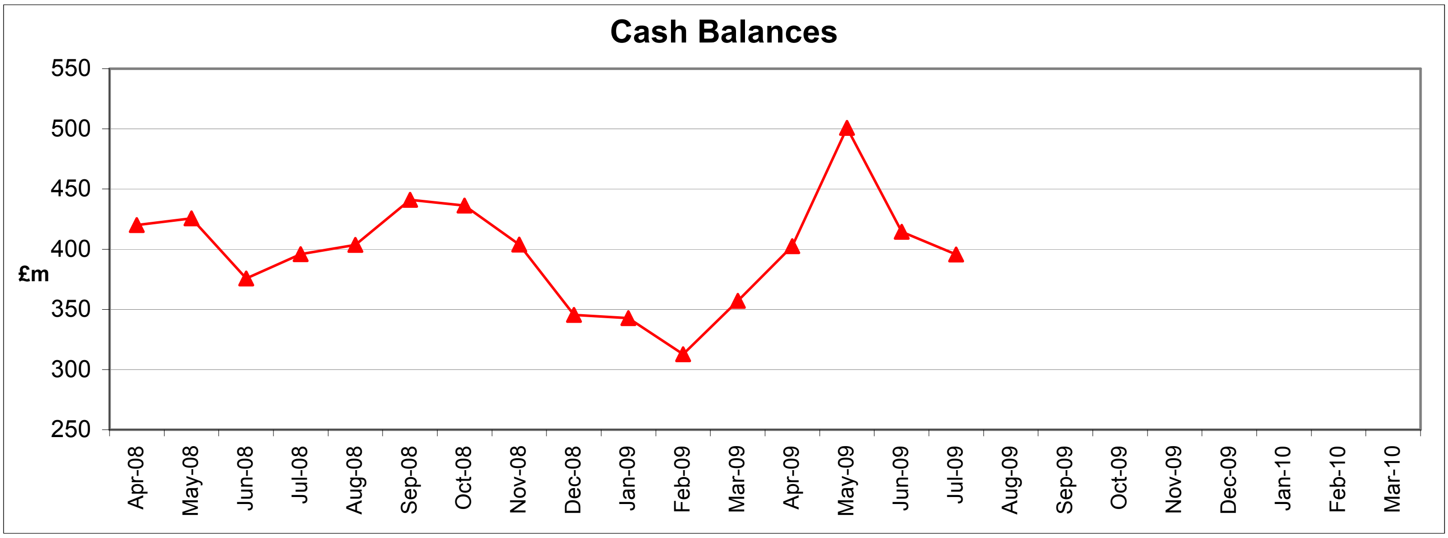
Portfolio	Gross	Income	Net	
	£k	£k	£k	
CMY	75	-75	0	Arts Unit - Additional funding from ACE to fund N1 11 project
CMY	26	-26	0	Emergency Planning Increase in annual contribution from the Nuclear Industry/Increase in fees and charges
PH&I	400	-400	0	E K Primary Care Trust - Target 50 increased activity
PH&I	220	-220	0	Dept of Health - Communities 4 Health
CS&PM	423	-423	0	Gateway funding from Regional Improvement & Efficiency Partnership
CS&PM	133	-133	0	funding from Kent & Medway Improvement Partnership
CS&PM	25	-25	0	Increased Interreg activity
CS&PM	50	-50	0	Gateway funding from DWP
CS&PM	65	-65	0	Gateway funding from Dover DC
CS&PM	-195	195	0	Change to Consumer Direct contract
				Technical Adjustments:
CFE	-94	94	0	Removal of historic residential care income target
CFE	46	-46	0	Family Group Conferencing income correction
CFE	24	-24	0	MCAS/STS/Education psychology income correction
CFE	-12	12	0	Removal of historic children centres income target
KASS	3,283	-3,283	0	Revisions to growth/demography & savings allocations & to reflect changing trends/ modernisation of services. Incl. tfr of the £250k agreed for Citizens Advice Bureau at Feb County Council from All Adults Assessment & Related to Older People Other Service
KASS	5,133	-5,133	0	Other Gross and Income realignment
CMY	8	-8	0	Income target for Community Safety Training Unit
CMY	86	-86	0	Registration Service budget realignment due to restructuring
CMY	538	-538	0	Gross & Income budget realignment within Youth.
CMY	10	-10	0	Kent Scientific Services budget realignment
CMY	-180	180	0	AE/Key Training service budget realignment due to restructure
CMY	220	-220	0	Reg Services Business Support/Business Development Team Regional Training Facility
CS&PM	-50	50	0	Property Group - incorrect treatment in budget of capitalised expenditure
Finance	-11,713	11,713	0	REIP incorrectly treated as KCC income in budget, but is outside of our accounts
Finance	-218	218	0	Interest on Cash Balances / Debt Charges - gross and income realignment in light of outturn
Finance	-1,426	1,426	0	realignment of PRG gross and income budget to reflect expected income from claim 2
Revised Budget per table 1c	**2,308,012**	**-1,413,958**	**894,054**	

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 (£47.4m), Pension Fund cash (£131.5m), Kent Fire and Rescue balances (£10.5m), balances of schools in the corporate scheme (£67.9m), 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.

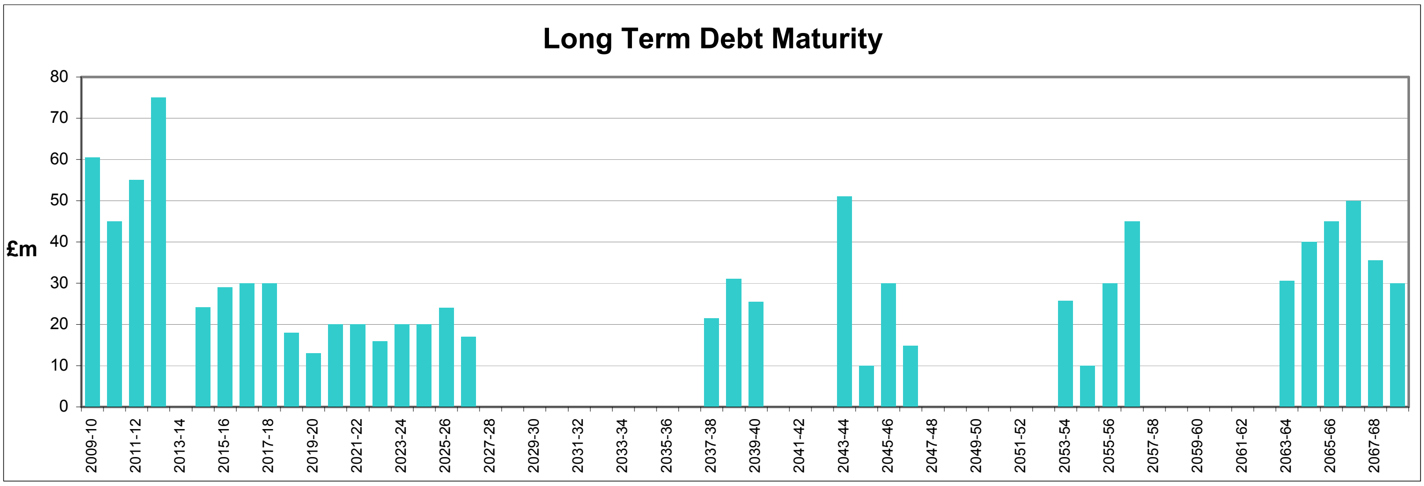
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2008-09	419.9	425.7	375.7	395.8	403.5	441.1	436.3	403.9	345.5	342.8	312.6	357.0
2009-10	402.7	500.9	414.6	395.7								



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 £50.5m 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.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2009-10	60.505	*2022-23*	16.001	*2035-36*	0.000	*2048-49*	0.000	*2061-62*	0.000
2010-11	45.031	*2023-24*	20.001	*2036-37*	0.000	*2049-50*	0.000	*2062-63*	0.000
2011-12	55.024	*2024-25*	20.001	*2037-38*	21.500	*2050-51*	0.000	*2063-64*	30.600
2012-13	75.021	*2025-26*	24.001	*2038-39*	31.000	*2051-52*	0.000	*2064-65*	40.000
2013-14	0.015	*2026-27*	17.001	*2039-40*	25.500	*2052-53*	0.000	*2065-66*	45.000
2014-25	24.193	*2027-28*	0.001	*2040-41*	0.000	*2053-54*	25.700	*2066-67*	50.000
2015-16	29.001	*2028-29*	0.001	*2041-42*	0.000	*2054-55*	10.000	*2067-68*	35.500
2016-17	30.001	*2029-30*	0.001	*2042-43*	0.000	*2055-56*	30.000	*2068-69*	30.000
2017-18	30.001	*2030-31*	0.001	*2043-44*	51.000	*2056-57*	45.000	*2069-70*	0.000
2018-19	18.001	*2031-32*	0.000	*2044-45*	10.000	*2057-58*	0.000		
2019-20	13.001	*2032-33*	0.000	*2045-46*	30.000	*2058-59*	0.000	**TOTAL**	**1,042.4**
2020-21	20.001	*2033-34*	0.000	*2046-47*	14.800	*2059-60*	0.000		
2021-22	20.001	*2034-35*	0.000	*2047-48*	0.000	*2060-61*	0.000		

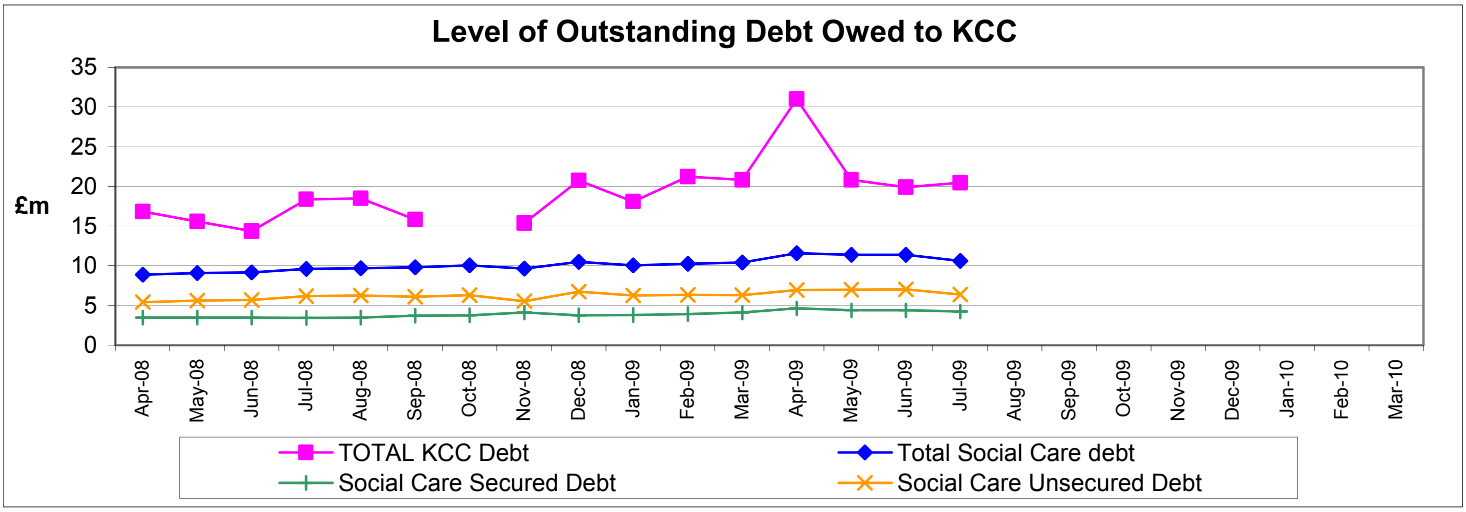


3. OUTSTANDING DEBT OWED TO KCC

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	KASS Sundry debt £m	**TOTAL KASS debt £m**	All Other Directorates Debt £m	**TOTAL KCC Debt £m**
April 08	3.468	5.437	8.905	2.531	**11.436**	5.369	**16.805**
May 08	3.452	5.626	9.078	1.755	**10.833**	4.736	**15.569**
June 08	3.464	5.707	9.171	1.586	**10.757**	3.619	**14.376**
July 08	3.425	6.195	9.620	2.599	**12.219**	6.174	**18.393**
Aug 08	3.449	6.264	9.713	3.732	**13.445**	5.075	**18.520**
Sept 08	3.716	6.114	9.830	1.174	**11.004**	4.800	**15.804**
Oct 08	3.737	6.334	10.071	*	*	6.021	*
Nov 08	4.111	5.540	9.651	1.206	**10.857**	4.504	**15.361**
Dec 09	3.742	6.740	10.482	2.004	**12.486**	8.269	**20.755**
Jan 09	3.792	6.266	10.058	1.517	**11.575**	6.519	**18.094**
Feb 09	3.914	6.345	10.259	1.283	**11.542**	9.684	**21.226**
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							
Sept 09							
Oct 09							
Nov 09							
Dec 09							
Jan 10							
Feb 10							
March 10							

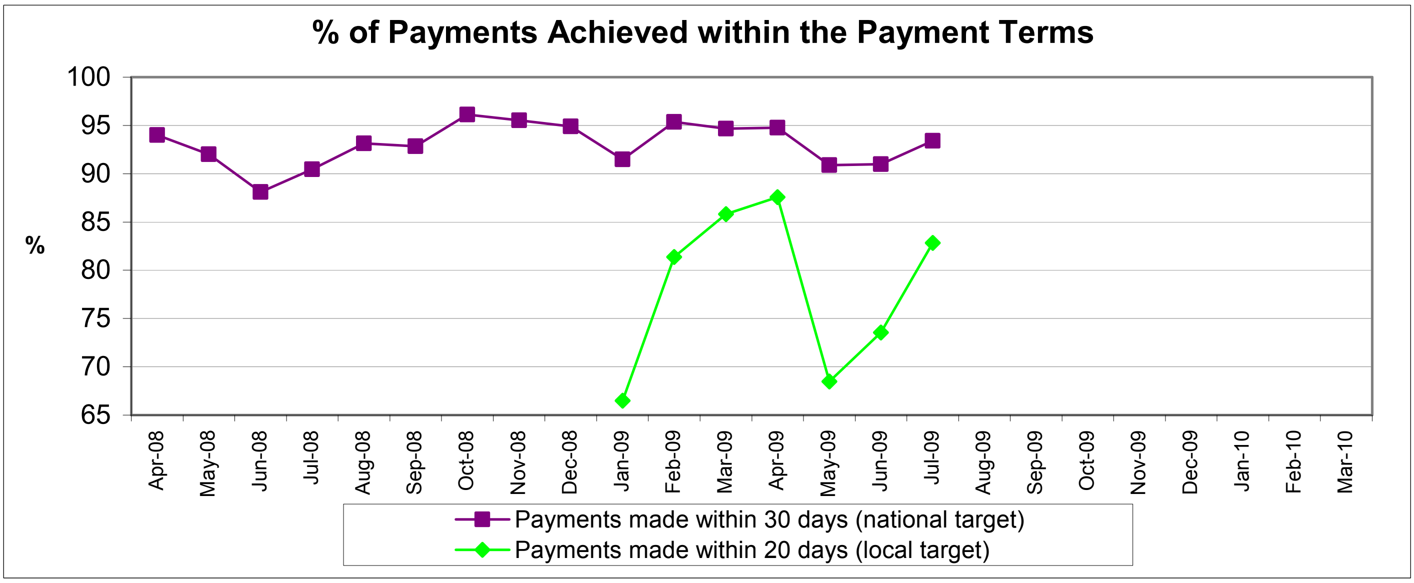
* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point; hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system



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.

	2008-09		2009-10	
	Paid within **30** days %	Paid within **20** days %	Paid within **30** days %	Paid within **20** days %
April	94.0	N/A	94.8	87.6
May	92.0	N/A	90.9	68.5
June	88.1	N/A	91.0	73.6
July	90.5	N/A	93.4	82.8
August	93.1	N/A		
September	92.8	N/A		
October	96.1	N/A		
November	95.5	N/A		
December	94.9	N/A		
January	91.5	66.5		
February	95.4	81.4		
March	94.7	85.8		



2009-10 July Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2008-09 £309.368m

Original estimate 2009-10 £435.918m

Revised estimate 2009-10 £422.497m (this includes the rolled forward re-phasing from 2008-09)

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

	2008-09 Actual	2009-10 Original Estimate	2009-10 Forecast as at 31-07-09
	£m	£m	£m
Capital Financing Requirement	1,167.532	1,285.728	1,291.652
Annual increase in underlying need to borrow	96.442	106.475	124.120

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 2008-09	9.67%
Original estimate 2009-10	11.42%
Revised estimate 2009-10	13.17%

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 2009-10

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

	Prudential Indicator 2009-10	Position as at 31.07.09
	£m	£m
Borrowing	1,128.0	990.6
Other Long Term Liabilities	0.0	0.0
	1,128.0	990.6

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

	Prudential Indicator 2009-10	Position as at 31.07.09
	£m	£m
Borrowing	1,179.0	1,042.4
Other Long Term Liabilities	0.0	0.0
	1,179.0	1,042.4

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 2009-10 are:

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

	£m
Borrowing	1,168
Other long term liabilities	0
	1,168

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

	£m
Borrowing	1,219
Other long term liabilities	0
	1,219

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 2009-10

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	30%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	20%

These limits have been complied with in 2009-10. Total external debt is currently held at fixed interest rates.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.07.09
	%	%	%
Under 12 months	25	0	5.8
12 months and within 24 months	40	0	4.3
24 months and within 5 years	60	0	12.5
5 years and within 10 years	80	0	12.6
10 years and above	100	40	64.8

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

	Indicator	Actual
1 year to 2 years	£ 45m	£15m
2 years to 3 years	£ 45m	£15m
3 years to 4 years	£ 40m	£ 0m
4 years to 5 years	£ 40m	£20m
5 years to 6 years	£ 20m	£ 0m
	£190m	**£50m**

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY
JULY 2009-10 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 a number of 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 2 to 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	
Children, Families & Education portfolio							
Delegated Budget:							
- Delegated Schools Budget	946,831	-80,517	866,314			0	
- Schools Unallocated	12,365	-450	11,915				
- Transfer to Reserves	0	0	0			0	
TOTAL DELEGATED	959,196	-80,967	878,229	0	0	0	
Non Delegated Budget:			0			0	
- Finance	4,139	-1,181	2,958	0	0	0	
- Awards	5,117	-797	4,320	340	0	340	£280k home to college transport - cost realignment affecting adult fares; £60k staffing & equipment
- Personnel & Development	17,303	-3,356	13,947	487	-42	445	Pressure on pensions, exacerbated by a cost of living underfunded increase
- Capital Strategy Unit	1,721	-182	1,539	700	0	700	Maintenance of non-operational buildings.
- BSF/PFI/Academy Unit	432	0	432	0	0	0	
- Client Services	5,754	-4,813	941	39	233	272	Under-recovery of income expected from contracts. Staffing pressure.
- Business Management	1,880	-243	1,637	0	0	0	
- ICT	1,950	-693	1,257	-157	129	-28	Broadband connectivity
- Health & Safety	418	-185	233	10	0	10	
- Strategic Management	1,538	-24	1,514	0	0	0	
- Extended Services	4,002	-77	3,925	68	-68	0	
- Kent Music	865	0	865	0	0	0	
- 14 - 24 Unit	2,369	-150	2,219	0	0		
- School Organisation	3,030	-90	2,940	0	-10	-10	

Annex 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Mainstream HTST	15,238	-484	14,754	-314	44	-270	Renegotiation of contracts based on latest forecast from Passenger Transport Unit (PTU)
- Local Children's Service Partnerships	53,815	-562	53,253	0	0	0	
- AEN & Resources	16,636	-5,579	11,057	50	-19	31	
- SEN HTST	17,605	0	17,605	470	0	470	Numbers of children using more expensive travel arrangements
- Independent Sector Provision	11,387	-697	10,690	0	0	0	
- Strategic Planning & Review (Strategy, Policy & Performance)	1,581	0	1,581	0	0	0	
- Policy & Performance (Vulnerable Children)	4,621	-411	4,210	-16	30	14	
- Directorate & Democratic Services	1,288	0	1,288	30	-30	0	
- Project Management (Strategy, Policy & Performance)	118	0	118	-33	0	-33	
- Advisory Service Kent (ASK) - Secondary	3,102	-160	2,942	0	0	0	
- ASK - Primary	5,148	-590	4,558	0	0	0	
- ASK - Early Years	8,343	-12	8,331	0	0	0	
- ASK - Improvement Partnerships	2,529	-460	2,069	32	-38	-6	
- ASK - Professional Development	3,759	-1,862	1,897	-13	0	-13	
- Early Years & Childcare	5,711	-142	5,569	68	-68	0	
- Management Information	34,394	-35	34,359	0	0	0	
- Educational Psychology Service	3,695	-1	3,694	0	0	0	
- Attendance & Behaviour	8,723	-2,420	6,303	0	0	0	
- Minority Community Achievement	1,664	-98	1,566	0	0	0	
- Specialist Teaching Service	4,054	-636	3,418	0	0	0	
- Joint Commissioning Service	13,671	0	13,671	-30	0	-30	
- Commissioning - General	833	-614	219	0	0	0	
- Residential Care provided by KCC	2,691	-40	2,651	18	0	18	
- Independent Sector Residential Care	6,679	-928	5,751	-881	-16	-897	£675k underspend on disability placements, £185k underspend on secure accomodation, £20k underspend on other residential placements - resulting from fewer placements being made.
- Residential Care - not looked after children	594	0	594	31	0	31	
- Family Group Conferencing	1,302	-246	1,056	-56	0	-56	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Fostering Service	23,743	-226	23,517	640	-14	626	£1,682k overspend on independent fostering allowances partly offset by £463k underspend on in-house fostering. Other underspends incl. £277k in County Fostering Team and £302k on the fostering related and kinship budgets.
- Adoption Service	6,882	-50	6,832	358	29	387	£391k overspend on special guardianship orders (SGO). £19k overspend on County adoption team offset by £52k underspend in adoption payments.
- Direct Payments	2,209	-10	2,199	-191	-3	-194	Underspend resulting from the use of aiming high sure start grant to fund new cases.
- Teenage Pregnancy	616	0	616	0	0	0	
- 16+ Service	6,699	0	6,699	1,179	-60	1,119	£2m overspend on Fostering related and IFA placements offset by underspends of £176k residential care, £690k S24/leaving care payments. Othet minor variances of £45k.
- Other Community Services	7,972	-266	7,706	414	-112	302	Continuing pressure on S17 payments.
- Childrens Social Services Business Support	8,921	-1,466	7,455	114	-148	-34	Social Work Pilot Project
- Assessment & Related	34,530	-1,473	33,057	-1,492	9	-1,483	Difficulties in recruiting to vacancies including new structure
- Grant income & contingency	5,262	-1,022,057	-1,016,795	0	0	0	
- Support Services purchased from CED	8,432	0	8,432	0	0	0	
TOTAL NON DELEGATED	384,965	-1,053,316	-668,351	1,865	-154	1,711	
Total CFE portfolio excl Asylum	**1,344,161**	**-1,134,283**	**209,878**	**1,865**	**-154**	**1,711**	
Assumed Mgmt Action				**-1,711**		**-1,711**	
CFE portfolio (excl Asylum) after mgmt action	**1,344,161**	**-1,134,283**	**209,878**	**154**	**-154**	**0**	
Asylum Seekers	14,129	-14,129	0	0	3,600	3,600	Shortfall in 18+ Home Office income
Total CFE portfolio incl. Asylum after mgmt action	**1,358,290**	**-1,148,412**	**209,878**	**154**	**3,446**	**3,600**	

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 Awards (Gross)
The Awards Unit is forecasting a pressure of £340k, of which £280k relates to Home to College Transport. This is due to a combination of increases in the cost of adult train fares and an increase in the number of SEN students requiring transport, however a more accurate position will be reported in the next full monitoring report to Cabinet in November once the September student numbers are known. The balance of the pressure relates to staffing (£30k) and equipment (£30k).

1.1.3.2 Personnel and Development (Gross)
The Personnel and Development Unit is forecasting a pressure of £487k. This is due to a £550k pressure on pensions offset by underspends on police checks (£30k) and school crossing patrols (£33k). The pressure on the pensions budget, resulting from early retirements in previous years, has been exacerbated by the 5% increase in the cost of living allowance compared to a 1% budget increase allowed for in the MTP.

1.1.3.3 Capital Strategy Unit (Gross)
The Capital Strategy Unit is forecasting a £700k pressure due to the costs associated with the boarding up and maintenance of unused school buildings, which is expected to continue until the property market recovers.

The pressure on this budget has reduced by £300k since the last exception report, due to a reduction in the expected number of new mobile moves in 2009/10.

1.1.3.4 Client Services (Income)
Client Services is forecasting a £233k under-recovery of income. The unit was expected, as part of the MTP, to implement full-cost recovery in relation to contract management. However, due to delays in the renegotiation of contracts for cleaning & refuse collection, a number of schools withdrew from the contract resulting in a reduction in the expected profit margins on contracts for this year. It is hoped that now that the process has finished, schools will begin to rejoin the contract and full-cost recovery will be achieved next year.

1.1.3.5 ICT (Gross and Income)
The forecast underspend of £157k and corresponding under recovery of income of £129k primarily relates to the Broadband Connectivity project in schools. Fewer schools are expected to request service upgrades on their broadband connection than budgeted for, resulting in an underspend of £97k with a corresponding reduction in income received from schools for this service. The balance is due to further projected underspends on staffing due to vacancies (£27k) and the expected costs of running the Oxford Road site of 33k (offset by a corresponding reduction in income).

1.1.3.7 Mainstream Home to School Transport (Gross)
It is early in the year to be predicting the outturn on this budget heading due to the impact the September pupil numbers will have on the forecast. However, early indications suggest a reduction in numbers travelling and this together with a change in the way rail tickets are purchased generating savings on under 16 fares, will lead to a significant underspend in this financial year. Our current estimated underspend is £314k which is partially offset by a reduction in income of £44k. However this is a conservative estimate and it is hoped that further savings may be achievable once the September activity levels are known. A more accurate position will be reported in the next full monitoring report to Cabinet in November.

1.1.3.8 SEN Transport (Gross)
This budget is forecasting a pressure of £470k (a reduction of £230k, since the last exception report) due to expensive travel arrangements. The Passenger Transport Unit has renegotiated a number of contracts reducing the pressure on this budget. This forecast should be viewed as provisional at this early stage in the year, and like the mainstream home to school transport budget, will be reviewed in the next full monitoring report to Cabinet in November once September pupil numbers are confirmed.

1.1.3.9 Independent Sector Residential Care (Gross)

The service is forecasting an underspend of £881k, of which £675k is due to the ending of five disability placements in 2009-10 as the children reach age 18. Added to this, there are currently no children in secure accommodation resulting in a forecast underspend of £185k. The budget for secure accommodation is sufficient to fund two placements. If these placements remain vacant, further savings will arise which will be declared in future months.

A virement of funds from this budget to the fostering and/or 16+ service will be considered later in the year when the forecast can be viewed with more certainty. This budget line is particularly volatile due to the high impact a small number of children can have on the forecast.

1.1.3.10 Fostering Service (Gross)

The fostering service is currently forecasting a pressure of £640k. This is largely due to a £1,682k pressure on independent fostering allowances (IFAs), offset by underspends on the in-house fostering service (£463k), the county fostering service (£277k), Related Fostering payments (£241k), and the kinship service (£61k).

The IFA service is used for more complex cases which our in-house foster carers may not have the necessary skills, experience or capacity to take on. A provision was made in the MTP to develop the more cost effective in-house service, with the expectation that this will relieve the pressure on the IFA budget once the number of foster carers recruited internally begins to rise, and existing carers have received further training to enable them to take on more difficult placements. However, delays in recruitment and training mean that savings are unlikely to be achieved until much later in this financial year or early next financial year. A further update on this position will be given in future monitoring reports.

The £463k underspend on the in-house fostering service is partly due to a group of children reaching age 16 and moving to the 16+ service during this financial year. In previous years the 16+ budgets sat within the fostering and residential care budgets. From 2009-10 the budget for the 16+ age group (except for children with a disability) is reported separately to reflect the fact that the service is provided by a third party under a Service Level Agreement. The saving from children moving to 16+ has been mitigated by a sharp increase in activity for the under 16 age group in the first quarter (see 2.5.1). Much of this increase is due to a large number of short term placements for 'respite' care. There has been an increase in the number of referrals, following the baby P and other similar cases, and by using short term placements it is hoped this will prevent the need for longer term provision. It is not known at this stage whether this trend will continue and a further update on this position will be given in the next full monitoring report to Cabinet in November.

The £277k underspend in the county fostering team is largely due to delays in recruiting to a number of new posts funded from the LAC pledge. It is expected that these posts will be filled by January 2010, however if further delays occur, the underspend may increase.

The £241k underspend on Related Fostering is due to a growing trend of carers moving away from fostering to special guardianship (now shown under the 1.1.3.11 adoption service heading below).

1.1.3.11 Adoption Service (Gross)

The adoption service is forecasting a gross pressure of £358k, which is mainly within the Special Guardianship service who are estimating a pressure of £391k, a further pressure on the County Adoption Service of £19k and an underspend of £52k on adoption payments.

The Special Guardianship service has been moved here from the Fostering Service this year. This service is forecasting a pressure of £391k. Special Guardianship is a relatively new legal option to provide a permanent home for a child for whom adoption is not appropriate. Since it came into force, there has been a growth in this area and a reduction in fostering (mainly Related).

1.1.3.12 Direct Payments (Gross)

This budget is partly funded by a Sure Start grant for the Short Breaks scheme, aimed at improving access for disabled children to short breaks / respite facilities. The grant is available to fund the cost of new children receiving direct payments for short breaks / respite care. As the number of new cases rises and the number of existing cases falls, there is a gradual freeing up of base budget and the service is expecting to see a base underspend of £191k in this financial year.

1.1.3.13 Leaving Care/16+ (Gross)

The presentation of the budget for the 16+ service was changed in 2009-10 to represent the cost of the service level agreement, in preparation for the transfer of this service to an external provider. This service line now includes budgets relating to 16+ for independent sector residential care, in-house foster care and independent fostering allowances along with the cost of 16+ team and section 24/leaving care payments.

The 16+ service is currently forecasting a £1,179k pressure, of which £1,182k and £822k relate to in-house fostering and independent fostering allowances respectively, partially offset by projected underspends on independent sector residential care of £176k; section 24 and leaving care payments of £690k. The balancing pressure of £41k relates to kinship payments and related foster carer payments.

The pressure on both the 16+ in-house fostering service and independent fostering allowances has increased significantly, partly due to a group of children reaching age 16 and moving in from the fostering service, and partly as a result of more children choosing to stay within their foster family up to age 18 (or 25 if undergoing further education) rather than moving to lower cost supported lodgings at age 16. The authority has a legal obligation to maintain the placement if the child requests, however the budget for the 16+ service has historically only covered the cost of supported lodgings. The pressure on this budget has previously been masked within the fostering and residential care lines.

A virement of funds from the residential care budget will be considered later in the year when the forecasts can be viewed with more certainty.

1.1.3.14 Other Preventative Services (Gross and Income)

These services are forecasting a £414k pressure partially offset by a £112k over-recovery of income, of which, £109k is from Health.

The Section 17 payments budget is forecasting a pressure of £596k. These payments form part of a community support package which supports families in caring for their children at home, and rehabilitates looked after children so that they can return home as soon as possible. This budget has been unable to achieve the savings target applied in the MTP due to the knock on effect it would have on the much more costly fostering service. This pressure is partially offset by a forecast underspend of £137k resulting from the use of the Sure Start grant for Short Breaks to fund the costs of new children accessing day care services therefore freeing up base budget. The balance relates to a small net underspend on other preventative services.

1.1.3.15 Children Social Services Business Support (Gross and Income)

The services in this line are forecasting a gross pressure of £114k, offset by an over-recovery of income of £148k. This is mainly due to additional administrative costs associated with the Social Work Pilot Project of around £135k, which will be matched by additional income from the Department of Children, Schools and Families (DCSF). The balance relates to other small variances.

1.1.3.16 Assessment and Related (Gross)

The current forecast underspend of £1,492k is due to a high level of staff vacancies. This is a result of difficulties in recruiting to new posts funded from the additional money made available as part of the MTP. Children's Social Services are currently forecasting to have these posts filled by January 2010 at the latest, but this depends upon a successful recruitment campaign, both nationally and internationally. The high level of vacancies in front-line staff is putting pressure on other services, particularly respite care and preventative services, as the safety of children continues to be the highest priority. Recruitment to these posts will help to alleviate that pressure, as social worker caseloads become more manageable enabling the delivery of LAC commitments in a more pro-active and cost effective way.

The income variances previously forecast in the last exception report have been corrected by setting appropriate expenditure and income budgets (these adjustments are included in appendix 2 of the executive summary).

1.1.3.17 **Asylum:**

The Asylum service is forecasting a net shortfall in income of £3,600k, assuming the receipt of £2,169k Special Circumstance payment. Pressure continues on the asylum budget due to costs which cannot be claimed back from the Home Office under the grant rules. The majority of the pressure comes from the 18+ care leavers budget, estimated at £3,506k, as the Home Office grant does not fund clients once they have exhausted all right of appeal for residency. However the Authority has a duty under the Leaving Care Act to support these clients until they are deported or reach age 21. The Authority is continuing to lobby central government in order to seek further funding for these clients and a meeting has been re-scheduled for early September with the UK Borders Agency where long term funding issues will be discussed. The balance of the shortfall (£94k) is due to costs relating to the under 18s budget that are not expected to be eligible under existing grant rules.

The grant guidance for 2009-10 has yet to be published but this forecast is based on the assumption that the Home Office will continue to fund over 18s at the same level as the 2008-09 grant rules, and apply 2% inflation to the under 18s rate. Between April and June the number of referrals was running at an average of 36 per month, lower than the same period last year, however there were 63 referrals in July which is the highest for this point in the financial year (section 2.7). Due to the volatility of this activity, it is difficult to predict with any certainty whether this trend will continue.

Other Issues

1.1.3.18 Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)

The latest forecast suggests an underspend of around £1 million on payments to PVI providers for 3 and 4 year olds, however a more accurate forecast will be available once the autumn term hours are known. This budget is funded entirely from DSG and therefore 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 underspends elsewhere in the directorate budget.

1.1.3.19 **Delegated Schools Budgets**

As reported in the previous exception report, the CFE Directorate, in consultation with its School Funding Forum, has agreed to run a similar process as last year, to challenge those schools with a high level of revenue reserves greater than 16% of their 2008-09 budgets for Primary and Special Schools or 10% for Secondary Schools. 42 schools were asked to submit evidence to support their excess reserves, which was scrutinised by a panel made up of members of the School Forum and Local Authority Finance Officers. After a further appeals process a decision was made to recover £762k from 8 schools, of which, £300k will be set aside for a specific capital project and the remainder, £462k will be re-distributed amongst Kent schools (as per DCSF regulations). The Forum will determine how best to distribute this, along with the accumulated schools unallocated dedicated schools grant, by the end of November.

The first monitoring returns from schools are due in October and an update on the schools' forecast movement on their reserves during 2009-10 will be provided as soon as the information is available.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Asylum - shortfall in Home Office income (income)	+3,600	CFE	Assessment & Related - staffing vacancies (gross)	-1,492
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+1,682	CFE	Leaving Care/16+ service - Section 24/leaving care payments (gross)	-690
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments (gross)	+1,182	CFE	IS Residential Care - reduction in no of disability placements (gross)	-675
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+822	CFE	Fostering Service - reduction in no of in-house fostering payments (districts & disability, gross)	-463
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	Mainstream Home to School Transport - contract renegotiations (gross)	-314
CFE	Other Preventative Services - pressure on Section 17 payments (gross)	+596	CFE	Fostering Service - County Fostering Team vacancies	-277
CFE	Personnel & Development - pensions pressure resulting from previous years early retirements & cost of living increase (gross)	+550	CFE	Fostering Service - reduction in no of Fostering related payments	-241
CFE	SEN Transport - expensive travel arrangements (gross)	+470	CFE	Direct Payments - rebadge of sure start expenditure (gross)	-191
CFE	Adoption Service - special guardianship orders (gross)	+391	CFE	Independent Sector Residential Care - reduction in no of secure accomodation placements (gross)	-185
CFE	Awards - home to college transport prices and demand (gross)	+280	CFE	Leaving Care/16+ service - Independent Sector residential care (gross)	-176
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+233	CFE	Other Preventative Services - disability day care services rebadge of sure start eligible expenditure(gross)	-137
CFE	CSS Business Support - Social Work Pilot project (gross)	+135	CFE	CSS Business Support - Social Work Pilot project (income)	-135
			CFE	Other Preventative Services - additional income from health for NSPCC payments (income)	-109
		+10,641			-5,085

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

N/A

1.1.5 **Implications for MTP**:

Where the above pressures and underspends are of a permanent nature and can be viewed with a reasonable degree of certainty, they will be built into the MTP for 2010-13. All other pressures are expected to be managed downwards on an ongoing and sustainable basis.

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]*

The Directorate is forecasting a total net pressure of £1,711,000 and is intending to balance the 2009-10 Childrens, Families and Education Portfolio using the following proposals:

- We anticipate a saving of up to £500k from the Sure Start grant, as a result of delays in the opening of Children's Centres. Any saving that arises from the Sure Start grant will be badged against ASK Early Years in order to free up base budget. The current year is the last in which this option will be available to us as the final round of centres is expected to be fully functional by the end of the financial year.
- We are carrying out an in-depth review of reserves and provisions with a view to removing any reserves associated with self-funding projects funded through the base budget. The review is expected to achieve up to £500k of one-off savings.
- The forecasts on the Home to School Transport budgets are very provisional at this stage in the year. Early indications point to a fall in pupil numbers, but the relationship between overall pupil numbers and numbers travelling is not a direct one, and it is impossible to forecast numbers travelling with any certainty until September. It is hoped that the forecast will reduce once the September numbers are known.
- We are currently managing vacancies through the Establishment Panel to achieve a planned delay in recruitment. Added to this, the directorate is in the early stages of a reorganisation which, it is anticipated, will result in an increase in the overall level of vacancy as managers delay recruiting to posts pending the outcome.

The management actions listed above are expected to resolve this year's budget pressures, and the directorate expects to end the financial year with a balanced position. However, it should be noted that these are mainly one-off savings which cannot be sustained on an ongoing basis, and therefore the directorate will need to ensure that any pressures which are unavoidable, permanent and can be viewed with some certainty, are provided for within the already difficult 2010-13 MTP.

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 13th July 2009, 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Children, Families & Education						
Budget	299,876	213,638	186,048	55,893	135,777	891,232
Adjustments:						
- roll forward	-5,172	5,155	17			0
- Outturn and pre-outturn changes	-65,212					-65,212
- Practical Cooking Spaces		50	250			300
- Kitchen & Dining Improvements		410	1,166			1,576
- Transforming Short Breaks			2,407	1,493		3,900
-						0
Revised Budget	229,492	219,253	189,888	57,386	135,777	831,796
Variance		+3,482	-1,574	+2,282	+1,121	+5,311
split:						
- real variance		+4,391	+869	+26	+25	+5,311
- re-phasing		-909	-2,443	+2,256	+1,096	0
Devolved Capital to Schools						
Budget	44,618	27,252	26,690	27,291	54,582	180,433
- roll forward	-9,469	9,469				0
- Outturn and pre-outturn changes	-34,233					-34,233
-						
Revised Budget	916	36,721	26,690	27,291	54,582	146,200
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	230,408	255,974	216,578	84,677	190,359	977,996
Variance	0	3,482	-1,574	2,282	1,121	5,311

Real Variance	**0**	**4,391**	**869**	**26**	**25**	**5,311**
Re-phasing	**0**	**-909**	**-2,443**	**2,256**	**1,096**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2009-10 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						
CFE	Maintenance Programme	phasing	+3,000			
CFE	Meadowfield School	real		+1,200		
CFE	Bower Grove School	real		+663		
CFE	Wyvern (Clockhouse & Buxford)	real		+500		
CFE	Orchard (Dunkirk)	real		+500		
CFE	Milestone School	real		+480		
CFE	Grange Park School	real		+418		
CFE	Rowhill School	real		+257		
			+3,000	**+4,018**	**+0**	**+0**
Underspends/Projects behind schedule						
CFE	Transforming Short Breaks	phasing		-1,636		
CFE	Primary Pathfinder - The Manor	phasing		-771		
CFE	Templar Barracks	phasing	-744			
CFE	Dartford Grammar Girls	phasing	-437			
CFE	Corporate Property Recharge	real	-338			
			-1,519	**-2,407**	**-0**	**-0**
			+1,481	**+1,611**	**+0**	**+0**

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

1.2.4.1 **Transforming Short Breaks for Families with Disabled Children; -£1.636 million**

The aim of the Short Breaks Transformation Programme is to increase the quality, quantity and range of provision of short term breaks for disabled children in Kent through : services in family's own home - including both overnight, day care, and sitting services, day, evening, weekend and holiday activities, foster care provision for short breaks - both overnight and day care, provision of overnight residential care for children with complex needs, services for children requiring palliative care, fuller use of school facilities, enhancement of transport provision and provision for 14+ age group.

The programme has rephased by £1.636m which represents 24.8% of the total value of the programme. The major areas of rephasing within this programme are :

1. Multi Agency Resource Centre, Ashford (rephasing of £0.580m from 2009/10 to 2010/11) Additional funding of £3.941m has now been secured by the Eastern and Coastal Kent Primary Care Trust for investment in this new facility to be built on the Wyvern Special School site, giving a total resource for the project of £4.650m. The delay in obtaining approval to proceed has delayed the start of the project by six months, hence the need to rephase. Approval has now been obtained for the design phase of this project to commence. Architects were appointed in July 09 and the design phase is expected to be completed by December 09, with a target date of building work commencing in April 10.

2. The Rainbow Lodge project in Dartford (rephasing of £0.328m from 2009/10 to 2010/11). This project is a complex reconfiguration programme within the existing building. The work has to be undertaken on a phased approach as the unit is unable to shut and must remain open as a respite unit. The planning for the allocation of some of the children to other units has to be undertaken on a co-ordinated approach. The best time for the work to commence on the unit is January 2010, with a completion date expected in the first quarter of 2010/11.

3. Adaptations to Foster Carers homes (rephasing of £0.300m from 2009/10 to 2010/11) – During 08/09 the Fostering service was in the process of increasing their base staff in readiness for the recruitment of new foster carers. The foster carers are now in the process of being recruited. We should therefore see an increase in the adaptations expenditure towards the end of 09/10.

4. Court Drive (rephasing of £0.230m from 2009/10 to 2010/11) – Initial delays, which have now been resolved, related to the transfer of staff from the Health Service via TUPE arrangements. Further delays have been caused through the internal transfer of the property within Health. At present the ownership issue is ongoing. Until the ownership of the property within Health is resolved it would not be prudent to develop this site. The impact of this issue has resulted in a delayed start to the project and the need to rephase funding into 2010/11.

Overall this leaves a residual balance of £0.198m on a number of more minor projects.

There are no financial implications. All of the £1.636m rephasing is grant funded with a spend deadline of 31st March 2011.

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	106	2,584	2,407	1,493	0	6,590
Forecast	106	948	4,043	1,493		6,590
Variance	**0**	**-1,636**	**1,636**	**0**	**0**	**0**
FUNDING						
Budget:						
grant	106	2,584	0	0	0	2,690
other external	0	0	2,407	1,493		3,900
TOTAL	106	2,584	2,407	1,493	0	6,590
Forecast:						
grant	106	948	1,636	0	0	2,690
other external	0	0	2,407	1,493	0	3,900
TOTAL	106	948	4,043	1,493	0	6,590
Variance	**0**	**-1,636**	**+1,636**	**0**	**0**	**0**

1.2.4.1 **Maintenance Programme – Payments ahead of plan £3.000 million**

One of the governments initiatives to pump prime the local economy during the current financial recession has been to advance to local authorities their 2010/11 modernisation grant funding early in 2009/10. This is not additional funding and as such any spend of it in 2009/10 means a corresponding reduction in 2010/11. We have therefore had to adopt a prudent view on what could be brought forward and have brought forward £3m of the planned condition maintenance programme.

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	11,331	14,433	14,361	28,722	68,847
Forecast	0	14,331	11,433	14,361	28,722	68,847
Variance	**0**	**3,000**	**-3,000**	**0**	**0**	**0**
FUNDING						
Budget:						
supported borrowing	0	8,819	528	14,361	28,722	52,430
grant	0	2,022	13,905	0	0	15,927
prudential	0	490	0	0	0	490
TOTAL	0	11,331	14,433	14,361	28,722	68,847
Forecast:						
supported borrowing	0	8,819	528	14,361	28,722	52,430
grant	0	5,022	10,905	0	0	
prudential	0	490	0	0	0	490
TOTAL	0	14,331	11,433	14,361	28,722	68,847
Variance	**0**	**+3,000**	**-3,000**	**0**	**0**	**0**

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

The real variance over the lifetime of the Medium Term Plan indicates an overspend of £5.311m. The split of the real variance across the years of the MTP is +£4.391m in 2009/10, +£0.869m in 2010/11, +£0.026m in 2011/12 and +£0.025m in future years.

The +£5.311m overspend relates to the following :

Special Schools Review +£5.393m (+£4.473m in 2009/10, +£0.869m in 2009/10, +£0.026M and +£0.025m in future years).

The overall management of the SSR Programme continues to create challenges both in terms of actual delivery and financial management. The pressures on the overall budget have already required Members to agree that a number of schemes would have to be delivered through the Building Schools for the Future Programme, whilst others have been deferred until other funding sources have been identified. As the Programme progresses there has been less opportunity to offset pressures and we are now in effect seeing the final approved schemes being completed.

The funding shortfall for this programme of works, most of which has been previously identified and reported, will be composed as part of the MTP workings for 2010/11. The major variances to cash limit in this programme are :

1. **Meadowfield School +£1.200m** - this refurbishment/re-modelling project has been very problematic and with hindsight a new build option would have been considerably easier, less disruptive and possibly cheaper. Delays and additional costs have resulted from resolving a number of design issues, roof leaks, mechanical and electrical changes following changes in building regulations and contractor performance issues. Claims are outstanding against the contractor and if successful will reduce the scale of this overspend.

2. **Grange Park School +£1.294m** (£0.418m in 2009/10) – the original costings and cash limits for this project, to re-provide the school on the Wrotham School site, were based on a standard build cost per square metre. Its agreed location has required additional works to take place : acoustic works to reduce the traffic noise from the M26 motorway, extra drainage works and the need for a new electricity sub station. This forecast overspend

should be reduced by the anticipated receipt from giving up the lease earlier on the existing, very unsuitable site. This receipt has been estimated at £0.4 million.

3. **Bower Grove School +£0.663m** – the increase in spend on this project relates to combination of the addition of a number of extra items and an error in the monitoring of the overall scheme: Part of the scheme was the development of a satellite centre at the Astor of Hever School (+£0.326m). This scheme was managed by the School, funded by us but unfortunately not reflected in the monitoring. Other increases relate to the need to infill a basement area at the school (which was previously unknown), extra ceiling and dining hall works and contractor claim payments.

4. **Milestone School +£0.480m** - additional costs have resulted from delays caused by design and performance issues plus arranging for asbestos to be removed. There are outstanding claims against the contractor still to be finalised.

5. **Rowhill School +£0.257m** – additional costs resulting from delays to outdoor progress on the project caused by inclement weather (snow) and the discovery of unknown buried services. Efforts are being made to offset this pressure.

6. **Valence School +£0.199m** – additional costs have resulted from the collapse of the access road, which has delayed progress on the residential accommodation and had to be replaced, as well as electricity design issues that have needed to be resolved.

7. **Ifield School (6th Form Unit) +£0.180m** – this relates to the final payment to North West Kent College for the provision of village based 6th Form tuition facilities.

8. **Appeasement Works** – In approving the new budget for the SSR as part of the 2009/11-2011/12 MTP, there was a commitment to spend up to £3m on the six schools that had had their planned scheme deferred. Two of the Schools are:

   (a) **The Wyvern School (Clockhouse and Buxford) +£0.500m** – this is an addition to the programme which will provide the School with additional temporary accommodation, two care suites and the refurbishment of the toilets.

   (b) **Orchard School (Dunkirk) +£0.500m** – this is an addition to the programme which includes a building extension and some refurbishment which will allow the School to take primary aged pupils.

Corporate Property Project Management Fees -£0.338m (all in 2009/10) This saving in our Capital budget has arisen because we are unable to capitalise the Corporate Property Unit recharge for indirect staffing to the Capital Programme. Accounting rules demand that these costs have to be met from the CFE Revenue budget.

Self Funded Projects +£0.147m. (all in 2009/10) The entire overspend relates to the Quarryfield Outdoor Environmental Project which is planned to complete in 2009/10. All of costs relating to this project are being funded from Early Years revenue contributions.

Overall this leaves a residual balance of +£0.109m on a number of more minor projects. (all in 2009/10)

1.2.6 **General Overview of Capital Programme**:

(a) Risks

The creation of the PEF2 fund has reduced what was previously seen as the major risk i.e., the realisation of Capital Receipts. It does, however, reduce the value of receipts and hence the size of associated schemes and has meant a significant reduction in the size of our programme.

The Directorate is also at risk from external sources both in terms of the time and cost pressures on the budget by for example decisions taken by planning, environment and occasionally the individual scheme managers.

One specific scheme risk relates to the re-provision of Lympne Primary School. We are currently holding a spend figure on Lympne of £915k, but are forecasting nothing on the basis that it will all be recovered, either via the professional indemnity claim, additional fire insurance funding or a claim against the causers of the fire for 'unrecoverable losses'.

(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 **PFI Projects**

- Building Schools for the Future (wave 3)

£69.6m of investment in the BSF Wave 3 programme represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	**2009-10**	**2010-11**	**2011-12**	**TOTAL**
	£000s	£000s	£000s	£000s	£000s
Budget	21,602	43,204	4,801		69,607
Actual / Forecast	21,602	43,204	4,801		69,607
Variance	0	0	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3rd party)**
The contracts for the Building Schools for the Future programme and the establishment of Local Education Partnership 1 (LEP1) were signed on 24th October 2008. These include the PFI Agreement for the construction of the three PFI schools. Preliminary works on the three PFI sites began slightly before financial close (at the Contractor's risk) in order to maintain the construction programme. The construction of the new assets is therefore currently running to schedule and in accordance with the costings above.

(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 ?**
The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

1.2.8 **Project Re-Phasing**

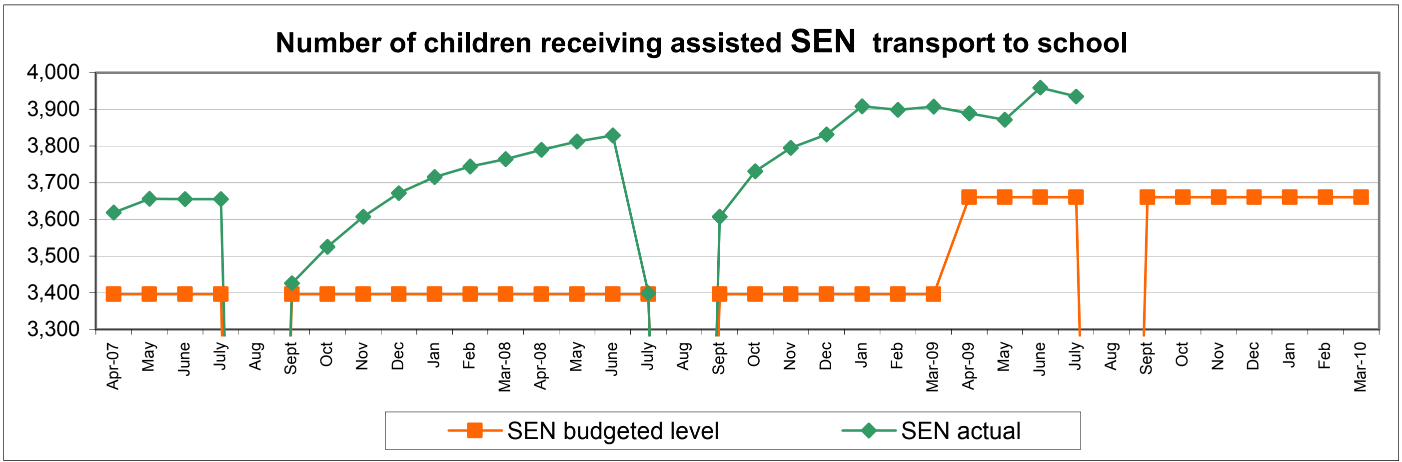
It is proposed that a cash limit change be recommended for the following projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

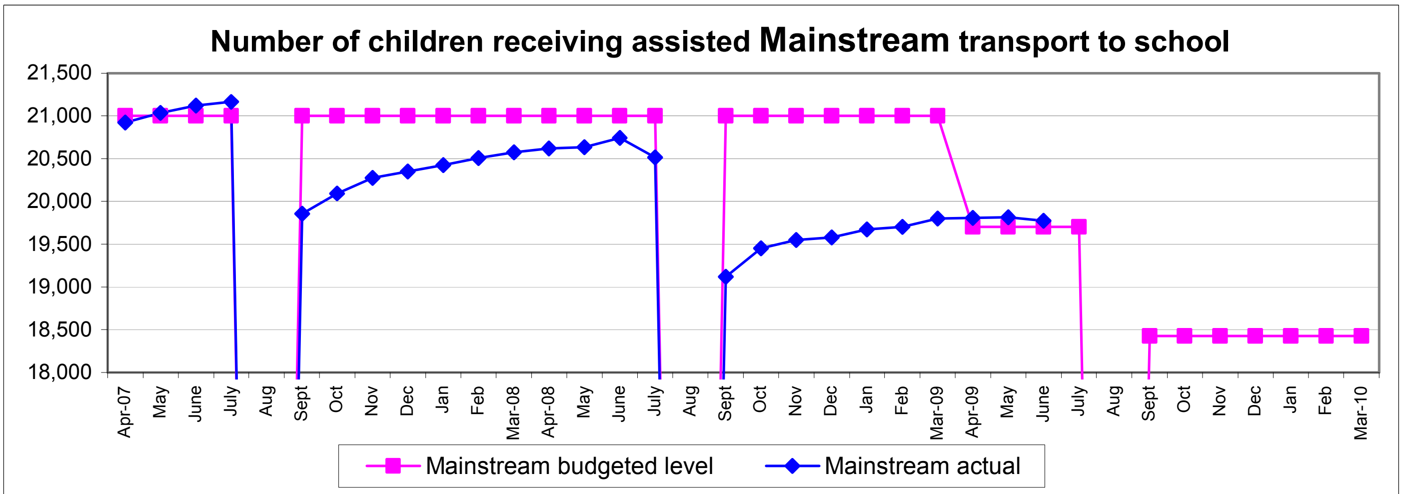
	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Basic Needs - Goat Lees					
Amended total cash limits	+100	+1,200			+1,300
re-phasing	-100	-1,100	+1,200		0
Revised project phasing	**0**	**+100**	**+1,200**	**0**	**+1,300**
Basic Needs - Templar Barracks					
Amended total cash limits	+794	+1,600	+1,600		+3,994
re-phasing	**-744**	**-1,381**	+1,029	+1,096	0
Revised project phasing	**+50**	**+219**	**+2,629**	**+1,096**	**+3,994**
Basic Needs - Ryarsh Primary					
Amended total cash limits	+169				+169
re-phasing	-169	+169			0
Revised project phasing	**0**	**+169**	**0**	**0**	**+169**
Basic Needs - Dartford Grammar School for Girls					
Amended total cash limits	+2,198				+2,198
re-phasing	-437	+437			0
Revised project phasing	**+1,761**	**+437**	**0**	**0**	**+2,198**
Modernisation of Assets - Sissinghurst Primary					
Amended total cash limits	+345	+61			+406
re-phasing	-200	+200			0
Revised project phasing	**+145**	**+261**	**0**	**0**	**+406**
Building Maintenance Programme					
Amended total cash limits	+11,331	+14,433	+14,361	+28,722	+68,847
re-phasing	+3,000	-3,000			0
Revised project phasing	**+14,331**	**+11,433**	**+14,361**	**+28,722**	**+68,847**
Primary Pathfinder - Oakfield & Manor					
Amended total cash limits	+9,179	+213			+9,392
re-phasing	-653	+626	+27		0
Revised project phasing	**+8,526**	**+839**	**+27**	**0**	**+9,392**
Transforming Short Breaks					
Amended total cash limits	+2,584	+2,407	+1,493		+6,484
re-phasing	-1,636	+1,636			0
Revised project phasing	**+948**	**+4,043**	**+1,493**	**0**	**+6,484**
Total re-phasing >£100k	**-939**	**-2,413**	**+2,256**	**+1,096**	**0**
Other re-phased Projects below £100k					
re-phasing	+30	-30			0
Revised phasing	**+30**	**-30**	**0**	**0**	**0**
TOTAL RE-PHASING	**-909**	**-2,443**	**+2,256**	**+1,096**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2007-08				2008-09				2009-10			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual
April	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618	3,660	3,889	19,700	19,805
May	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635	3,660	3,871	19,700	19,813
June	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741	3,660	3,959	19,700	19,773
July	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516	3,660	3,935	19,700	19,761
Aug	0	0	0	0	0	0	0	0	0		0	
Sept	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118	3,660		18,425	
Oct	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450	3,660		18,425	
Nov	3,396	3,607	21,000	20,276	3,396	3,795	21,000	19,548	3,660		18,425	
Dec	3,396	3,671	21,000	20,349	3,396	3,831	21,000	19,579	3,660		18,425	
Jan	3,396	3,716	21,000	20,426	3,396	3,908	21,000	19,670	3,660		18,425	
Feb	3,396	3,744	21,000	20,509	3,396	3,898	21,000	19,701	3,660		18,425	
March	3,396	3,764	21,000	20,575	3,396	3,907	21,000	19,797	3,660		18,425	





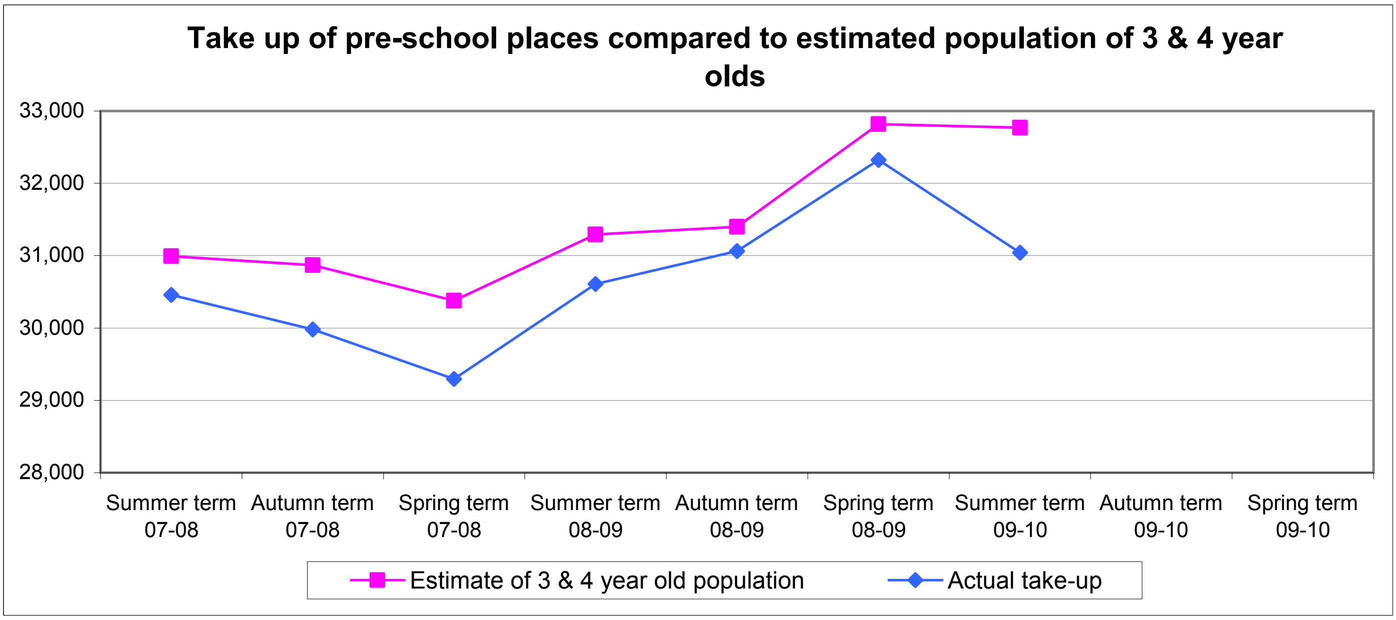
Comments:

- **SEN HTST** – The number of children requiring SEN transport continues to be higher than budgeted levels, and the resulting pressure on this budget is detailed in section 1.1.3.8.

- **Mainstream HTST** – The number of children requiring mainstream transport is higher than the budgeted level. However, as explained in section 1.1.3.7, savings have been generated through the contract renegotiation which means we can now afford more travellers than the budgeted level suggests.

2.2.1 **Take up of pre-school places against the number of places available, split between Private Voluntary and Independent Sector (PVI) places and School places**:

	PVI places taken up	*School places taken up*	Total places taken up	Estimate of 3 & 4 year old population	% take up
2007-08					
Summer term	*20,675*	*9,485*	30,460	30,992	98%
Autumn term	*14,691*	*15,290*	29,981	30,867	97%
Spring term	*17,274*	*12,020*	29,294	30,378	96%
2008-09					
Summer term	*20,766*	*9,842*	30,608	31,294	98%
Autumn term	*14,461*	*16,604*	31,065	31,399	99%
Spring term	*19,164*	*13,161*	32,325	32,820	98%
2009-10					
Summer term	*21,175*	*9,868*	31,043	32,770	95%
Autumn term					
Spring term					



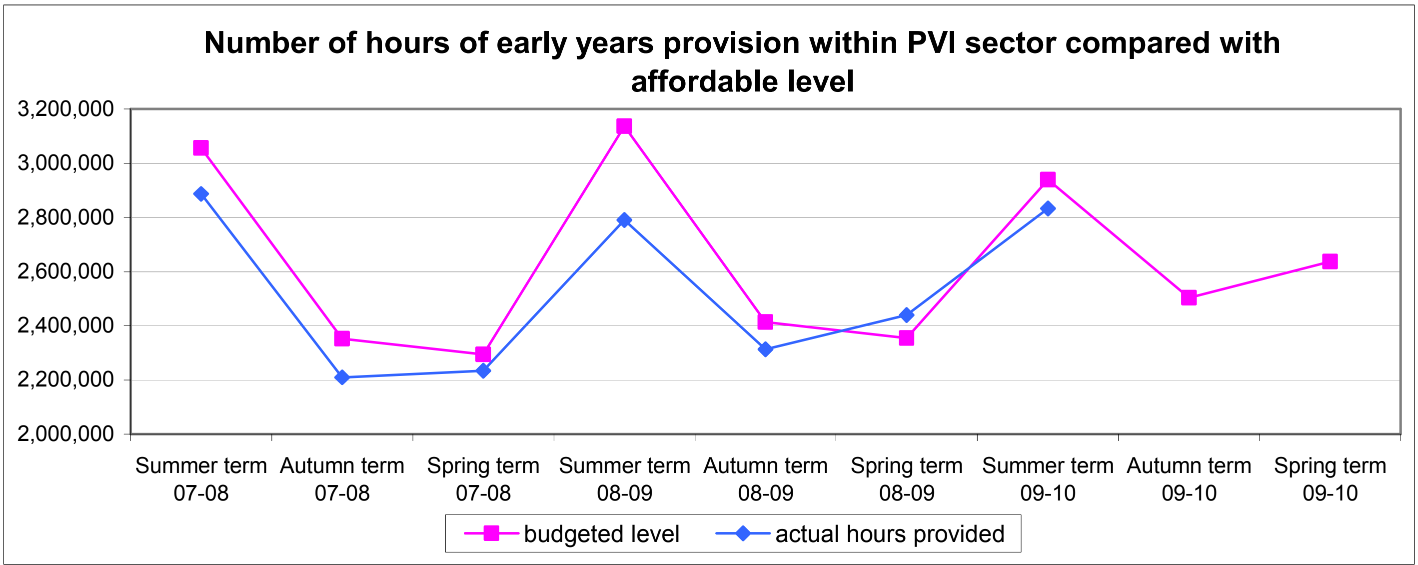
Comments:

- This graph shows that currently 95% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or five sessions per week for 38 weeks. This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG/standards fund, 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, as any unspent DSG Early Years funding has to be returned to schools, in 2009-10 an estimated underspend of £1m will be transferred to the schools unallocated reserve and hence is not included in the overall directorate forecast shown in table 1, but is reported in the narrative in section 1.1.3.18 of this annex. Expenditure relating to the increase in the free entitlement from 12.5hrs to 15hrs a week will be funded from Standards Fund, a 17month ring-fenced specific grant, which requires any resulting underspends will be carried forward to the next financial year to be spent by 31st August 2011.
- The percentage drop in the level of take-up may be due to the effects of the recession, where some parents, mainly those working part-time, who had used the free-entitlement to enable them to work or train are now unemployed and not using early education even though it is free.

However it must also be noted that while the table suggests a drop in the level of take-up, the 3 & 4 year old population data is an estimate and total numbers of take up for both PVI and school places has risen for this point in the financial year. A further update on this position will be given in future monitoring reports.

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

	2007-08		2008-09		2009-10	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,056,554	2,887,134	3,136,344	2,790,446	2,939,695	2,832,550
Autumn term	2,352,089	2,209,303	2,413,489	2,313,819	2,502,314	
Spring term	2,294,845	2,233,934	2,354,750	2,438,957	2,637,646	
	7,703,488	**7,330,371**	**7,904,583**	**7,543,222**	**8,079,655**	**2,832,550**



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.
- From September 2009-10, the phased roll-out of the increase in the number of free entitlement hours from 12.5hrs to 15 hrs per week will begin. The estimated increase in the number of hours has been factored into the budgeted number of hours for 2009-10. This increase in hours will be funded from a specific DCSF standards fund grant.
- The current activity suggests an underspend of around £1m on this budget which has been mentioned in section 1.1.3.18 of this annex. A more certain position will be reported once the autumn hours are known.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.
- The number of hours provided in the Summer Term has increased even though the percentage take-up reported in 2.2.1 has reduced because the actual level of take-up in PVI providers has increased and there are more days in the summer term than the spring term.

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

	2005-06	2006-07	2007-08	2008-09	2009-10
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09	Projection
Total number of schools	600	596	575	570	570
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£63,184k	£63,184k
Number of deficit schools	9	15	15	13	19
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,723k

Comments:

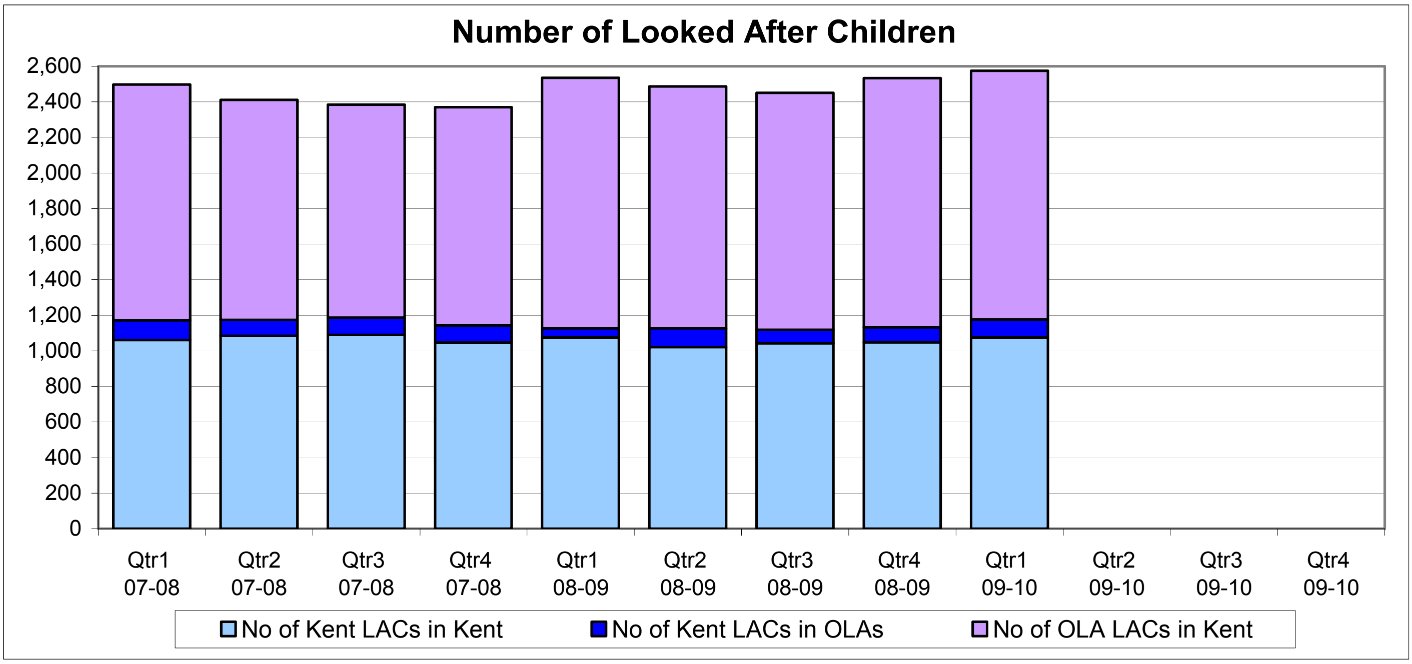
- The information on deficit schools for 2009-10 has been obtained from the schools budget submissions. The directorate receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.

- The number and value of deficits for 2009-10 is based on the schools 3 year budget plan submission. These are estimates and more information will be provided in future monitoring reports. Historically, the number of deficits reported in the first quarters monitoring tend to reduce by year end. The CFE 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.

- 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 Local Authority.

2.4 Numbers of Looked After Children (LAC):

	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
2007-08					
Apr – Jun	1,060	112	**1,172**	1,325	**2,497**
Jul – Sep	1,084	91	**1,175**	1,236	**2,411**
Oct – Dec	1,090	97	**1,187**	1,197	**2,384**
Jan – Mar	1,047	97	**1,144**	1,226	**2,370**
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					
Oct – Dec					
Jan – Mar					

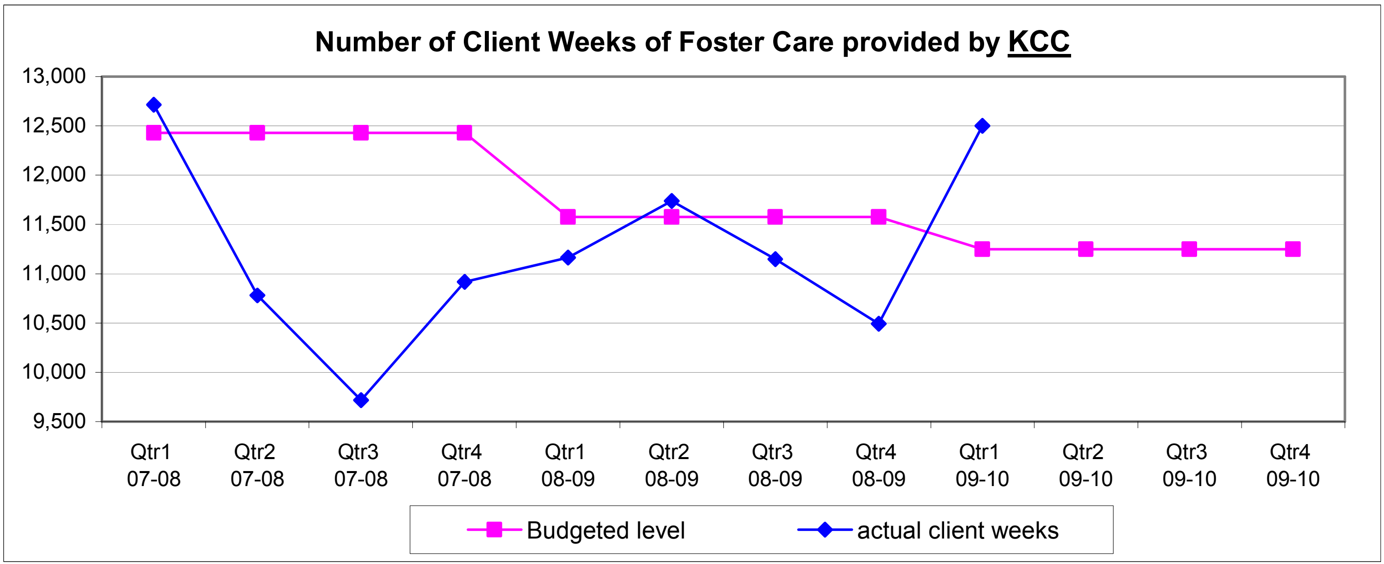


Comments:

- 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.
- Please note, the number of looked after children for each quarter represent 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 looked after children has increased by 34, there could have been more during the period.
- The increase in Kent looked after children has placed additional pressure on the fostering service budget (see section 1.1.3.10)

2.5.1 **Number of Client Weeks of Foster Care provided by KCC**:

	2007-08		2008-09		2009-10	
	Budgeted level	**Actual Client Weeks**	**Budgeted level**	**Actual Client Weeks**	**Budgeted level**	**Actual Client Weeks**
Apr - Jun	12,427	12,711	11,576	11,166	11,249	12,499
Jul - Sep	12,427	10,781	11,576	11,735	11,249	
Oct - Dec	12,427	9,716	11,576	11,147	11,249	
Jan - Mar	12,427	10,918	11,576	10,493	11,249	
	49,709	**44,129**	**46,303**	**44,451**	**44,997**	**12,499**



Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.

- The budgeted level has been calculated by dividing the 2009-10 budget for all in-house fostering (including 16+) by the 2008-09 average weekly cost adjusted for inflation. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks.

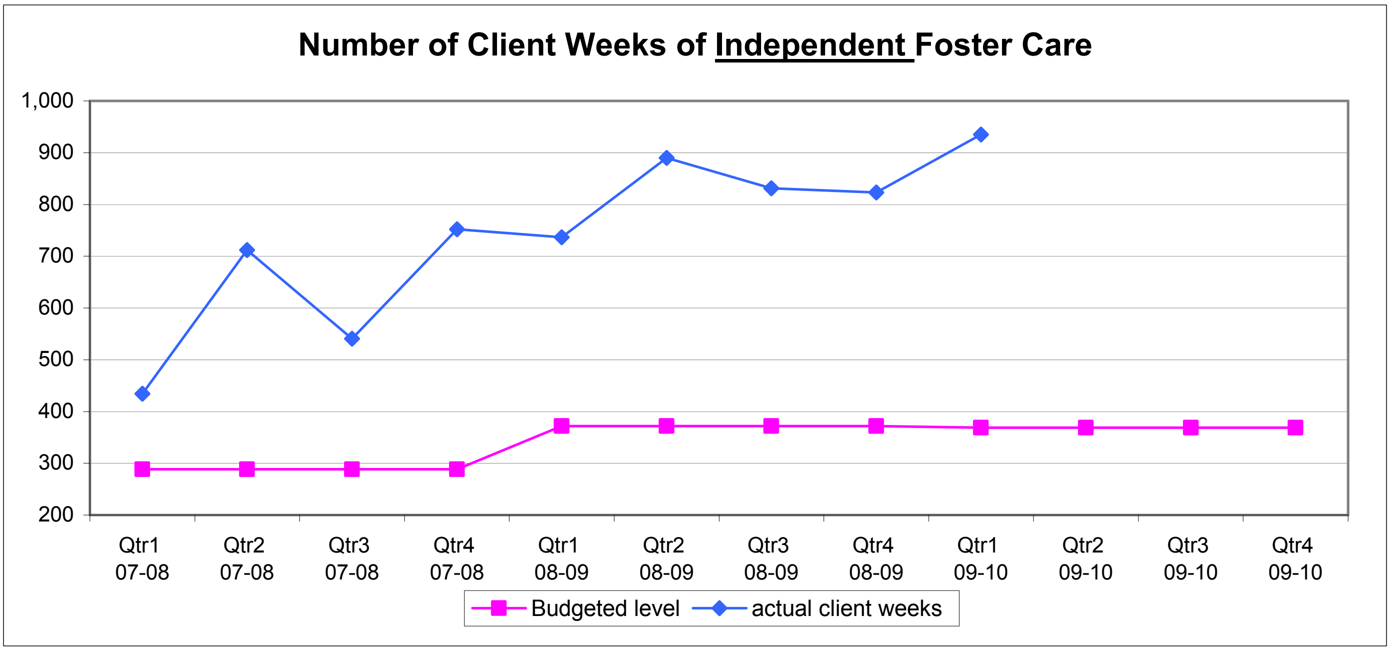
- It should be noted that the data relating to 2007-08 was manually produced due to problems with the IT system and should be treated with some caution.

- There has been a significant increase in the number of weeks for the first quarter of 2009-10 with approximately 2,000 additional weeks purchased compared to the final quarter of 2008-09. However, due to the short term nature of some of these placements (less than a month), the financial forecast has not been based on this trend continuing for the remainder of this financial year. The overall net pressure on in-house fostering is expected to be approximately £719k, combining both 16+ and fostering service forecasts (sections 1.1.3.10 & 1.1.3.13) and corresponds with forecast activity levels. However, it must be noted the activity levels of in-house foster care placements are volatile and further information on the apparent trend will be given in future monitoring reports.

- It must be noted there is a move to increase the number of in-house foster carers to reduce the dependence on more costly independent sector provision, however this is not expected to happen until late 2009-10 or early 2010-11, due to delays in the recruitment of relevant staff.

2.5.2 **Number of Client Weeks of Independent Foster Care**:

	2007-08		2008-09		2009-10	
	Budgeted level	**Actual Client Weeks**	**Budgeted level**	**Actual Client Weeks**	**Budgeted level**	**Actual Client Weeks**
Apr - Jun	289	435	372	737	369	935
Jul - Sep	289	712	372	890	369	
Oct - Dec	289	540	372	831	369	
Jan - Mar	289	752	372	823	369	
	1,154	**2,439**	**1,487**	**3,281**	**1,475**	**935**

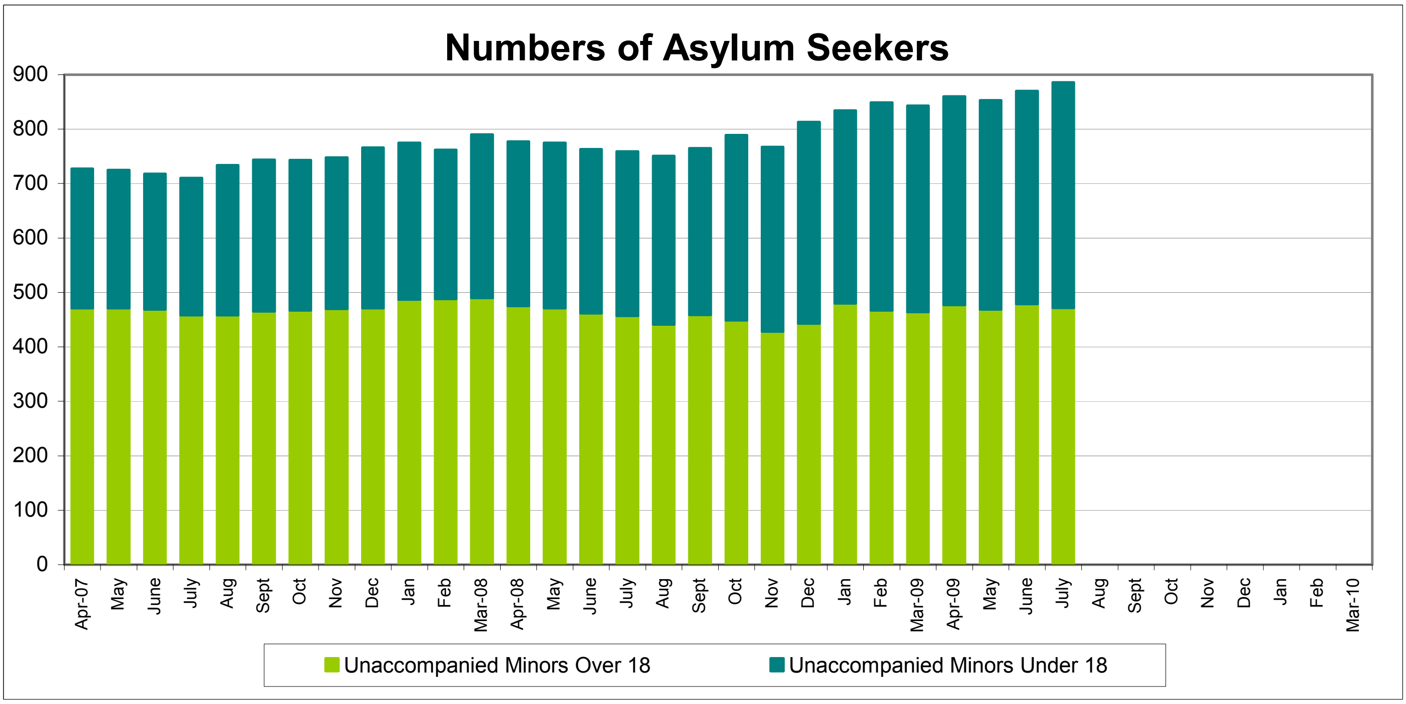


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.
- The budgeted level has been calculated by dividing the 2009-10 budget by the 2008-09 average weekly cost adjusted for inflation. 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 number of independent sector fostering placements has increased by an additional 112 weeks since the final quarter of 2008-09. The projected overspend on independent sector fostering payments is £2,504k combining both 16+ and fostering service forecasts (sections 1.1.3.10 & 1.1.3.13), this is an increase of £665k compared to the 2008-09 outturn. The activity relating to independent sector provision is not expected to reduce until late 2009-10 or early 2010-11, once the number and skill level of in-house foster carers has began to increase.

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

	2007-08			2008-09			2009-10		
	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**	Under 18	Over 18	**Total Clients**
April	256	471	**727**	302	475	**777**	383	477	**860**
May	254	471	**725**	304	471	**775**	384	469	**852**
June	249	469	**718**	301	462	**763**	391	479	**870**
July	252	458	**710**	302	457	**759**	414	472	**886**
August	276	458	**734**	310	441	**751**			
September	279	465	**744**	306	459	**765**			
October	276	467	**743**	340	449	**789**			
November	278	470	**748**	339	428	**767**			
December	295	471	**766**	370	443	**813**			
January	288	487	**775**	354	480	**834**			
February	274	488	**762**	382	467	**849**			
March	300	490	**790**	379	464	**843**			

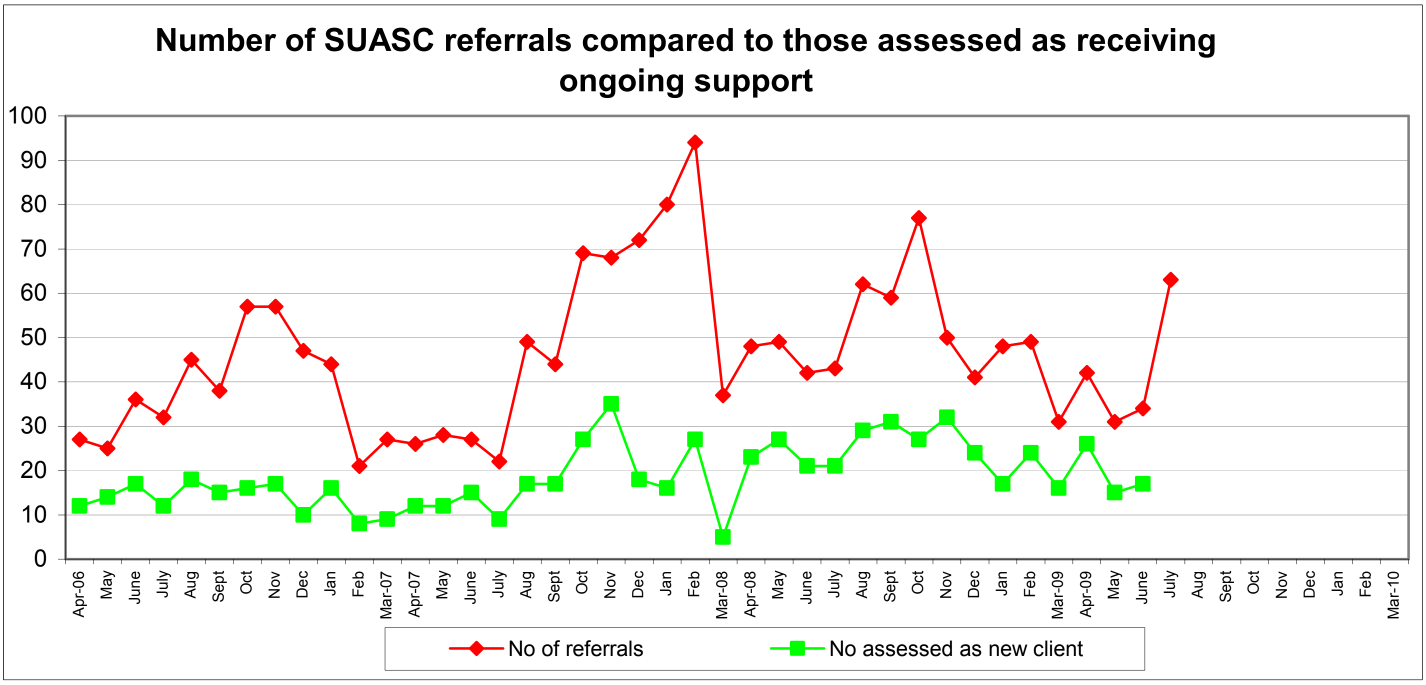


Comment:

- Client numbers have risen as a result of higher referrals and are higher than the projected number, which for 2009-10 is an average of 820 clients per month.
- The data recorded above will include some referrals for which the assessments are not yet complete. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, their category may change.

2.7 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:

	2006-07			**2007-08**			**2008-09**			**2009-10**		
	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	27	12	44%	26	12	46%	48	23	48%	42	26	62%
May	25	14	56%	28	12	43%	49	27	55%	31	15	48%
June	36	17	47%	27	15	56%	42	21	50%	34	17	50%
July	32	12	38%	22	9	41%	43	21	49%	63		
August	45	18	40%	49	17	35%	62	29	47%			
Sept	38	15	39%	44	17	39%	59	31	53%			
Oct	57	16	28%	69	27	39%	77	27	35%			
Nov	57	17	30%	68	35	51%	50	32	64%			
Dec	47	10	21%	72	18	25%	41	24	59%			
Jan	44	16	36%	80	16	20%	48	17	35%			
Feb	21	8	38%	94	27	29%	49	24	49%			
March	27	9	33%	37	5	14%	31	16	52%			
	456	**164**	**36%**	**616**	**210**	**34%**	**599**	**292**	**49%**	**170**	**58**	



Comments:

- The number of referrals remains consistently higher than the budgeted 30 referrals a month with a significant rise in July.

- The high number of referrals has a knock on effect on the number assessed as new clients. The number of new clients in April and June were higher than the expected 15 new clients a month. Age assessments for the July referrals have not yet been completed and up-to-date information will be provided in the next full monitoring report to Cabinet in November.

- The first two quarters figures for 2008-09 'number assessed as new clients' have been corrected for this report. The figures for quarter one and two of 2008-09 increased from 70 and 77 to 71 and 81 respectively. The difference is due to delays in the completion of the young person's assessment either due to hospitalisation or their being missing, or further evidence of age thus requiring an amendment to the data.

KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY JULY 2009-10 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. This primarily relates to how the Directorate allocated demography/growth and savings, and how grant funding was allocated, decisions for which were made following a Special Budget SMT in January and subsequent detailed analysis by Areas. Where necessary allocations have been adjusted in light of the 2008-09 outturn, 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 couple of 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 £3,283k in gross and a £3,283k increase in income.

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 and the inclusion of a number of 100% grants/contributions (i.e. which fully fund the additional costs) awarded since the budget was set. These include the increase in the HIV/AIDS grant £45k, new grants for ‘P Plate’ adult social workers to support newly qualified staff £22k and £150k for Minor repairs and adaptations ‘handyperson’ grant, and reflects the receipts in advance carried forward from 2008-09 for Learning Disability Campus Reprovision Grant £174k and Social Care Reform Grant £761k. It was previously acknowledged that some of the income budgets were not correctly aligned to where the gross budget was held. This should have been rectified in budget build but regrettably was not hence a number of adjustments are now required. The value of these changes is a £5,133k increase in gross and a £5,133k increase in income. Of this approximately £3.5m relates to additional funding from Health, and a further £1m relates to the correct accounting treatment for recharges.

These adjustments have resulted in an overall increase in the gross expenditure budget of £9,568k (£3,283k + £45k + £22k + £150k + £174k + £761k + £5,133k) and an increase in the income budget of an equal amount, giving a net nil effect.

In addition there has been an increase of £553k in the gross budget in relation to approved roll-forwards from 2008-09.

Therefore the overall movement in cash limits shown in table 1a below is an increase of £10,121k in gross expenditure (£9,568k + £553k) and an increase in income of £9,568k.

Table 1a shows:
- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2008-09 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:

The changes to cash limits referred to above have also impacted on the 2009-10 affordable levels of activity and these have been updated within section 2 of this annex to reflect the revised cash limits outlined in Tables 1a and 1b.

1.1.2.1 **Table 1a: Movement in cash limits since Published Budget**

Budget Book Heading	Published Budget			Current Cash Limit			Movement in Cash Limit		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Adult Services portfolio									
Older People:									
- Residential Care	84,184	-29,330	54,854	88,635	-31,724	56,911	4,451	-2,394	2,057
- Nursing Care	43,004	-19,176	23,828	43,647	-19,507	24,140	643	-331	312
- Domiciliary Care	48,539	-9,807	38,732	47,233	-10,317	36,916	-1,306	-510	-1,816
- Direct Payments	4,372	-455	3,917	4,638	-436	4,202	266	19	285
- Other Services	20,006	-3,027	16,979	21,607	-4,645	16,962	1,601	-1,618	-17
Total Older People	200,105	-61,795	138,310	205,760	-66,629	139,131	5,655	-4,834	821
People with a Learning Difficulty:									
- Residential Care	66,316	-10,975	55,341	64,909	-12,119	52,790	-1,407	-1,144	-2,551
- Domiciliary Care	7,356	-850	6,506	6,704	-650	6,054	-652	200	-452
- Direct Payments	6,012	-122	5,890	5,465	-84	5,381	-547	38	-509
- Supported Accommodation	7,547	-1,044	6,503	9,582	-1,151	8,431	2,035	-107	1,928
- Other Services	19,493	-1,356	18,137	20,326	-1,924	18,402	833	-568	265
Total People with a LD	106,724	-14,347	92,377	106,986	-15,928	91,058	262	-1,581	-1,319
People with a Physical Disability									
- Residential Care	12,501	-2,022	10,479	12,254	-1,987	10,267	-247	35	-212
- Domiciliary Care	7,568	-459	7,109	7,317	-439	6,878	-251	20	-231
- Direct Payments	6,401	-280	6,121	6,697	-250	6,447	296	30	326
- Supported Accommodation	418	-13	405	394	-8	386	-24	5	-19
- Other Services	5,644	-741	4,903	6,530	-1,237	5,293	886	-496	390
Total People with a PD	32,532	-3,515	29,017	33,192	-3,921	29,271	660	-406	254
All Adults Assessment & Related	36,084	-1,670	34,414	37,205	-1,917	35,288	1,121	-247	874
Mental Health Service									
- Residential Care	6,610	-992	5,618	6,456	-974	5,482	-154	18	-136
- Domiciliary Care	903		903	627		627	-276	0	-276
- Direct Payments	386		386	602		602	216	0	216
- Supported Accommodation	355	-63	292	435	0	435	80	63	143
- Assessment & Related	10,060	-876	9,184	9,982	-876	9,106	-78	0	-78
- Other Services	6,545	-904	5,641	6,736	-904	5,832	191	0	191
Total Mental Health Service	24,859	-2,835	22,024	24,838	-2,754	22,084	-21	81	60
Supporting People	32,882		32,882	33,033	-150	32,883	151	-150	1
Gypsy & Traveller Unit	630	-289	341	630	-289	341	0	0	0
People with no recourse to Public Funds	100		100	100		100	0	0	0
Strategic Management	1,303		1,303	1,339		1,339	36	0	36
Strategic Business Support	21,844	-519	21,325	24,219	-1,971	22,248	2,375	-1,452	923
Support Services purchased from CED	7,462		7,462	7,344		7,344	-118	0	-118
Specific Grants		-38,637	-38,637		-39,616	-39,616		-979	-979
Adult Services controllable	**464,525**	**-123,607**	**340,918**	**474,646**	**-133,175**	**341,471**	**10,121**	**-9,568**	**553**

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	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Older People:							
- Residential Care	88,635	-31,724	56,911	-616	-76	-692	Reducing clients but price pressures due to complexity
- Nursing Care	43,647	-19,507	24,140	303	-225	78	Demographic and placement pressures offset with additional income
- Domiciliary Care	47,233	-10,317	36,916	-926	103	-823	Reducing clients but price pressures due to complexity
- Direct Payments	4,638	-436	4,202	-67	-25	-92	
- Other Services	21,607	-4,915	16,692	124	-17	107	Small gross variances against a number of lines
Total Older People	205,760	-66,899	138,861	-1,182	-240	-1,422	
People with a Learning Difficulty:							
- Residential Care	64,909	-12,119	52,790	1,704	-135	1,569	Demographic and placement pressures
- Domiciliary Care	6,704	-650	6,054	97	-71	26	
- Direct Payments	5,465	-84	5,381	62	-14	48	
- Supported Accommodation	9,582	-1,151	8,431	643	-215	428	Demographic and placement pressures
- Other Services	19,908	-1,506	18,402	-488	-25	-513	Release of Managing Director's Contingency to offset overall pressure
Total People with a LD	106,568	-15,510	91,058	2,018	-460	1,558	
People with a Physical Disability							
- Residential Care	12,254	-1,987	10,267	780	-128	652	Demographic and placement pressures
- Domiciliary Care	7,318	-439	6,879	95	-9	86	
- Direct Payments	6,697	-250	6,447	-34	9	-25	
- Supported Accommodation	394	-8	386	-99	5	-94	
- Other Services	6,033	-692	5,341	-342	13	-329	Release of Managing Director's Contingency to offset overall pressure
Total People with a PD	32,696	-3,376	29,320	400	-110	290	
All Adults Assessment & Related	37,155	-1,918	35,237	63	-95	-32	
Mental Health Service			0			0	
- Residential Care	6,456	-974	5,482	585	276	861	Forecast activity in excess of affordable level; increased proportion of S117 clients
- Domiciliary Care	540		540	27	0	27	
- Direct Payments	602		602	-357	0	-357	Less than expected activity
- Supported Accommodation	585	-63	522	27	-51	-24	
- Assessment & Related	9,982	-876	9,106	-90	-24	-114	
- Other Services	6,736	-904	5,832	-96	-48	-144	
Total Mental Health Service	24,901	-2,817	22,084	96	153	249	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Supporting People	32,883	0	32,883	0	0	0	
Gypsy & Traveller Unit	630	-289	341	0	0	0	
People with no recourse to Public Funds	100		100	0	0	0	
Strategic Management	1,339		1,339	8	3	11	
Strategic Business Support	23,486	-1,238	22,248	-64	-94	-158	
Support Services purchased from CED	7,344		7,344	0	0	0	
Specific Grants		-39,616	-39,616	0	0	0	
Total Adult Services controllabl	**472,862**	**-131,663**	**341,199**	**1,339**	**-843**	**496**	
Assumed Management Action				**-496**		**-496**	
Forecast after Mgmt Action				**843**	**-843**	**0**	

1.1.3 **Major Reasons for Variance**:

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 <u>**Older People:**</u>

The overall net position is an underspend of £1,422k. Although there are underlying pressures remaining within in-house residential care, nursing care, and Older People with Mental Health Needs, the Directorate is reporting an underspend against domiciliary care and a continuing reduction in the number of Older People who do not have a Mental Health Need requiring independent permanent residential care.

a. <u>Residential Care</u>

This line is reporting a gross underspend of £616k as the number of clients in permanent care continues to reduce, with the June figure of 2,733 down from 2,832 in March. The forecast position is 155,824 weeks of care against an affordable level of 157,572, which is a difference of 1,748 weeks. Using the forecast unit cost of £385.47, this reduced level of activity generates an under spend of £674k. In addition the forecast unit cost is £1.95 higher than the affordable which results in a pressure of £307k. This pressure reflects the increasing number of clients with dementia as placements are more expensive, and this trend can clearly be seen in table 2.1.2. Although the reduction in activity also means a reduced level of income of £270k, the actual income per week is £154.45 against an expected level of £150.13. This gives an over-recovery in income of £681k.

The forecast number of client weeks of service provided to Preserved Rights clients is 1,195 lower than the affordable level because of increased attrition which is over and above that assumed in the budget. This reduced activity gives an underspend of £479k with a further reduction of £19k because the unit cost is slightly below the affordable level. The reduction in activity also results in an under-recovery in income of £237k.

In house residential provision is showing a pressure of £275k on staffing because of the continuing need to cover sickness and absence with agency staff in order to meet care standards.

b. <u>Nursing Care</u>

There is a pressure of £303k on gross expenditure and client numbers have increased from 1,332 in March to 1,340 in June. The forecast is assuming 324 weeks more than budget at a cost of £152k. The unit cost is also forecast to be higher than budget, £470.37 instead of £468.95, which increases the pressure by £106k. The additional activity has resulted in increased income of £49k. Also the actual income per week is £151.53 against an expected level of £148.81. This gives an over-recovery in income of £204k.

Preserved Rights is showing a small pressure of £45k against gross and a small under-recovery in income of £13k.

There is currently an underspend of £25k against Registered Nursing Care Contributions with an identical under-recovery of income and is based on the latest estimates of client activity.

c. Domiciliary Care

This service remains the most volatile and difficult to forecast and currently this line is forecasting an underspend against gross of £926k. The numbers of people receiving a domiciliary care package from the independent sector has decreased over the last year, but stabilised in the first quarter this year and the continuing trend remains uncertain. However the budget still allows for significantly more hours than is being delivered and the current forecast under-delivery is over 122,000 hours, giving a saving of £1,893k. The forecast unit cost is also £0.415 per hour more expensive than affordable generating an additional cost of £1,057k. This will relate to the fact that people who do receive domiciliary care, in its traditional sense, are more likely to have higher needs and require more intense packages.

There is also a small underspend of £90k relating to the in-house domiciliary service.

The reduced level of activity has meant a corresponding under-recovery in income of £103k.

d. Other Services

A small pressure of £124k is forecast against gross expenditure which relates to a number of small variances, both over and under, against the remaining services, including meals, payments to voluntary organisations, occupational therapy and day-care.

1.1.3.2 **People with a Learning Difficulty:**

Overall the position for this client group is a net pressure of £1,558k. Services for this client group remain under extreme pressure, particularly within residential care and supported accommodation, as a result of both demographic and placement price pressures.

The impact of young adults transferring from Children's Services, many of whom have very complex needs and require a much higher level of support, continues to be felt. Alongside these so-called "transitional" placements are the increasing number of older learning disabled clients who are cared for at home by ageing parents who will begin to require more support. There are also more cases of clients becoming "ordinarily resident" in Kent. A client would become "ordinarily resident" when placed by another local authority in Kent and following de-registration of the home, the individual moves into supported accommodation.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is an overspend on gross of £1,704k partially offset by over recovery of income of £135k, giving a net pressure of £1,569k. Details of the individual pressures and savings contributing to this position are provided below.

Although the number of clients has reduced from 640 in March to 632 in June, the forecast assumes 652 weeks more than is affordable at a cost of £738k. This position includes those known young people who are in the "transition" process and will be coming to adult social services before the end of the year. The actual unit cost is £1,131.43 which is £21.28 higher than the affordable which adds £695k to the forecast. The additional client weeks adds £117k of income with a further £41k of income resulting from slightly more income per week than expected.

As with Older People, in house residential provision is showing a pressure of £183k on staffing because of the need to cover sickness and absence with agency staff to meet national care standards.

There has also been a contribution of £170k to a provision for a potential future liability.

b. Supported Accommodation

The current position is a net pressure of £428k with the number of clients having increased from 233 in March to 276 in June, although it is not expected that this large increase in clients over the first three months will be repeated throughout the rest of the year. The forecast for activity is 128 weeks over the affordable level which generates a pressure of £74k. The unit cost of £577.33 is also £33.02 per week higher than is affordable and this increases the pressure by £554k. The additional activity and a higher than expected average contribution per week generates an additional £190k of income.

c. Other Services
This line is showing a gross underspend of £488k following the release of £600k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. There are also small variances, both over and under, against the remaining services, including payments to voluntary organisations, day-care and supported employment.

1.1.3.3 **People with a Physical Disability:**

Overall the position for this client group is a net pressure of £290k. Services for this client group remain under pressure as a result of both demographic and placement price pressures. As a result there continues to be a significant forecast pressure against residential care.

a. Residential Care
The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £780k partially offset by over recovery of income of £128k, giving a net pressure of £652k.

Although the number of clients has reduced from 222 in March to 213 in June, the forecast assumes 552 weeks more than is affordable at a cost of £495k. The actual unit cost is £896.33 which is £20.44 higher than the affordable which adds £241k to the forecast. The additional client weeks adds £95k of income to the position.

b. Other Services
This line is showing a gross underspend of £342k following the release of £200k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. There are also small variances, both over and under, against the remaining services, including payments to voluntary organisations, day-care and occupational therapy.

1.1.3.4 **Mental Health:**

Overall the position for this client group is a net pressure of £249k.

a. Residential Care
The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £585k. The affordable level was reduced as a result of the decision in both 2008-09 and 2009-10 to realign budgets to reflect the changed priorities in the Directorate to keep clients, wherever possible, within a community based setting such as supported accommodation or via direct payments, rather than residential care, however this change has not happened as quickly as anticipated. The result is a forecast which is 1,153 weeks more than is affordable at a cost of £622k. The actual unit cost is £539.70 which is £7.80 higher than the affordable which adds £68k to the forecast. The forecast also assumes a significant under-recovery in income as an increasing proportion of clients fall under Section 117 legislation meaning that they do not contribute towards the cost of their care. This has added £276k to the pressure.

b. Direct Payments
As referred to above the affordable level has been increased in both 2008-09 and 2009-10 to reflect the changed priorities in the Directorate to keep clients, wherever possible, within a community based setting such as supported accommodation or via direct payments, rather than residential care, however this change has not happened as quickly as anticipated. The result is a gross forecast which is significantly underspending against budget by £357k.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,057	KASS	Older People Domiciliary gross - activity lower than anticipated	-1,893
KASS	LD Residential gross - activity in excess of affordable level in independent sector placements	+738	KASS	Older People Residential income resulting from higher unit cost	-681
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+695	KASS	Older People Residential gross - activity below affordable level	-674
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+622	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+554	KASS	Older People Residential gross - Preserved Rights increased attrition	-479
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+495	KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-357
KASS	Older People Residential gross - change in unit cost in independent sector placements	+307	KASS	Older People Nursing income resulting from higher unit cost	-204
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117, and therefore do not contribute towards costs	+276	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
KASS	Older People Residential gross - in house provision staffing	+275	KASS	LD Support Accomm income - addit activity/higher contribution	-190
KASS	Older People Residential income - under-recovery of income due to lower activity	+270	KASS	LD Residential income - additional income resulting from additional activity	-117
KASS	PD Residential gross - change in unit cost of independent sector placements	+241			
KASS	Older People Residential income - Preserved rights reduced income due to higher attrition	+237			
KASS	LD Residential gross - in house provision staffing	+183			
KASS	LD Residential gross - contribution to provision for potential future liability	+170			
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector placements	+152			
KASS	Older People Nursing gross - change in unit cost in independent sector placements	+106			
KASS	Older People Domiciliary income - reduced due to lower activity	+103			
		+6,481			-5,395

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

The forecast pressure of £496k assumes that the savings identified within the MTP will be achieved and the Directorate remains confident that all savings will be achieved.

1.1.5 **Implications for MTP**:

The MTP assumes a breakeven position for 2009-10.

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**:

The KASS Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year. KASS has 'Guidelines for Good Management Practice' in place across all teams in order to help us manage demand on an equitable basis consistent with policy and legislation. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged. Through these arrangements the Directorate expects to balance the £496k pressure by the end of the year.

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 13th July 2009, 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Kent Adult Social Services portfolio						
Budget	18,023	11,267	17,130	13,770	12,651	72,841
Additions:						
- roll forward	-1,386	1,387	-1			0
- Outturn and pre-outturn changes	-13,770					-13,770
- Flexible & Mobile Engagement		-1,161				-1,161
- Edenbridge Community Centre			26			26
Revised Budget	2,867	11,493	17,155	13,770	12,651	57,936
Variance		-4,987	2,677	2,310		0
split:						
- real variance		-25	+25			0
- re-phasing		-4,962	+2,652	+2,310		0

Real Variance	**0**	**-25**	**+25**	**0**	**0**	**0**
Re-phasing	**0**	**-4,962**	**+2,652**	**+2,310**	**0**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2009-10 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						
KASS						
			+0	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
KASS	Dartford Town Centre	Phasing			-2,600	
KASS	Broadmeadow Extension	Phasing		-1,530		
KASS	FAME	Phasing		-480		
			-0	**-2,010**	**-2,600**	**-0**
			+0	**+2,010**	**+2,600**	**+0**

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

1.2.4.1 **Dartford Town Centre; -£2.6 million**

The Dartford Town Centre Project is a new Health and Social Care Centre aiming to relocate and modernise a number of existing day care services into a new building incorporating voluntary services, independent living flats, social enterprise and potentially health care services. The project is largely dependent upon a retail and residential development.

It has rephased by £2.6m representing 48% of the scheme's budget. It has been delayed in starting, as due to the present economic climate, the developer has delayed submitting the planning application to the Borough Council's Planning Committee. This has had the effect of delaying the possible start date of any build on site, and this in turn has delayed the negotiation process for securing developer contributions and suitable space on the site to construct a Health and Social Care Centre. As a result, indications are that should the planning application be approved in the coming months, the earliest anticipated start date would be into the next financial year, hence the rephasing request.

There are currently no financial implications caused by this delay, the project is funded by Capital Receipts which have already been realised, and developer contributions that have been signed and secured from developments in close proximity to the site. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	125	2,610	2,310	500		5,545
Forecast	125	10	2,600	2,810		5,545
Variance	0	-2,600	+290	+2,310	0	0
FUNDING						
Budget:						
prudential	5		500			505
external		470	1,810			2,280
capital receipts	120	2,140		500		2,760
TOTAL	125	2,610	2,310	500	0	5,545
Forecast:						
prudential	5			500		505
external			470	1,810		2,280
capital receipts	120	10	2,130	500		2,760
TOTAL	125	10	2,600	2,810	0	5,545
Variance	**0**	**-2,600**	**+290**	**+2,310**	**0**	**0**

1.2.4.2 **Broadmeadow Extension; -£1.5 million**

This scheme is the construction of an extension to the Broadmeadow Registered Care Centre, with the objective of developing a more cohesive approach towards service commissioning for people with Dementia and OPMH (over the age of 65) and their carers by ensuring that these are more localised, responsive and flexible.

It has rephased by £1.5 million representing 85% of the total value of the scheme. Whilst the rest of the scheme is on track, submission for planning permission for the extension will now take place in September. This means the completion of the project is anticipated to be 4 months behind schedule; expected in December 2010. During this time, services will be accommodated within existing KASS homes, the impact of which is already included within the revenue forecast. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		1,800				1,800
Forecast		270	1,530			1,800
Variance	0	-1,530	+1,530	0	0	0
FUNDING						
Budget:						
prudential		1,800				1,800
TOTAL	0	1,800	0	0	0	1,800
Forecast:						
prudential		270	1,530			1,800
TOTAL	0	270	1,530	0	0	1,800
Variance	**0**	**-1,530**	**+1,530**	**0**	**0**	**0**

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

There is anticipated pressure of £0.025m on the Edenbridge project, this is being offset by an underspend against the Public Access project. Taking this into account, there is zero real variance in the KASS capital programme.

1.2.6 **General Overview of capital programme**:

(a) Risks

The main risk to the Adult Services Capital Programme is the funding from Developer Contributions. There are risks around the timing of the receipts, and the degree to which Developers may try to avoid the payment of contributions.
KASS Capital programme currently includes the following in relation to developer contributions

	2009/10	2010/11	2011/12	Future Years	Total
	£'m	£'m	£'m	£'m	£'m
Budget	0.470	2.336	0.865	0.000	3.671
Forecast	0.000	0.996	2.675	0.000	3.671
Variance	-0.470	-1.340	1.810	0.000	-0.000

(b) Details of action being taken to alleviate risks

In order to reduce the risk, KASS are developing a transparent and effective working relationship with third parties, including District and Borough Councils. The aim of this is to ensure KASS are fully of aware of any changes to the agreements as they arise, and can plan around the changes. As can be seen from the table above, KASS require £3.671m of developer contributions to fund their current commitments; however, KASS have £6.364m of developer contributions agreed.

1.2.7 **PFI projects**

- PFI Housing

1. The £72.489m investment in the PFI Housing project represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget. The completion of the assets is phased over two years and some are now operational.

	Previous years	2009-10	2010-11	2011-12	TOTAL
	£000s	£000s	£000s	£000s	£000s
Budget	8,892	51,818	11,779	0	72,489
Forecast	8,892	51,818	11,779		72,489
Variance	0	0	0	0	0

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

Overall costings still as planned.

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

The unitary charge is not subject to indexation as the contractor has agreed to a fixed price for the duration of the contract. Deductions will be made during the contract period if performance falls below the standards agreed or if the facilities are unavailable for use.

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 must be taken to the Project Board for agreement. Each partner has a vote and any decision resulting in a change to the costs or risks would need unanimous approval.

2. The £44.300m investment in the PFI Excellent Homes for All project also represents investment by a third party. No payment is made by KCC for the new/refurbished assets until the asset are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	2009-10	2010-11	-23	TOTAL
	£000s	£000s	£000s	£000s	£000s
Budget			22,300	22,000	44,300
Forecast			22,300	22,000	44,300
Variance					

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

Overall costings still as planned.

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

The unitary charge is not subject to indexation as the contractor has agreed to a fixed price for the duration of the contract. Deductions will be made during the contract period if performance falls below the standards agreed or if the facilities are unavailable for use.

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 must be taken to the Project Board for agreement. Each partner has a vote and any decision resulting in a change to the costs or risks would need unanimous approval.

1.2.8 **Project Re-Phasing**

It is proposed that a cash limit change be recommended for the following projects that have rephased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

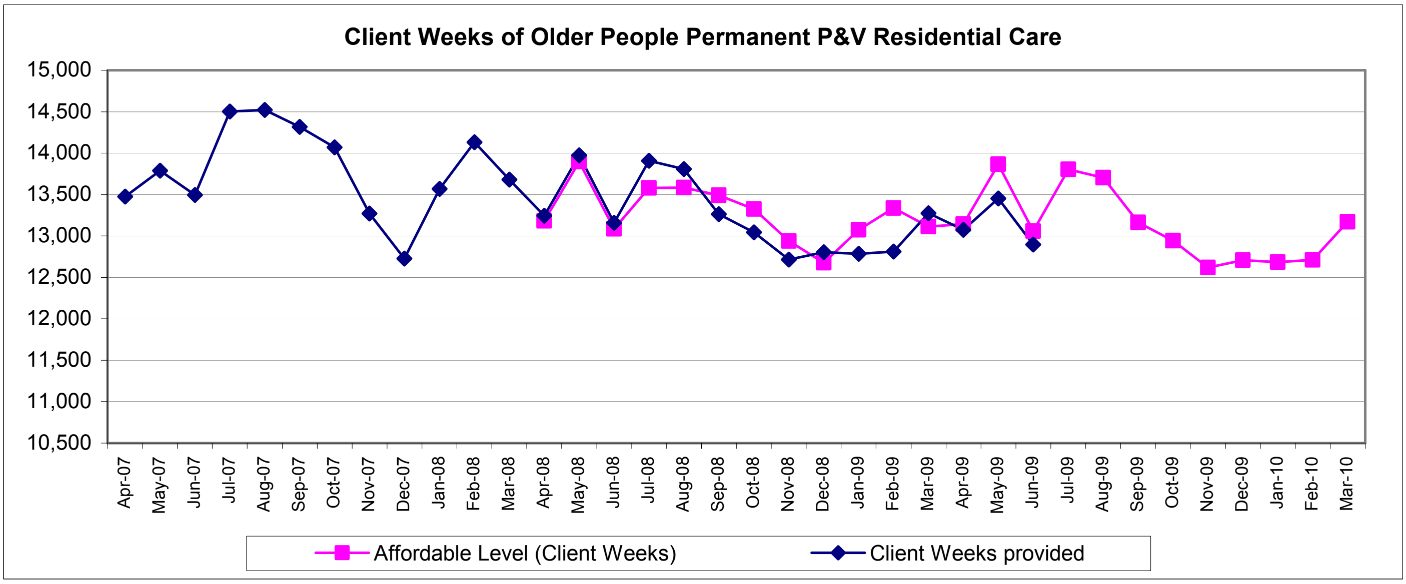
	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+1,172	+406	+533	+1,119	+3,230
re-phasing	-143	+143			0
Revised project phasing	**+1,029**	**+549**	**+533**	**+1,119**	**+3,230**
Flexible and Mobile Engagement					
Amended total cash limits	+715				+715
re-phasing	-480	+480			0
Revised project phasing	**+235**	**+480**	**0**	**0**	**+715**
Edenbridge Community & Leisure Centre					
Amended total cash limits	+225	+26			+251
re-phasing	-209	+209			0
Revised project phasing	**+16**	**+235**	**0**	**0**	**+251**
Broadmeadow Extension					
Amended total cash limits	+1,800				+1,800
re-phasing	-1,530	+1,530			0
Revised project phasing	**+270**	**+1,530**	**0**	**0**	**+1,800**
Dartford Town Centre					
Amended total cash limits	+2,610	+2,310	+500		+5,420
re-phasing	-2,600	+290	+2,310		0
Revised project phasing	**+10**	**+2,600**	**+2,810**	**0**	**+5,420**
Total re-phasing >£100k	**-4,962**	**+2,652**	**+2,310**	**0**	**0**
Other re-phased Projects below £100k					
Amended total cash limits					0
re-phasing					0
Revised phasing	**0**	**0**	**0**	**0**	**0**
TOTAL RE-PHASING	**-4,962**	**+2,652**	**+2,310**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

The changes to cash limits referred to in section 1.1.1 above have impacted on the 2009-10 affordable levels of activity and these have been updated from what was reported to Cabinet within the outturn report in July to reflect the revised cash limits outlined in Tables 1a and 1b.

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

	2007-08		2008-09		2009-10	
	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		13,476	13,181	13,244	13,142	13,076
May		13,789	13,897	13,974	13,867	13,451
June		13,495	13,084	13,160	13,059	12,898
July		14,502	13,581	13,909	13,802	
August		14,520	13,585	13,809	13,703	
September		14,316	13,491	13,264	13,162	
October		14,069	13,326	13,043	12,943	
November		13,273	12,941	12,716	12,618	
December		12,728	12,676	12,805	12,707	
January		13,568	13,073	12,784	12,685	
February		14,131	13,338	12,810	12,712	
March		13,680	13,114	13,275	13,172	
TOTAL	**169,925**	**165,546**	**159,287**	**158,793**	**157,572**	**39,425**

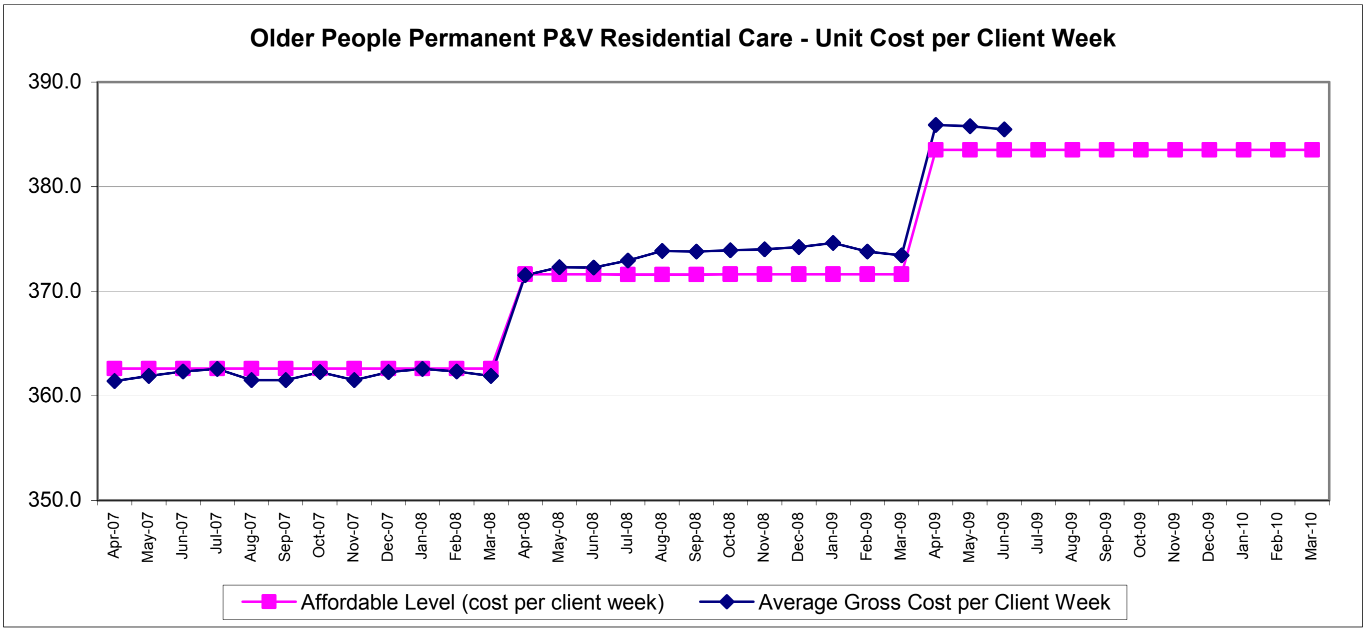


Comments:

- 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 2007-08 was 2,917 and at the end of March 2009 it was 2,832. In June, the number was 2,733. This reduction relates to clients without dementia as the number of older people with mental health needs remains stable.
- The forecast position is 155,824 weeks of care against an affordable level of 157,572, which is a difference of 1,748 weeks. Using the actual unit cost of £385.47, this reduced level of activity generates an underspend of £674k as highlighted in section 1.1.3.1.a.
- To the end of June 39,425 weeks of care have been delivered against an affordable level of 40,068, a difference of 643 weeks.

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

	2007-08		2008-09		2009-10	
	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	362.60	361.41	371.60	371.54	383.52	385.90
May	362.60	361.90	371.60	372.28	383.52	385.78
June	362.60	362.31	371.60	372.27	383.52	385.47
July	362.60	362.56	371.60	372.94	383.52	
August	362.60	361.50	371.60	373.84	383.52	
September	362.60	361.50	371.60	373.78	383.52	
October	362.60	362.27	371.60	373.91	383.52	
November	362.60	361.50	371.60	374.01	383.52	
December	362.60	362.27	371.60	374.22	383.52	
January	362.60	362.56	371.60	374.61	383.52	
February	362.60	362.31	371.60	373.78	383.52	
March	362.60	361.90	371.60	373.42	383.52	

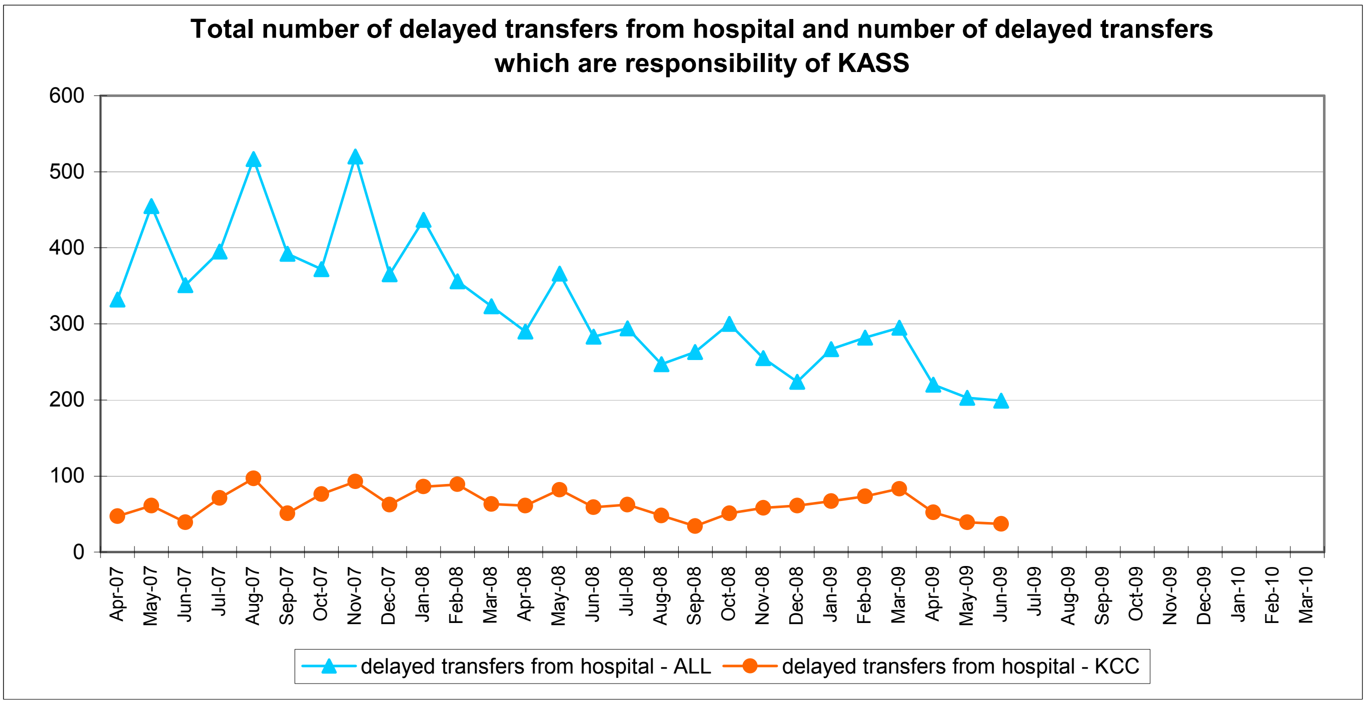


Comments:

- The increase in unit cost over the last year is higher than inflation, but reflects the increasing proportion of clients with dementia.
- The forecast unit cost of £385.47 is higher than the affordable cost of £383.52 and this difference of £1.95 adds £307k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.1.a.

2.1.3 **Total of All Delayed Transfers from hospital compared with those which are KASS responsibility**:

	2007-08		2008-09		2009-10	
	ALL	**KASS responsibility**	**ALL**	**KASS responsibility**	**ALL**	**KASS responsibility**
April	332	47	290	61	220	52
May	455	61	366	82	203	39
June	351	39	283	59	199	37
July	395	71	294	62		
August	517	97	247	48		
September	392	51	263	34		
October	372	76	300	51		
November	520	93	255	58		
December	365	62	224	61		
January	437	86	267	67		
February	356	89	282	73		
March	323	63	295	83		

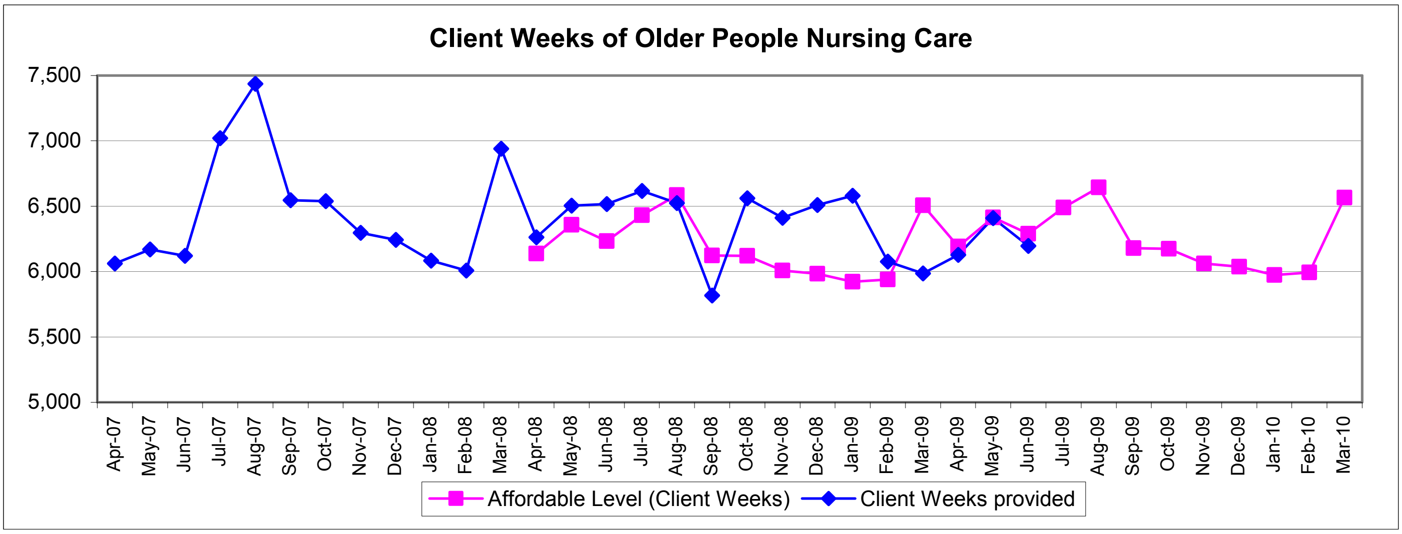


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system across both Health and Social Care. The average number of delayed transfers per week is on a steadily reducing trend from a peak in the second quarter of 2007/08.

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

	2007-08		2008-09		2009-10	
	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		6,062	6,137	6,263	6,191	6,127
May		6,170	6,357	6,505	6,413	6,408
June		6,120	6,233	6,518	6,288	6,195
July		7,020	6,432	6,616	6,489	
August		7,436	6,586	6,525	6,644	
September		6,546	6,124	5,816	6,178	
October		6,538	6,121	6,561	6,175	
November		6,298	6,009	6,412	6,062	
December		6,243	5,984	6,509	6,037	
January		6,083	5,921	6,580	5,973	
February		6,008	5,940	6,077	5,992	
March		6,941	6,507	5,985	6,566	
TOTAL	**74,707**	**77,463**	**74,351**	**76,367**	**75,008**	**18,730**

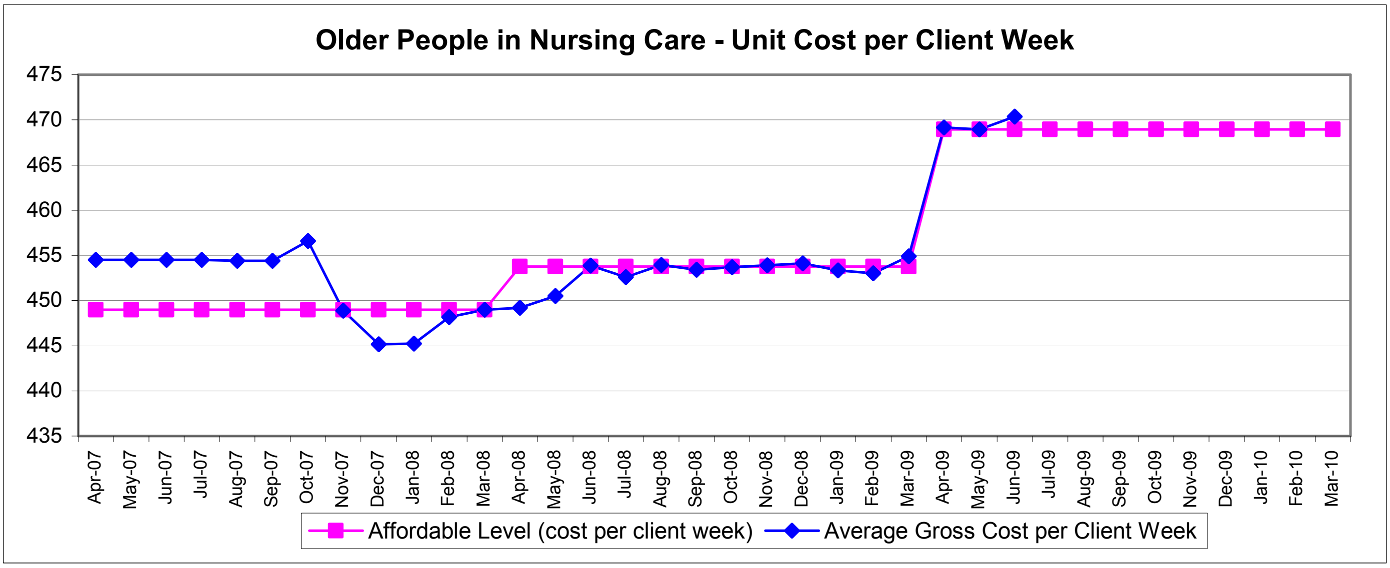


Comment:

- 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 2007-08 was 1,386, at the end of March 2009, it had decreased to 1,332 and in June, it had increased slightly to 1,340. This increase is attributable to people with dementia.
- To the end of June 18,730 weeks of care have been delivered against an affordable level of 18,892, a difference of -162 weeks.
- The forecast position is 75,332 weeks of care against an affordable level of 75,008, a difference of +324 weeks. Using the actual unit cost of £470.37, this additional activity adds £152k to the forecast as highlighted in section 1.1.3.1.b.
- 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.

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

	2007-08		2008-09		2009-10	
	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	448.98	454.50	453.77	449.18	468.95	469.15
May	448.98	454.50	453.77	450.49	468.95	468.95
June	448.98	454.50	453.77	453.86	468.95	470.37
July	448.98	454.50	453.77	452.61	468.95	
August	448.98	454.40	453.77	453.93	468.95	
September	448.98	454.40	453.77	453.42	468.95	
October	448.98	456.60	453.77	453.68	468.95	
November	448.98	448.88	453.77	453.92	468.95	
December	448.98	445.16	453.77	454.13	468.95	
January	448.98	445.22	453.77	453.33	468.95	
February	448.98	448.17	453.77	453.02	468.95	
March	448.98	449.00	453.77	454.90	468.95	



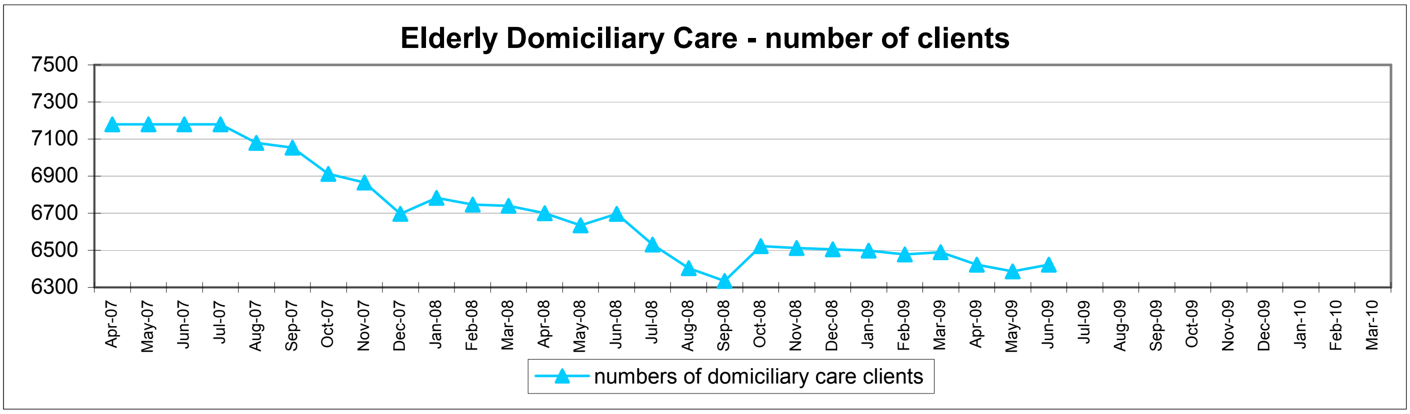
Comments:

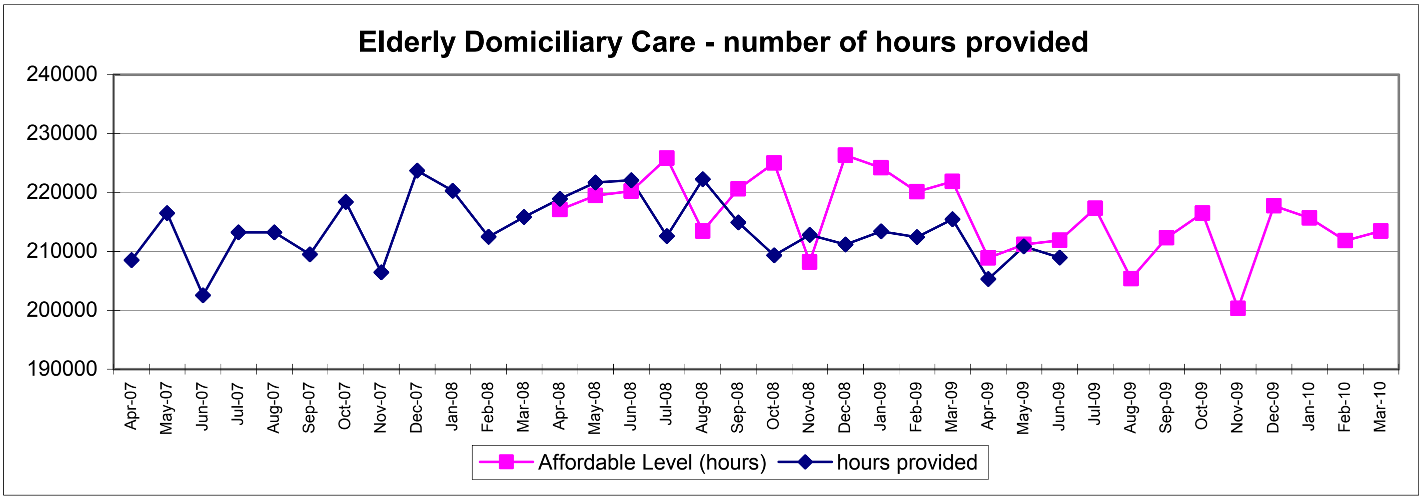
- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care

- The forecast unit cost of £470.37 is slightly higher than the affordable cost of £468.95 and this difference of £1.42 adds £106k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.1.b

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

	2007-08			2008-09			2009-10		
	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		208,524	7,179	217,090	218,929	6,700	208,869	205,312	6,423
May		216,477	7,180	219,480	221,725	6,635	211,169	210,844	6,386
June		202,542	7,180	220,237	222,088	6,696	211,897	208,945	6,422
July		213,246	7,180	225,841	212,610	6,531	217,289		
August		213,246	7,079	213,436	222,273	6,404	205,354		
September		209,504	7,054	220,644	214,904	6,335	212,289		
October		218,397	6,912	225,012	209,336	6,522	216,491		
November		206,465	6,866	208,175	212,778	6,512	200,292		
December		223,696	6,696	226,319	211,189	6,506	217,749		
January		220,313	6,782	224,175	213,424	6,499	215,686		
February		212,499	6,746	220,135	212,395	6,478	211,799		
March		215,865	6,739	221,875	215,488	6,490	213,474		
TOTAL	**2,610,972**	**2,560,774**		**2,642,419**	**2,587,139**		**2,542,358**	**625,101**	





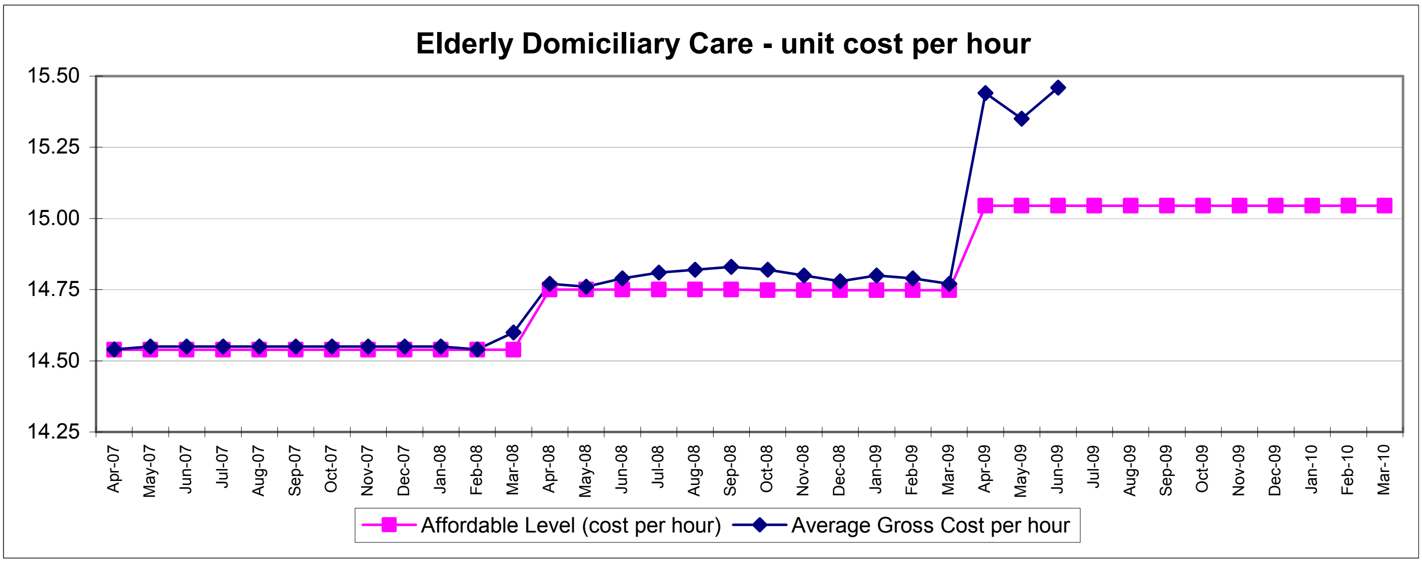
Comment:

- Figures exclude services commissioned from the Kent HomeCare Service.
- The current forecast is 2,419,893 hours of care set against an affordable level of 2,542,358, a difference of 122,465 hours. Using the forecast unit cost of £15.46, this reduction in activity indicates a £1,893k underspend, as highlighted in section 1.1.3.1.c.
- The number of people receiving domiciliary care has decreased over the last year, but stabilised in the first quarter this year. We would not expect the number of domiciliary care clients to be increasing for several reasons. Firstly, the success of preventative services such as intermediate care, rapid response and ongoing service developments with the voluntary sector and other organisations mean that we continue to prevent people from needing ‘mainstream’ domiciliary care. The LAA target focuses on how we can ensure that people are helped back to their own homes successfully with very

minimal support. In the voluntary sector, people can access services, very often involving social inclusion (e.g. luncheon clubs and other social activities), without having to undergo a full care management assessment. Secondly, public health campaigns and social marketing aimed at improving people's health is already starting to result in healthier older people. Increase in the use of Telecare and Telehealth similarly reduces the need for domiciliary care, and it is possible that this trend will continue despite the growth in numbers of older people. Thirdly, in Kent, as well as nationwide, the take up of direct payments by older people, has for the first time, reached similar levels as people with physical disabilities.

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

	2007-08		**2008-09**		**2009-10**	
	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	14.50	14.54	14.75	14.77	15.045	15.44
May	14.50	14.55	14.75	14.76	15.045	15.35
June	14.50	14.55	14.75	14.79	15.045	15.46
July	14.50	14.55	14.75	14.81	15.045	
August	14.50	14.55	14.75	14.82	15.045	
September	14.50	14.55	14.75	14.83	15.045	
October	14.50	14.55	14.75	14.82	15.045	
November	14.50	14.55	14.75	14.80	15.045	
December	14.50	14.55	14.75	14.78	15.045	
January	14.50	14.55	14.75	14.80	15.045	
February	14.50	14.54	14.75	14.79	15.045	
March	14.50	14.60	14.75	14.77	15.045	



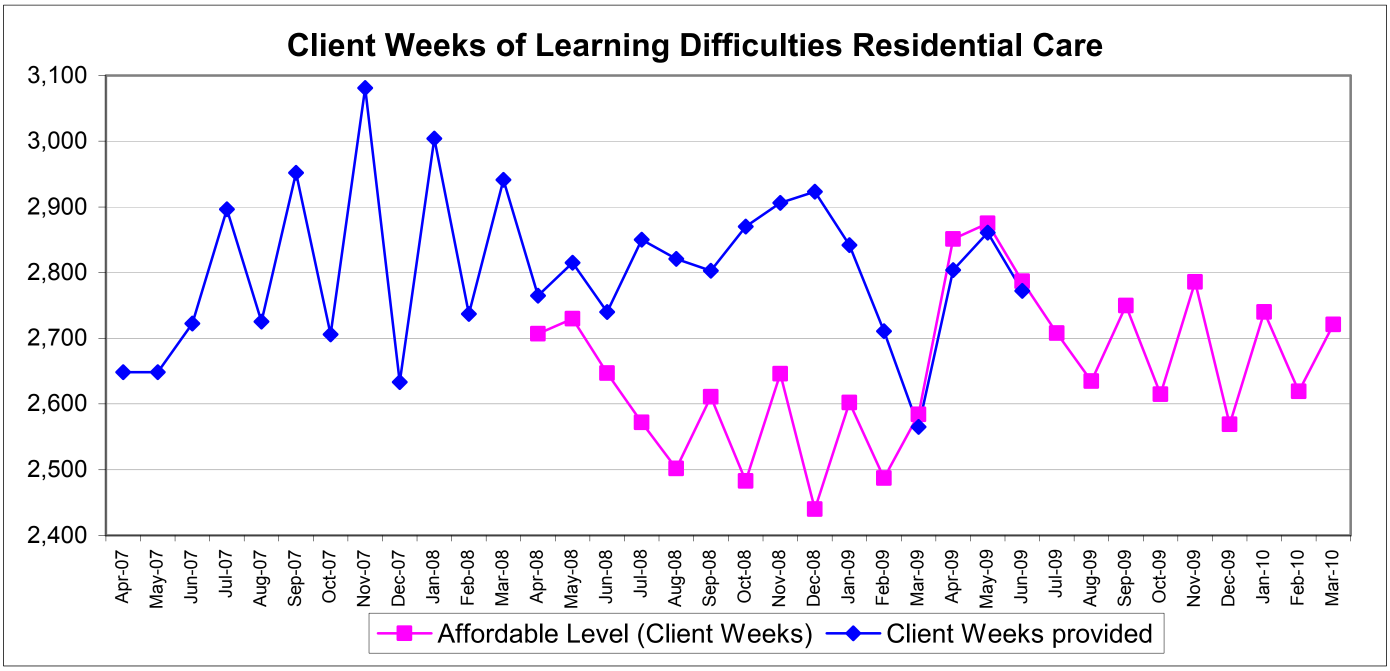
Comments:

- The average unit cost per week is increasing and may reflect the same issues outlined above concerning more intense packages and higher levels of need

- The forecast unit cost of £15.46 is higher than the affordable cost of £15.045 and this difference of £0.415 increases the pressure by £1,057k when multiplied by the affordable hours, as highlighted in section 1.1.3.1.c.

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

	2007-08		2008-09		2009-10	
	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		2,648	2,707	2,765	2,851	2,804
May		2,648	2,730	2,815	2,875	2,861
June		2,722	2,647	2,740	2,787	2,772
July		2,897	2,572	2,850	2,708	
August		2,725	2,502	2,821	2,635	
September		2,952	2,611	2,803	2,750	
October		2,706	2,483	2,870	2,615	
November		3,081	2,646	2,906	2,786	
December		2,633	2,440	2,923	2,569	
January		3,004	2,602	2,842	2,740	
February		2,737	2,487	2,711	2,619	
March		2,941	2,584	2,565	2,721	
TOTAL	**30,984**	**33,695**	**31,011**	**33,611**	**32,656**	**8,437**



Comments:

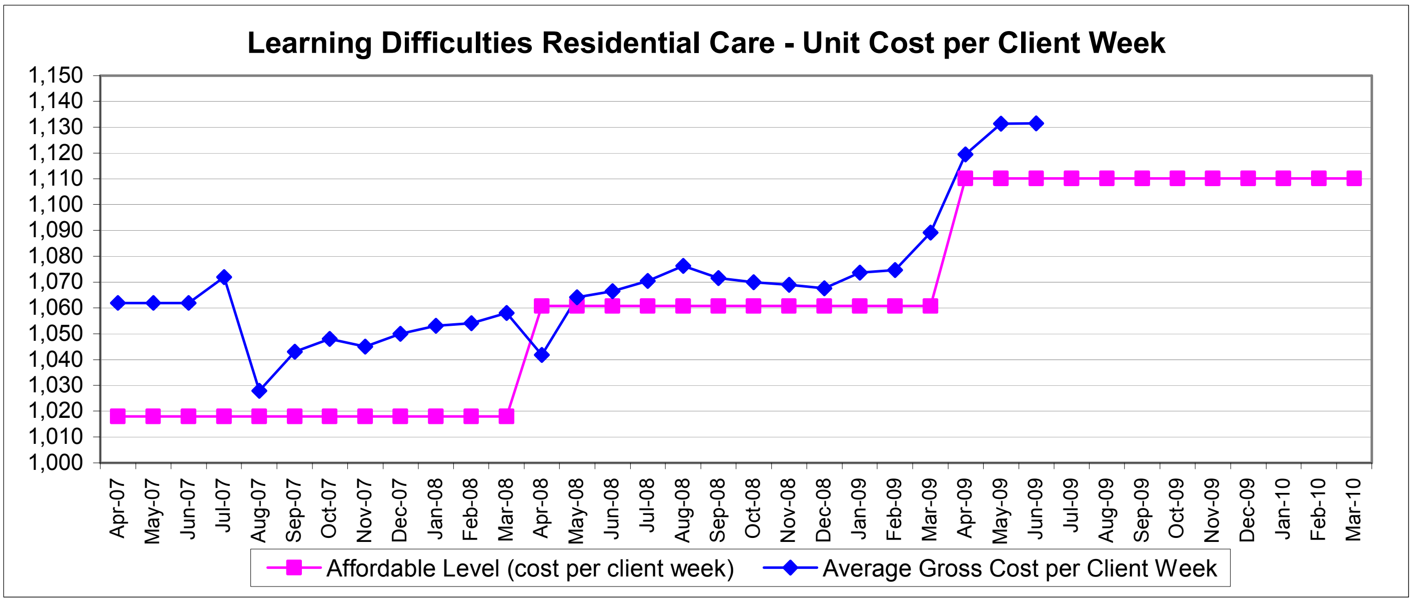
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2007-08 was 633, at the end of 2008-09 it was 640 (with some much higher numbers during the year) and at the end of June, 632.

- The forecast position of 33,308 weeks of care is some 652 weeks over the affordable level, indicating a pressure of £738k using a unit cost of £1,131.43. The forecast is based on the current activity as well as those known young people that will be coming to adult social services before the end of the year, plus an assumption about clients transferring out of residential care to supported living arrangements. Those young people in the “transition” process are known to Social Services as young as 14 and so they can be planned for, as highlighted in section 1.1.3.2.a.

- To the end of June 8,437 weeks of care have been delivered against an affordable level of 8,513, a difference of 76 weeks.

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

	2007-08		2008-09		2009-10	
	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	1,018.00	1,062.00	1,060.70	1,041.82	1,110.15	1,119.42
May	1,018.00	1,062.00	1,060.70	1,064.19	1,110.15	1,131.28
June	1,018.00	1,062.00	1,060.70	1,066.49	1,110.15	1,131.43
July	1,018.00	1,072.00	1,060.70	1,070.50	1,110.15	
August	1,018.00	1,028.00	1,060.70	1,076.27	1,110.15	
September	1,018.00	1,043.00	1,060.70	1,071.59	1,110.15	
October	1,018.00	1,048.00	1,060.70	1,070.02	1,110.15	
November	1,018.00	1,045.00	1,060.70	1,068.95	1,110.15	
December	1,018.00	1,050.00	1,060.70	1,067.59	1,110.15	
January	1,018.00	1,053.00	1,060.70	1,073.71	1,110.15	
February	1,018.00	1,054.00	1,060.70	1,074.67	1,110.15	
March	1,018.00	1,058.00	1,060.70	1,089.10	1,110.15	



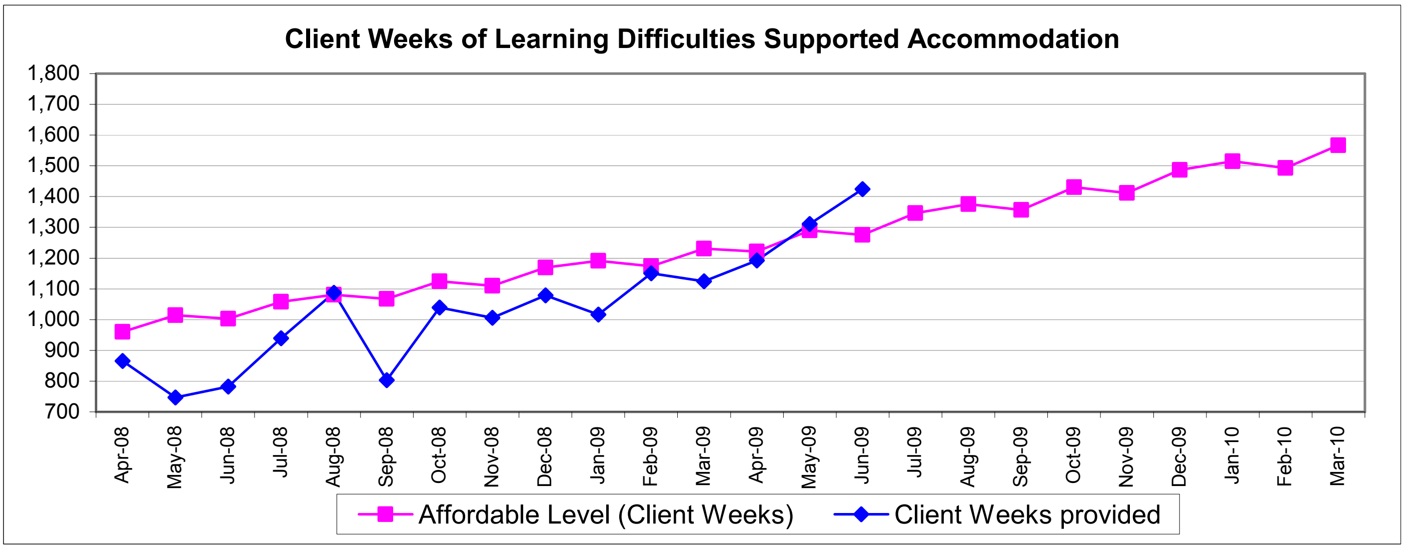
Comments:

- Clients being placed in residential care are those with very complex and individual needs which makes 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 £1,100 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 costs – 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 £1,131.43 is higher than the affordable cost of £1,110.15 and this difference of £21.28 adds £695k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.a.

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

	2007-08		2008-09		2009-10	
	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			960	865	1,221	1,192
May			1,014	747	1,290	1,311
June			1,003	782	1,276	1,424
July			1,058	939	1,346	
August			1,081	1,087	1,375	
September			1,067	803	1,357	
October			1,125	1,039	1,431	
November			1,110	1,006	1,412	
December			1,169	1,079	1,487	
January			1,191	1,016	1,515	
February			1,174	1,151	1,493	
March			1,231	1,125	1,567	
TOTAL	**7,618**	**11,156**	**13,183**	**11,639**	**16,770**	**3,927**



Comments:

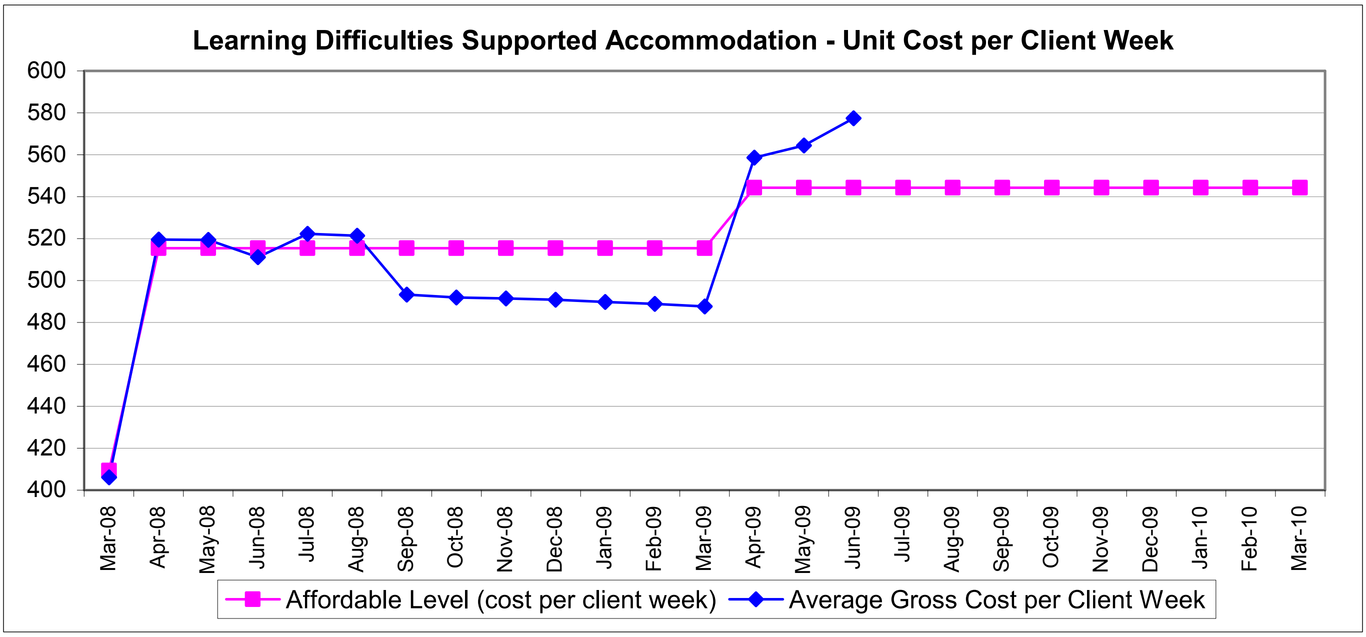
- The above graph reflects the number of client weeks of service. The actual number of clients in LD supported accommodation at the end of 2007-08 was 193 and at the end of March 2009 it was 233. As at the end of June, the numbers had increased to 276.

- The latest forecast position of 16,898 weeks against an affordable level of 16,770 weeks shows a difference of 128 weeks, which indicates a pressure of £74k using a unit cost of £577.33.

- 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 increasingly complex and unique cases will be successfully supported to live independently. The forecast assumes further small increases in clients in the year.

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

	2007-08		**2008-09**		**2009-10**	
	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			515.41	519.60	544.31	558.65
May			515.41	519.40	544.31	564.49
June			515.41	511.10	544.31	577.33
July			515.41	522.30	544.31	
August			515.41	521.40	544.31	
September			515.41	493.33	544.31	
October			515.41	491.85	544.31	
November			515.41	491.47	544.31	
December			515.41	490.83	544.31	
January			515.41	489.75	544.31	
February			515.41	488.90	544.31	
March	409.31	406.18	515.41	487.60	544.31	



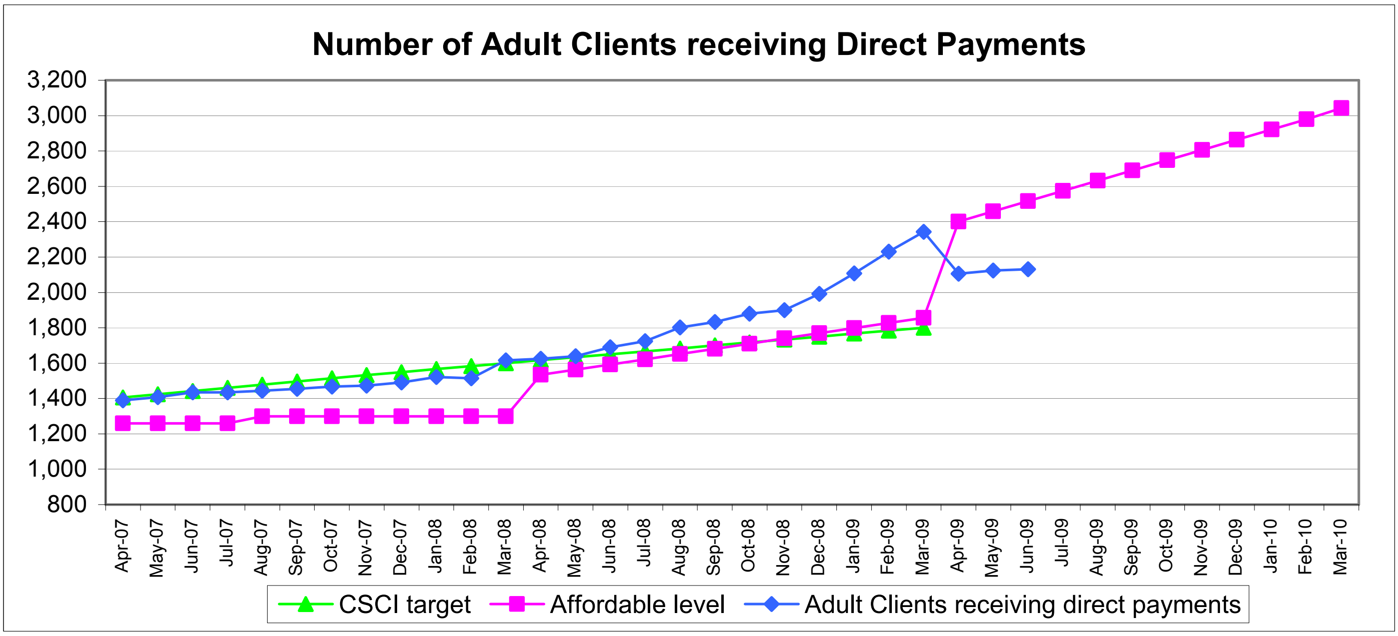
Comments:

- The forecast unit cost of £577.33 is higher than the affordable cost of £544.31 and this difference of £33.02 adds £554k to the position when multiplied by the affordable weeks as highlighted in section 1.1.3.2.b.

- 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.

2.6 Direct Payments – Number of Adult Social Services Clients receiving Direct Payments:

	2007-08			2008-09			2009-10	
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments
April	1,406	1,259	1,390	1,617	1,535	1,625	2,400	2,106
May	1,424	1,259	1,407	1,634	1,564	1,639	2,458	2,124
June	1,442	1,259	1,434	1,650	1,593	1,689	2,516	2,131
July	1,460	1,259	1,434	1,667	1,622	1,725	2,574	
August	1,478	1,299	1,444	1,683	1,651	1,802	2,632	
September	1,496	1,299	1,454	1,700	1,681	1,832	2,690	
October	1,514	1,299	1,467	1,717	1,710	1,880	2,748	
November	1,532	1,299	1,472	1,734	1,740	1,899	2,806	
December	1,549	1,299	1,491	1,750	1,769	1,991	2,864	
January	1,566	1,299	1,522	1,767	1,799	2,108	2,922	
February	1,583	1,299	1,515	1,783	1,828	2,231	2,980	
March	1,600	1,299	1,615	1,800	1,857	2,342	3,042	



Comments:

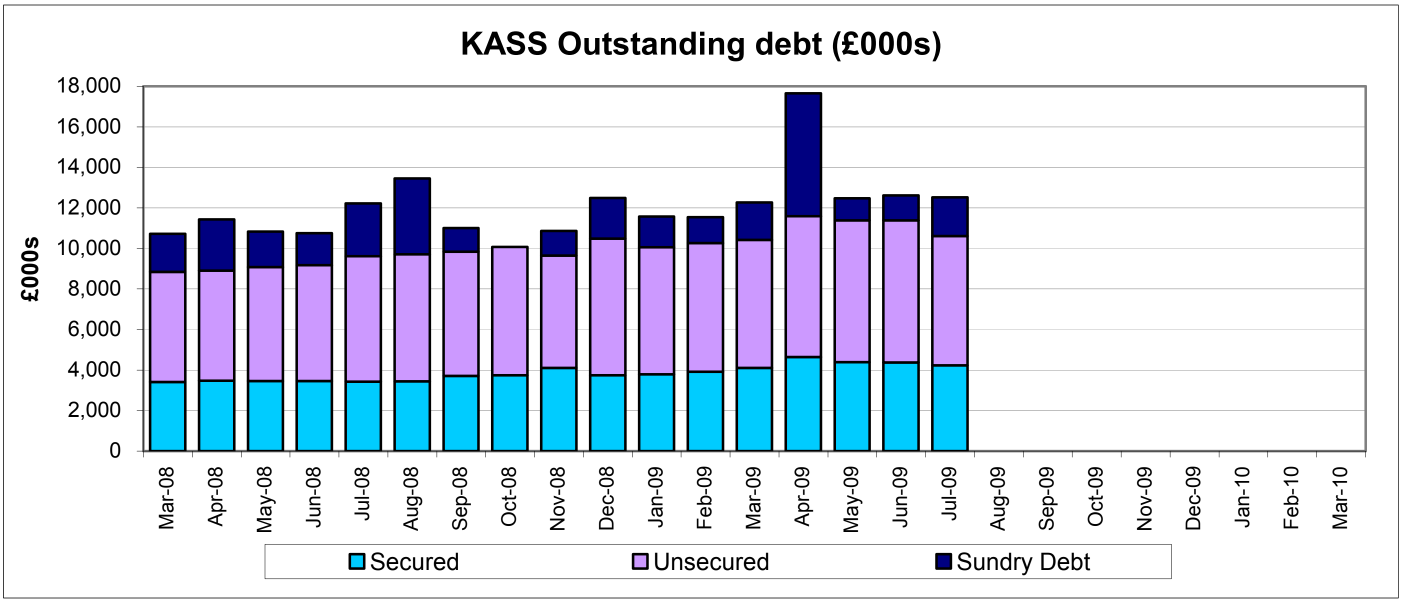
- From April 2008, the national measure for direct payments counted the permanent placements and the number of one-off payments within the year. The position reported for March 2009 represented the total activity for 2008-09 ie of the 2,342 adult clients reported as receiving a direct payment, 2,055 were in receipt of ongoing payments and 287 were clients that had received one-off payments at some point throughout the year. From April 2009, we are again counting the permanent placements and any one-off placements since April. However, this will not be directly comparable with the March 2009 position as we currently have only three months worth of one-off payments in the 2009-10 data compared to 12 months worth included in the March 2009 figure, and therefore it will appear lower. For purposes of comparison, the ongoing placements as at March were 2,055, as at June this had increased to 2,065.
- From 2009-10, we no longer have a CSCI target for direct payments.

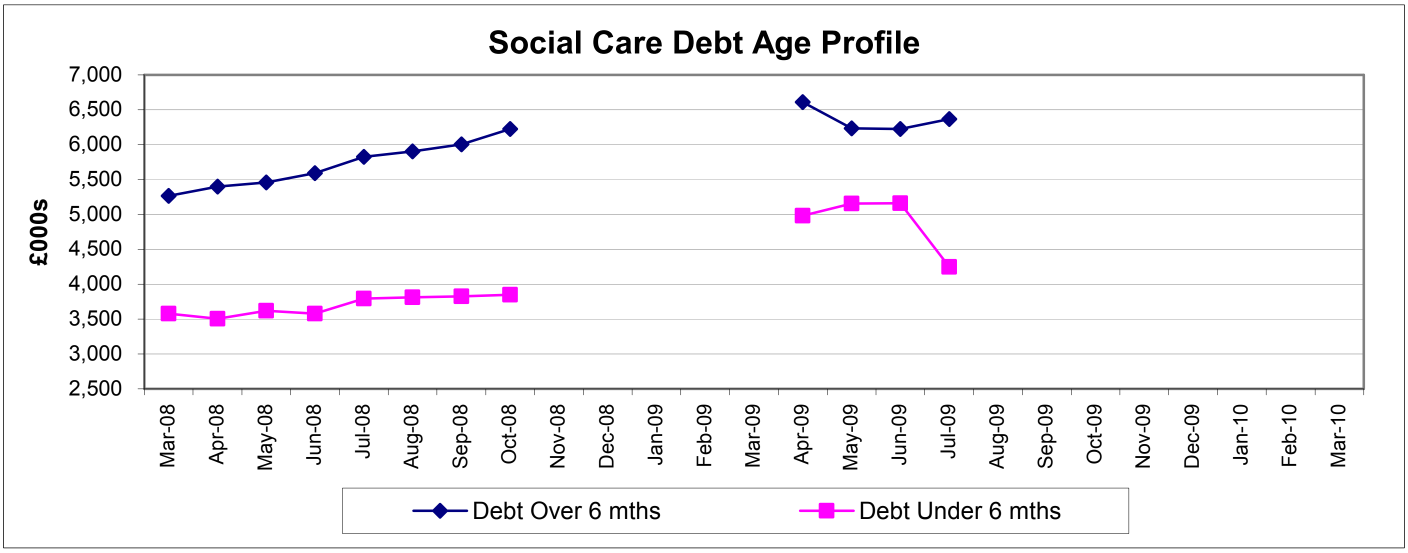
3. KASS OUTSTANDING DEBT

The outstanding debt as at July was £13.9m excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this is £12.0m relating to Social Care (client) debt and 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 also means that as the Directorate moved onto the new Client Billing system in October 2008, the balance will differ from that reported by Corporate Exchequer who report on a calendar month basis, apart from the period November 2008 to March 2009, when the figures are based on calendar months, as provided by Corporate Exchequer, because reports at that time were not aligned with the four weekly billing runs. From April 2009 the debt figures revert back to being on a four weekly basis to coincide with invoice billing runs. The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became "new" for purposes of reporting therefore it was not possible to show ageing until April.

			Social Care Debt				
Debt Month	Total Due Debt (Social Care & Sundry Debt) £000	Sundry Debt £000	Total Social Care Due Debt £000	Debt Over 6 mths £000	Debt Under 6 mths £000	Secured £000	Unsecured £000
Mar-08	**10,727**	**1,882**	8,845	5,268	3,577	3,410	5,435
Apr-08	**11,436**	**2,531**	8,905	5,399	3,506	3,468	5,437
May-08	**10,833**	**1,755**	9,078	5,457	3,621	3,452	5,626
Jun-08	**10,757**	**1,586**	9,171	5,593	3,578	3,464	5,707
Jul-08	**12,219**	**2,599**	9,620	5,827	3,793	3,425	6,195
Aug-08	**13,445**	**3,732**	9,713	5,902	3,811	3,449	6,264
Sep-08	**11,004**	**1,174**	9,830	6,006	3,824	3,716	6,114
Oct-08	*	*	10,071	6,223	3,848	3,737	6,334
Nov-08	**10,857**	**1,206**	9,651			4,111	5,540
Dec-08	**12,486**	**2,004**	10,482			3,742	6,740
Jan-09	**11,575**	**1,517**	10,058			3,792	6,266
Feb-09	**11,542**	**1,283**	10,259			3,914	6,345
Mar-09	**12,276**	**1,850**	10,426			4,100	6,326
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	**0**						
Sep-09	**0**						
Oct-09	**0**						
Nov-09	**0**						
Dec-09	**0**						
Jan-10	**0**						
Feb-10	**0**						
Mar-10	**0**						

* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point, hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system.





* The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became “new” for purposes of reporting therefore it was not possible to show ageing until April (i.e. once these debts became 6 months old in the new system).

ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE SUMMARY JULY 2009-10 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 revised portfolio structure; a number of technical adjustments to budget and the addition of £1.206m of roll forward from 2008-09, as approved by Cabinet on 13 July 2009.
- 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 2 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	
Environment, Highways & Waste portfolio							
Kent Highways Services	59,986	-6,860	53,126	2,950	0	2,950	White lines (+£0.6m), signs (+£0.25m) and resurfacing (+£2.1m)
Public Transport Contracts	18,273	-2,400	15,873	0	0	0	
Waste Management	69,827	-1,973	67,854	-2,976	0	-2,976	Reduced tonnage -£2.170m & Allington WtE off-line -£0.806m
Environmental Group	8,814	-4,278	4,536	0	0	0	
Strategic Planning	808		808	0	0	0	
Planning Applications	1,440	-477	963	0	0	0	
Transport Strategy Group	470		470	0	0	0	
Strategic Management	850		850	0	0	0	
Resources	5,812	-276	5,536	0	0	0	
Support Services purchased from CED	1,871		1,871	0	0	0	
Total E, H & W	**168,151**	**-16,264**	**151,887**	**-26**	**0**	**-26**	
Assumed Management Action							
Forecast after Mgmt Action				**-26**	**0**	**-26**	

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:

Waste Management:

1.1.3.1 The waste tonnage figures for May, June and July (provisional) are significantly below the affordable (budgeted) level. This means that there is a substantial saving from reduced waste tonnage and it is expected that waste volumes will continue to be below the budgeted level for the remainder of the financial year. Having said that, March and April both exceeded the 2008 levels (March significantly), so the continued reduction cannot be guaranteed. Our current estimate for the reduced tonnage is around 35,000 tonnes, which at an average of roughly £62 per tonne, produces a budget saving for 2009-10 of approximately £2.17m.

1.1.3.2 Given the volatile nature of the waste volumes as described in the paragraph above and the fact that at some point consumption is likely to increase when we come out of recession, reliance on permanently low waste tonnage is inadvisable. Waste tonnage reductions could easily reverse and pent-up demand for replacement household goods may accentuate this. Very small changes in consumer behaviour, if they are replicated across the households in Kent, can have a very large effect on the cost of waste disposal. Each 1% increase in waste tonnage on the existing 796,000 tonne budget will cost around £0.5m. If each household throws away just one additional kilogramme of rubbish per week, this would equate to an increase of 3.6% and a disposal cost of nearly £2m.

1.1.3.3 There has also been some planned downtime for the Allington waste to energy plant for maintenance prior to handover to KentEnviropower Ltd from the construction contractor, resulting in 62,000 tonnes being diverted to landfill. This gives a one-off saving of approximately £0.8m.

<u>Kent Highways Services (KHS):</u>

1.1.3.4 The highways budget continues to be under significant pressure. The backlog of capital maintenance remains high, which in turn puts pressure on revenue spend. There has been an injection of capital cash in 2009-10 to start reducing some of the backlog, but there are a number of roads in serious need of resurfacing which cannot be met from current allocations. It is proposed therefore that KHS make a revenue contribution, (to be funded from the underspending on Waste Management), to bring forward these essential resurfacing works into 2009-10. **Cabinet is asked to agree this proposal.**

1.1.3.5 The Directorate expected to receive its rollover from 2009-10 and had earmarked this funding for a number of highways projects. As agreed by Cabinet in July, the rollover, which was not already committed, is now being held in the Economic Downturn reserve pending decisions during the budget process throughout the autumn as to how this will be used.

1.1.3.6 One project however, which was agreed at the Highways Advisory Board and is already underway is the white lining project. This is a complete refresh of white lines in 31 towns across Kent (Maidstone and Ashford are already complete). Continuation of this project will cause KHS to overspend by about £600k, which will now need to be set against this year's waste underspend.

1.1.3.7 There is also a need to do a comprehensive clean of all of our signs which will add a further £250k to the signs and lines budget.

1.1.3.8 There are other emerging causes for concern in the KHS budget, with continuing pressure on vegetation control, dilapidation charges against Beer Cart lane premises and not being able to reduce energy consumption as quickly as was originally budgeted, due to delays in completing the inventory and building an array in order to give a clearer indication of actual consumption. These pressures are being quantified at the moment and will be reported in coming months if they cannot be contained within existing KHS allocations.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	KHS - In order to reduce backlog of capital maintenance	+2,100	EHW	Reduced waste tonnage	-2,170
EHW	KHS - White lining refresh	+600	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for planned maintenance	-806
EHW	KHS - Sign cleaning programme	+250			
		+2,950			-2,976

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

There are no specific actions required to achieve this position.

1.1.5 **Implications for MTP**:

The ongoing pressures on the KHS budget are a cause for concern for the MTP. The waste tonnage is currently in our favour but as described in paragraph 1.1.3.2, this may be reversed by very small changes in household behaviour.

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

There are no re-phasings to report at this stage.

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

The residual variance is currently minimal (-£26k).

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 13th July 2009, 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Budget	161,469	129,553	154,167	124,938	325,986	896,113
Adjustments:						
- roll forward	-5,404	5,404	0	0	0	0
- Outturn and pre-outturn changes	-56,285					-56,285
- Energy & Water Investment Fund		-117				-117
- Highway Maintenance		-2,100	0	0	0	-2,100
- Integrated Transport		-1,518	0	0	0	-1,518
- Major Schemes - Design Fees		-350	0	0	0	-350
Revised Budget	99,780	130,872	154,167	124,938	325,986	835,743
Variance		-28,506	11,947	-5,656	23,767	1,552
split:						
- real variance		-306	-3,587	-6,614	+12,059	+1,552
- re-phasing		-28,200	+15,534	+958	+11,708	0

Real Variance	**0**	**-306**	**-3,587**	**-6,614**	**+12,059**	**+1,552**
Re-phasing	**0**	**-28,200**	**+15,534**	**+958**	**+11,708**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2009-10 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.

Whilst, there is large rephasing of capital spend being reported this month, this is mainly on schemes where we have less control on the delivery timetable i.e. those relying on securing Government grants or those requiring large developer contributions (which are difficult to secure in the current downturn). However, the schemes where we have full control over the programme such as the recurring highway capital maintenance and the integrated transport schemes etc., are all on target. The Sittingbourne Northern Relief Road is in front of its scheduled spend and the project is also on target to deliver a substantial underspend (not accruing to KCC though as the scheme is grant and developer funded).

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	Sittingbourne Relief Road	phasing			+1,592	
EHW	Major Scheme Design	real	+250			
			+250	**+0**	**+1,592**	**+0**
Underspends/Projects behind schedule						
EHW	East Kent Access Rd Ph 2	phasing			-10,696	
EHW	Reshaping Highways Accomm.	phasing		-5,939		
EHW	Ashford Drovers Roundabout	phasing			-3,712	
EHW	Victoria Way	phasing			-3,476	
EHW	KTS Transport Programme	phasing			-2,449	
EHW	Church Marshes Transfer Station	phasing			-970	
EHW	Hernebay Site Improvement	phasing		-823		
EHW	Rushenden Relief Road	phasing			-781	
EHW	Dartford Heath Site Replacement	real		-687		
EHW	Wetland	phasing		-478		
EHW	Integrated Transport scheme	phasing	-300			
			-300	**-7,927**	**-22,084**	**-0**
			-50	**-7,927**	**20,492**	**-0**

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

Sittingbourne Northern Relief Road – ahead of plan £1.592 million

This scheme is designed to deliver regeneration of Sittingbourne by supporting existing and future commercial and housing development. The scheme progress is expected to be advanced by £1.6million representing 4% of the revised scheme cost. The total scheme cost has now been reduced by £7.4million due to favourable tender price under current economic climate and consequent adjustment of risk registers. The scheme is expected to start in October 09 and looks to an accelerated completion. The cost reduction of the scheme has no financial savings to the council as the scheme is funded from grant and the developer. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,553	10,058	18,604	10,909	0	43,124
Forecast	3,553	11,650	13,643	4,041	2,761	35,648
Variance	0	+1,592	-4,961	-6,868	+2,761	-7,476
FUNDING						
Budget:						
grant	3,428	10,058	18,604	6,809	0	38,899
developer cont	67			4,100		4,167
revenue	58					58
TOTAL	3,553	10,058	18,604	10,909	0	43,124
Forecast:						
grant	3,428	11,570	13,643	2,702		31,343
developer cont	67			1,339	2,761	4,167
revenue	58	80				138
TOTAL	3,553	11,650	13,643	4,041	2,761	35,648
Variance	**0**	**+1,592**	**-4,961**	**-6,868**	**+2,761**	**-7,476**

East Kent Access Road Phase 2; -£10.696 million

This scheme is designed to deliver improved economic performance for east Kent. The scheme has re-phased by £10.7m, representing 12% of the total value of the scheme. The start of the scheme has been delayed by 15 months due to the delay in confirmation of statutory Orders and more recently by awaiting Full Approval of funding from DfT. The total scheme cost has significantly increased due to Tender returns being significantly above the estimate and this was considered to be a combination of increased archaeology costs and contractors being more cautious about the cost of the complex box structure under the railway line, together with the risks associated with Network Rail approval. The increased cost has been reported to PAG on 29 July and was approved. The full approval of funding is expected in August and an award of contract will follow with a formal start of construction in October 2009. There will be no delay in the completion of the scheme, but there will be some delays in the settlement of part1 land compensation claims. There is no service or the financial implications by the expected delay in settling the claims. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	262	21,393	27,745	21,574	0	70,974
Forecast	262	10,697	37,895	26,541	11,605	87,000
Variance	0	-10,696	+10,150	+4,967	+11,605	+16,026
FUNDING						
Budget:						
prudential				1,660	0	1,660
prudential/revenue						0
grant	262	21,393	27,745	19,914	0	69,314
TOTAL	262	21,393	27,745	21,574	0	70,974
Forecast:						
prudential				1,660		1,660
prudential/revenue					4,090	4,090
grant	262	10,697	37,895	24,881	7,515	81,250
TOTAL	262	10,697	37,895	26,541	11,605	87,000
Variance	**0**	**-10,696**	**+10,150**	**+4,967**	**+11,605**	**+16,026**

Kent Highways accommodation; -£5.939 million

This scheme is designed to deliver service improvements through creating the West Kent equivalent of the new Ashford super depot. A site has now been identified (after considerable difficulty in finding a suitable location) but the purchase of this land will be subject to gaining the appropriate planning permission. This will not happen now before the end of the financial year and therefore the spend will need to be rephased into 2010/11. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	16,605	6,489	2,000			25,094
Forecast	16,605	550	7,939			25,094
Variance	0	-5,939	+5,939	0	0	0
FUNDING						
Budget:						
prudential	4,555	107				4,662
prudential/revenue	10,483	2,463	2,000			14,946
PEF2		3,398				3,398
external other	9					9
capital receipts	1,558	521				2,079
TOTAL	16,605	6,489	2,000	0	0	25,094
Forecast:						
prudential	4,555		107			4,662
prudential/revenue	10,483	550	3,913			14,946
PEF2			3,398			3,398
external other	9					9
capital receipts	1,558		521			2,079
TOTAL	16,605	550	7,939	0	0	25,094
Variance	**0**	**-5,939**	**+5,939**	**0**	**0**	**0**

Kent Thameside Strategic Transport Programme; -£2.449 million

This programme is designed to deliver a package of Strategic Transport schemes in the Kent Thameside area. The programme has re-phased by £2.4million representing 1% of its total value. This change is due to a delay in the programme due to the slow down in development in Kent Thameside area and the fact that funding agreements have not been secured with HAC/DfT. There is an overall reduction in the programme due to change in price base compared to 2007. This is a long term project that covers a wide time span. The necessary infrastructure will be crucial, to deliver growth in the Thameside area . This current delay should have minimal impact to the 20 year plus development timescale for this area (provided that sufficient contributions can be secured in the future).

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	155	3,166	7,011	15,741	125,194	151,267
Forecast	155	717	1,736	9,486	131,622	143,716
Variance	0	-2,449	-5,275	-6,255	+6,428	-7,551
FUNDING						
Budget:						
grant		2,770	3,030	4,310	38,112	48,222
developer cont		396	3,981	11,431	87,082	102,890
revenue	155					155
TOTAL	155	3,166	7,011	15,741	125,194	151,267
Forecast:						
grant		331	876	6,625	39,665	47,497
developer cont		386	860	2,861	91,957	96,064
revenue	155					155
TOTAL	155	717	1,736	9,486	131,622	143,716
Variance	**0**	**-2,449**	**-5,275**	**-6,255**	**+6,428**	**-7,551**

Ashford Drovers Roundabout; -£3.712 million

This scheme is designed to support the growth of Ashford and improve access into the area from the west, including measures to facilitate future Smartlink and access to the Waren Park & Ride site. The scheme has re-phased by £3.7million representing **24**% of the total value of the scheme. The programme has changed from what was an optimistic profile in the RIF bid aimed at achieving acceptance. The announcements on RIF have been delayed and this has allowed the design of Drovers roundabout which is a complex junction involving a roundabout with five dual carriageways entries to be reviewed The Highways Agency has asked for the slip road aspects of the M20 J9 scheme to be reviewed. Ashford's Future Partnership board has also asked for the new footbridge over the M20, as a consequence of the J9 improvements to be more of a feature structure rather than a utilitarian solution. The South East Regional Panel are minded to approve RIF which will require substantive expenditure to be completed by 31 March 2011. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	269	4,946	10,000			15,215
Forecast	269	1,234	13,712			15,215
Variance	0	-3,712	+3,712	0	0	0
FUNDING						
Budget:						
grant	269	4,946	10,000			15,215
TOTAL	269	4,946	10,000	0	0	15,215
Forecast:						
grant	269	1,234	13,712			15,215
TOTAL	269	1,234	13,712	0	0	15,215
Variance	**0**	**-3,712**	**+3,712**	**0**	**0**	**0**

Victoria Way Phase 1; -£3.476 million

This scheme is designed to support the growth of the Ashford town centre to the south and provide a link between Beaver Road and A28 Chart Road. It has re-phased by £3.5million representing 21% of the total value of the scheme. The programme has changed from what was an optimistic profile in the CIF bid aimed at achieving acceptance. The rephasing is due to delay in securing planning consent and in publishing statutory Orders to accommodate scheme amendments and the outcome of negotiations with commercial landowners. KHS are working with Ashford Future Company to deliver a tight but just deliverable programme subject to the full support of the Ashford Future Partnership Board and other key partners. Revised phasing of the scheme is now as follows:

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	611	6,989	9,000			16,600
Forecast	611	3,513	12,476			16,600
Variance	0	-3,476	+3,476	0	0	0
FUNDING						
Budget:						
grant	611	6,989	9,000			16,600
TOTAL	611	6,989	9,000	0	0	16,600
Forecast:						
grant	611	3,513	12,476			16,600
TOTAL	611	3,513	12,476	0	0	16,600
Variance	**0**	**-3,476**	**+3,476**	**0**	**0**	**0**

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

The Major Scheme Design budget has an overspend of £0.250m on the Smart Link transport project in Ashford on preparation of major scheme business case and Waren Street Park and Ride. This will be met by GAF3 funding.

Swanley Household Waste Recycling Centre project is now completed and showing an over spend of £0.118m. This is mainly due to price increases and some minor modification to original scheme specification. This real overspend will be funded from the under spend on Dartford Heath site replacement (-£0.687m). This project is currently on hold due to problems finding a suitable site. All other Waste Management Capital programmes have now been reviewed to fund identified overspend in the current and the future years by rephrasing and reducing the scope of other waste projects.

Ashford Ring road is expected to overspend by £0.045m due to design of Latitude walk which will be funded from GAF3.

After allowing for these funding issues the true underlying variance is £0.032m.

1.2.6 **General Overview of capital programme**:

(a) Risks

One of the major risks for EHW at the moment is the cost escalation on the East Kent access phase 2 scheme. Tenders came back with an increase of £16m over initial expected costs, with KCC needing to meet 25% of this (DfT have agreed in principle to fund the other 75%). The higher price for the scheme was considered to be a combination of increased archaeology costs and contractors being more cautious about the cost of the complex box structure under the railway line, together with the risks associated with Network Rail approval for any works affecting the railway.

Schemes linked heavily to developer contributions are struggling due to the economic downturn. This mainly affects projects in the Thameside and Ashford areas, although schemes such as Sittingbourne Northern Relief road (SNRR) also have some significant developer funding attached.

(b) Details of action being taken to alleviate risks

EHW have identified savings in future years' budgets to fund prudential borrowing to cover the shortfall in funding. The Directorate is working hard to reduce the cost of the scheme through value engineering but 75% of saving will need to be returned to DfT, reflecting their share of the cost increase. We have appointed independent quantity surveyors to review the scheme and to provide ongoing monitoring and challenge to ensure best price is achieved.

We are working closely with landowners and developers to ensure that contributions are secure and in the case of SNNR have sought a letter of comfort to confirm the developer's intention and ability to pay. Schemes will not proceed unless KCC's financial position is protected.

1.2.7 **Project Re-Phasing**

It is proposed that a cash limit change be recommended for the following 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 can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Integrated Transport					
Amended total cash limits	+13,234	+16,418	+17,200	+37,100	+83,952
re-phasing	-300	+300			0
Revised project phasing	**+12,934**	**+16,718**	**+17,200**	**+37,100**	**+83,952**
Wetland Creation					
Amended total cash limits	+488				+488
re-phasing	-478	+478			0
Revised project phasing	**+10**	**+478**	**0**	**0**	**+488**
Herne Bay Site Improvements					
Amended total cash limits	+923				+923
re-phasing	-823	+823			0
Revised project phasing	**+100**	**+823**	**0**	**0**	**+923**
Re-shaping Kent Highways					
Amended total cash limits	+6,489	+2,000			+8,489
re-phasing	-5,939	+5,939			0
Revised project phasing	**+550**	**+7,939**	**0**	**0**	**+8,489**
Maidstone/Tonbridge Site					
Amended total cash limits	+200	+550	+1,250		+2,000
re-phasing	-200	-550	-472	+1,222	0
Revised project phasing	**0**	**0**	**+778**	**+1,222**	**+2,000**
Church Marshes Transfer Station					
Amended total cash limits	+1,000	+775			+1,775
re-phasing	-970	-675	+1,645		0
Revised project phasing	**+30**	**+100**	**+1,645**	**0**	**+1,775**
East Kent Waste - Ashford					
Amended total cash limits		+5,000			+5,000
re-phasing		-2,000	+2,000		0
Revised project phasing	**0**	**+3,000**	**+2,000**	**0**	**+5,000**
Sittingbourne Northern Relief Road					
Amended total cash limits	+10,058	+18,604	+10,909		+39,571
re-phasing	+1,592	-1,592	-2,761	+2,761	0
Revised project phasing	**+11,650**	**+17,012**	**+8,148**	**+2,761**	**+39,571**
Rushenden Link Road					
Amended total cash limits	+9,531	+3,102			+12,633
re-phasing	-781	+781			0
Revised project phasing	**+8,750**	**+3,883**	**0**	**0**	**+12,633**

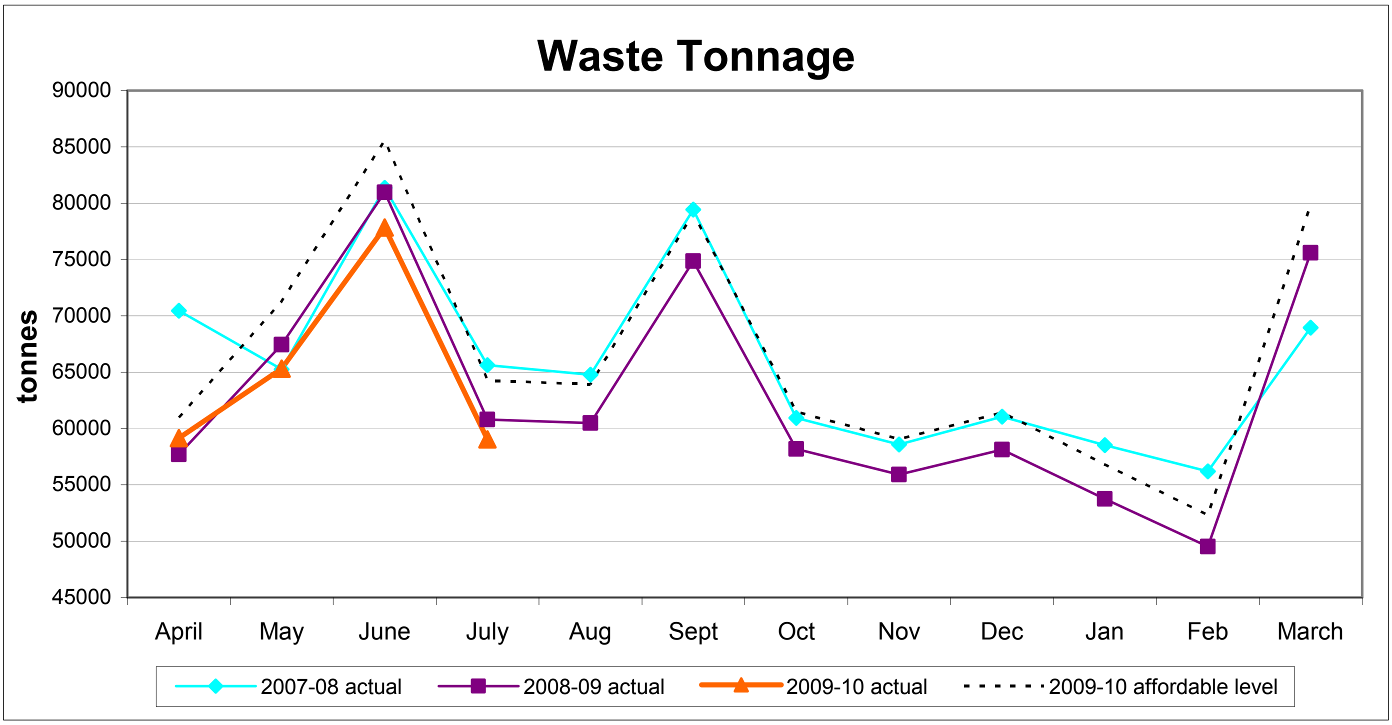
	2009-10	2010-11	2011-12	Future Years	Total
East Kent Access phase 2					
Amended total cash limits	+21,393	+27,745	+21,574		+70,712
re-phasing	-10,696	+10,150	+546		0
Revised project phasing	**+10,697**	**+37,895**	**+22,120**	**0**	**+70,712**
Kent Thameside Strategic Transport					
Amended total cash limits	+3,166	+7,011	+15,741	+125,194	+151,112
re-phasing	-2,449	-5,276	0	+7,725	0
Revised project phasing	**+717**	**+1,735**	**+15,741**	**+132,919**	**+151,112**
Ashford - Drovers Roundabout					
Amended total cash limits	+4,946	+10,000			+14,946
re-phasing	-3,712	+3,712			0
Revised project phasing	**+1,234**	**+13,712**	**0**	**0**	**+14,946**
Ashford - Victoria Way					
Amended total cash limits	+6,989	+9,000			+15,989
re-phasing	-3,476	+3,476			0
Revised project phasing	**+3,513**	**+12,476**	**0**	**0**	**+15,989**
Total re-phasing >£100k	**-28,232**	**+15,566**	**+958**	**+11,708**	**0**
Other re-phased Projects below £100k					
re-phasing	+32	-32			0
Revised phasing	**+32**	**-32**	**0**	**0**	**0**
TOTAL RE-PHASING	**-28,200**	**+15,534**	**+958**	**+11,708**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2006-07	2007-08	2008-09	2009-10	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	69,137	70,458	57,688	59,158	60,957
May	69,606	65,256	67,452	65,304	71,274
June	82,244	81,377	80,970	77,844	85,558
July	63,942	65,618	60,802	59,020	64,248
August	62,181	64,779	60,575		63,921
September	77,871	79,418	74,642		79,100
October	61,066	60,949	58,060		61,465
November	60,124	58,574	55,789		59,065
December	64,734	61,041	58,012		61,414
January	60,519	58,515	53,628		56,798
February	58,036	56,194	49,376		52,313
March	73,171	68,936	76,551		79,887
TOTAL	**802,631**	**791,115**	**753,545**	**261,326**	**796,000**

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



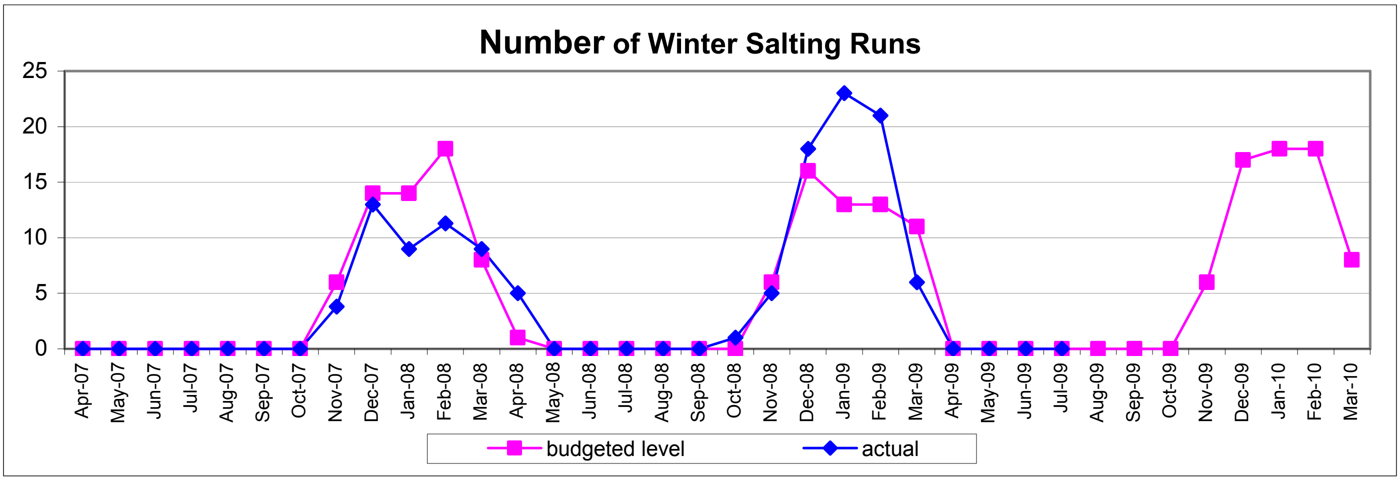
Comments:

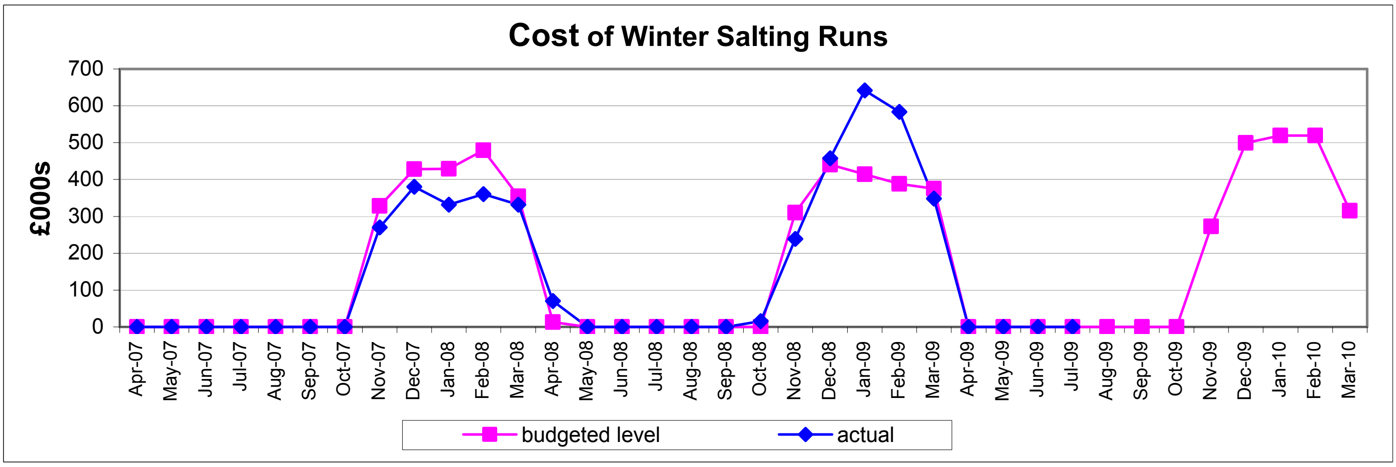
- The March 2009 tonnage figures were considerably higher than the equivalent figure for 2008 and the April figure also slightly higher. This indicated that the decline in waste tonnage may have eased or indeed, started to reverse. However the May, June and July (provisional) figures have returned to the lower levels seen through most of the last financial year, again demonstrating the unpredictable nature of waste volumes.

- The tonnage is expected to remain below the affordable level for the remainder of the year but may exceed 2008-09 levels in particular months.

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

	2007-08				2008-09				2009-10			
	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	-	-	-	-	5	1	70	13	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-		-		-
September	-	-	-	-	-	-	-	-		-		-
October	-	-	-	-	1	-	16	-		-		-
November	3.8	6	270	328	5	6	239	310		6		273
December	13.0	14	380	428	18	16	458	440		17		499
January	9.0	14	332	429	23	13	642	414		18		519
February	11.3	18	360	479	21	13	584	388		18		519
March	9.0	8	332	354	6	11	348	375		8		315
TOTAL	**46.1**	**60**	**1,674**	**2,018**	**79**	**60**	**2,357**	**1,940**	**0**	**67**	**0**	**2,125**



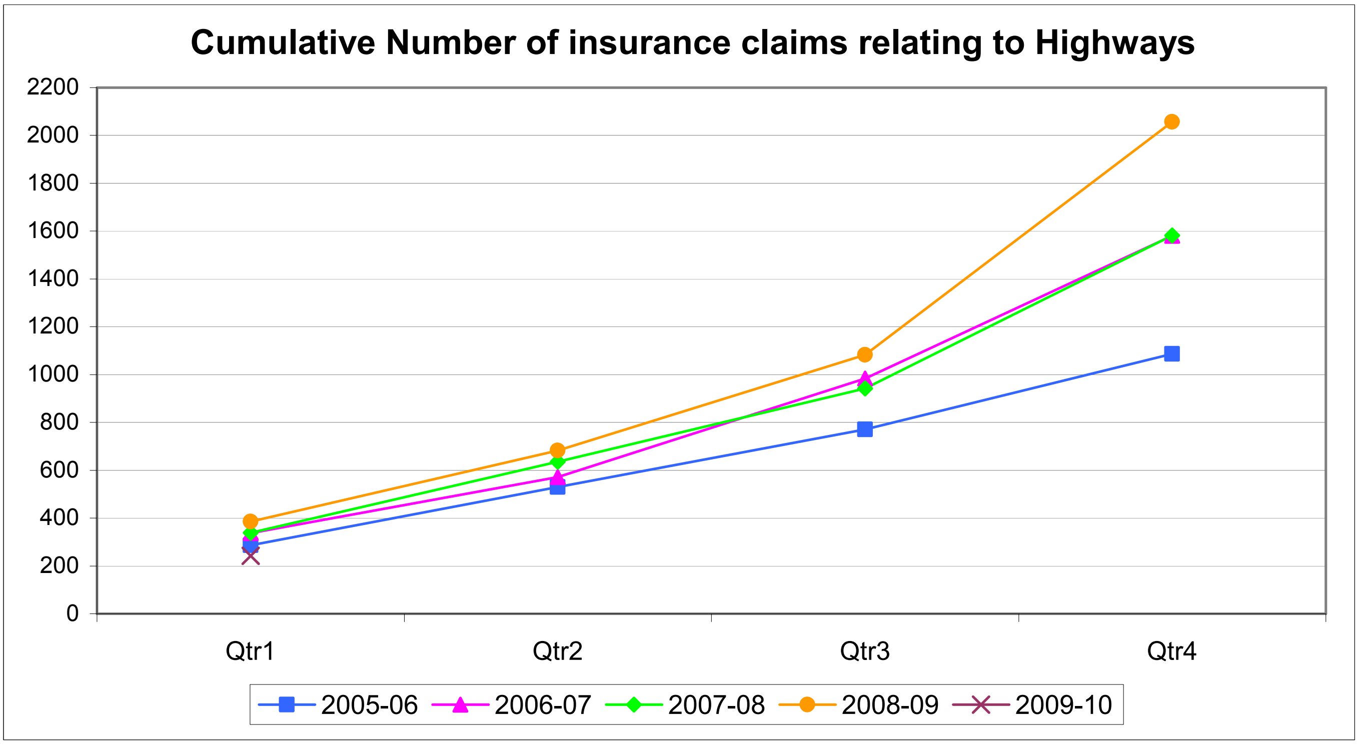


Comment:

- The charges for the Winter Maintenance Service reflect two elements of cost: the smaller element being the variable cost of the salting runs undertaken; the major element of costs, relating to overheads and mobilisation within the contract, have been apportioned equally over the 5 months of the normal salting period.

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

	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	337	338	385	242
July – Sept	530	572	635	682	
Oct – Dec	771	983	942	1,083	
Jan - Mar	1,087	1,581	1,582	2,057	



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 14 July 2009.
- The number of claims rose sharply at the end of 2008-09. The particularly adverse weather conditions and the consequent damage to the highway seems a major factor with this along with some possible effect from the economic downturn. The number of claims for the first quarter of 2009-10 is back below the average but this figure may rise as claims continue to be submitted for that period (see paragraph above).
- The Insurance Section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority manages to achieve a rejection rate of claims, where it is considered that we do not have any liability, of about 75%.

Annex 4

COMMUNITIES DIRECTORATE SUMMARY
JULY 2009-10 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 have been adjusted since the budget was set to reflect the new portfolio structure, a number of technical adjustments to budget and the roll forward of £0.017m from 2008-09, as agreed by Cabinet on 13 July 2009.
- 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 2 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 portfolio							
Turner Contemporary	1,122	-332	790	0	0	0	
Kent Drug & Alcohol Action Team	17,193	-14,904	2,289	-57	57	0	
Youth Offending Service	6,813	-2,986	3,827	0	0	0	
Youth Services	12,964	-5,829	7,135	334	-334	0	Unbudgeted one-off income - and resulting expenditure - mostly concerning Contactpoint (£111k) and ToGoGo (£152k) projects.
Adult Education (incl KEY)	17,319	-17,530	-211	70	-211	-142	Net variance relates to £160k vacancy management within AE and £19k deficit on KEY that cannot be mitigated in year. Additional LSC & ESF income for Response to Redundancy/ Skills Development & associated costs
Arts Unit	1,407	-91	1,316	0	0	0	
Libraries, Archives & Museums	23,337	-2,861	20,476	-189	189	0	Underachievement of AV & merchandising income targets and further forecast reductions given declining demand, offset by increased income from prisons. Gross variance relates to extended vacancy management/ freeze in order to deliver balanced budget.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Sports, Leisure & Olympics	2,486	-1,287	1,199	177	-177	0	Additional income from partner agencies to fund new projects, with associated spend on contracts with private/public sectors
Supporting Independence	1,616	0	1,616	0	0	0	
Kent Community Safety Partnership	4,203	-283	3,920	-32	32	0	
Coroners	2,421	-384	2,037	277	0	277	Continuation of 2008-09 pressures on Mortuary fees/long inquests, Pathology costs and new pressure regarding body removal, toxicology & histology
Emergency Planning	807	-168	639	0	0	0	
Kent Scientific Services	1,327	-752	575	0	50	50	Unachievable internal income target
Registration	4,224	-3,140	1,084	-14	14	0	
Trading Standards	3,820	-340	3,480	-90	14	-76	Extended vacancy management policy to contribute to divisional overspends, with view to appoint to posts in 2010-11. Reduced fees due to self verification of liquid fuel measurements
Policy & Resources	1,349	-77	1,272	-14	14	0	
Business Development & Support	650	-220	430	0	0	0	
Strategic Management	997	0	997	0	0	0	
Centrally Managed directorate budgets	811	-1,320	-509	100	0	100	Contribution to Maidstone Museum, in relation to joint working projects and capital cost of extension
Support Services purchased from CED	4,109	0	4,109	-21	0	-21	Reduced charge for KPSN
Total Communities controllable	**108,975**	**-52,504**	**56,471**	**541**	**-352**	**189**	
Assumed Management Action				**-100**	**0**	**-100**	£100k virement requested from Finance portfolio regarding funding for Maidstone Museum pressure
Forecast after Mgmt Action				**441**	**-352**	**89**	

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 Youth Service: £334k Gross and -£344k Income

The Youth Service has received one-off funding of £152k from CFE with regard to the ToGoGo projects and the redevelopment of its website, (the ongoing annual maintenance costs are funded and included within the existing budget). Gross expenditure has also increased accordingly in line with the planned expenditure on the ToGoGo project.

In addition the Youth Service has received an additional one-off contribution of £111k from DCSF in relation to increased expenditure on its Contactpoint project, with the resulting increase in gross expenditure. Other variances on gross and income are below £100k.

1.1.3.2 Adult Education incl. KEY: -£142k net (+£70k gross, -£211k income)

a) KEY Training: £19k Net pressure (+£191k gross, -£172k income)

The KEY training service has made progress with regard to addressing the 2008-09 overspend and has managed all base pressures, as well as making a small contribution to the rolled forward deficit. Part of the 2008-09 deficit was caused by a timing delay in relation to the Entry to Employment programme where costs were incurred in 2008-09 but that income was not received until the first quarter of 2009-10 due to LSC changing their profile of payments mid year.

The remainder of the deficit in 2008-09 was caused by LSC changing to a demand led approach when allocating funding for Apprenticeships and when the maximum contract values were quantified late in the year, this led to reduced income but left little scope for the service to reduce expenditure levels to address the income shortfall in such a short timeframe when certain commitments were already in place.

A management action plan has been drafted to address the underlying 2008-09 overspend and will be delivered over a two year period. Following the overspending last year, the service has been reviewed and has profiled its gross and income budgets, which now include a monthly contribution to reserves based on 5% of annual income target. This reserve is to provide for possible under achievement of performance indicators that are linked to external funding. There is also a monthly contribution to reserves of £7.5k to mitigate any potential future funding changes. However, these contributions, will not be made until KEY is able to deliver a balanced budget.

Although this service is currently forecasting a net pressure of £19k, within this is a gross and income variance of +£191k and -£172k respectively. The main reason for this is additional income of £172k from LSC and ESF (European Social Fund) in relation to new contracts for Response to Redundancy and Skills Development, but there are also matching additional costs of £172k in relation to servicing these new contracts.

b) Adult Education: £160k Net underspend (-£121k gross, -£39k income)

A saving is forecast of £160k in relation to vacancy management of support staff. This strategy was developed in order to provide capacity to make annual contributions to a reserve to meet planned renewals of plant and equipment rather than meet the full cost of these renewals from the annual budget in the year in which they occur.

As the Communities portfolio as a whole is currently forecasting a net pressure, this contribution will not be made until a balanced position is reported.

The £160k gross saving is partially offset by £39k pressures in relation to IT replacement needs in the Skills Plus Centre and an increase in contracts with the private sector.

The income variance of -£39k is due to forecast growth in income with regard to tuition fees. Fees carried forward from the 2008-09 financial year for courses in the 2008-09 academic year (to Aug 09) have exceeded plans and whilst enrolments are lower than expected for the first quarter of 2009-10, they are expected to increase in the second quarter, which is the busiest period for enrolments.

1.1.3.3 Libraries: -£189k Gross and £189k Income

Libraries are forecasting a reduction in their Audio Visual (AV) income streams of £125k (which is supported by the activity indicators in section 2.2) and a shortfall in their merchandising income of £100k. This is partially offset by increased income from access services, which includes prisons. The service has made a compensating saving on gross expenditure through vacancy management in order to balance their budget.

1.1.3.4 Sports, Leisure and Olympics: £177k Gross and -£177k Income

Additional one-off income of £177k was received in relation to the Active Sports programme with both the grant and income from internal clients increasing. Contracts with the private and voluntary sectors have increased accordingly and are the reason for the variance on gross expenditure.

1.1.3.5 Coroners: +£277k Gross

The service continues to experience pressures arising from pathology and Mortuary costs despite providing an additional £150k into the budget in 2009-10. Increased costs arising from the re-tender of the body removal contract are estimated at £70k during 2009-10, and full year costs of £100k will impact in 2010-11.

There is also a pressure on Histology, Toxicology and Mortuary costs arising from increased activity, as more deaths are being investigated, currently forecast at £152k. The pressure is being exacerbated because one of the coroners has opted to use a private sector provider instead of Kent Scientific Services, thus attracting increased costs.

The Head of Service will be meeting with Coroners in an attempt to agree a solution, but Coroners are governed by central government and not the Communities directorate, which makes this budget very difficult to control.

1.1.3.6 Centrally Managed Budgets: +£100k Gross

The Council was approached by Maidstone Borough Council to contribute towards the construction programme at Maidstone Museum and a £100k contribution has been agreed. This is currently showing as an overspend within Communities Centrally Managed budgets, but **Cabinet is asked to approve a virement** from the underspending within the Finance portfolio (as reported in annex 6) to cover this cost. This is currently shown as management action in table 1 and in section 1.1.7.2 below.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	Additional contracts entered into with private and voluntary sectors in relation to Active Sports programme.	+177	CMY	Libraries: staff savings to mitigate reduced income from AV issues and merchandising.	-189
CMY	Additonal staff costs and contracts with private sector to service the new contracts commissioned by LSC and ESF within Key Training.	+172	CMY	Additional non recurring funding received from external and internal sources in relation to Active Sports programme.	-177
CMY	Coroners: Mortuary, Histology and Toxicology fees that are not governed by CMY	+152	CMY	New funding secured from LSC with regard to Response to Redundancy contract and from ESF with regard to Skills Development within KEY Training	-172
CMY	Youth: increased expenditure on ToGoGo project and website covered by contribution from CFE	+152	CMY	Adult Education support staff savings.	-160
CMY	Reduced forecast in relation to Libraries' Audio Visual income streams due to declining demand and alternative sources of supply.	+125	CMY	Youth: Contribution from CFE towards ToGoGo project and revamp of website.	-152
CMY	Youth: increased expenditure on Contactpoint covered by increase in funding from DCSF.	+111	CMY	Youth: Additional one-off funding from DCSF towards additonal Contactpoint expenditure.	-111
CMY	Libraries: shortfall in merchandising income	+100			
CMY	Contribution to Construction programme at Maidstone Museum	+100			
		+1,089			-961

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

In order to mitigate the underlying rolled forward deficit on KEY Training from 2008-09 of £454k, the Directorate has reviewed the structure of the service and that of Adult Education in order to achieve synergies and better working practices. A thorough review was undertaken concerning staffing levels and premises costs given the reduction in funding available and a management action plan was enacted which will result in a £199k net saving in year, with the full year effect being £534k. This removes the base pressure facing KEY Training and the service is on schedule to present a balanced position by the end of 2010-11.

1.1.5 **Implications for MTP**:

The on-going pressures faced by the Coroners Service and the impact of the full year effect of the body removal contract, are medium term financial pressures for the portfolio. Rising costs concerning mortuary fees, increases in the number of long inquests being held and increased fees for pathology, toxicology and histology all present a base pressure for the Directorate.

Other pressures for the Directorate relate to their property portfolio as there is deemed to be inflationary pressures on energy, premises and other property related expenses.

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

N/A

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

1.1.7.1 Both KEY Training and Adult Education reviewed their structures in an attempt to address the previous year's deficit in KEY so that the service is able to respond more quickly to changes in LSC funding levels. Part of this review included regular annual contributions to reserves as a % of the annual income target of £172.5k and £160k for KEY and Adult Education respectively.

As Communities is currently forecasting a net pressure (mainly in relation to Coroners), these contributions will not start this year as was hoped, but will be factored into the budgets from 2010-11 onwards.

1.1.7.2 The directorate is awaiting approval from Cabinet to a virement from the Finance portfolio to mitigate the £100k commitment relating to Maidstone Museum. This is currently shown as management action in table 1.

1.1.7.3 The directorate will continue to monitor management action on a regular basis and will implement a moratorium on non essential expenditure across the directorate should the position not improve within a reasonable timescale.

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 13th July 2009, 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Community Services Portfolio						
Budget	35,341	28,556	11,933	3,282	5,670	84,782
Adjustments:						
- roll forward	-4,099	1,959	2,140			0
- Outturn and pre-outturn changes	-7,674					-7,674
- Ramsgate Library						0
- Dover Big Screen						0
- Renewal of Library ICT						0
-						0
Revised Budget	23,568	30,515	14,073	3,282	5,670	77,108
Variance		-6,316	+8,434	+816	0	+2,934
split:						
- real variance		-21	2,555	400	0	+2,934
- re-phasing		-6,295	5,879	416	0	-0
Real Variance	**0**	**-21**	**2,555**	**400**	**0**	**2,934**
Re-phasing	**0**	**-6,295**	**5,879**	**416**	**0**	**-0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2009-10 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	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CMY	Ramsgate Library	real		+369		
CMY	Moderisation of Assets	phasing	+385			
			+385	**+369**	**+0**	**+0**
Underspends/Projects behind schedule						
CMY	Ashford Gateway Plus	phasing		-3,521		
CMY	Turner	phasing		-1,171		
CMY	Gravesend Library	phasing			-1,000	
CMY	Contribution to Marlowe Theatre	phasing			-1,000	
CMY	Tunbridge Wells Library	real		-391		
			-0	**-5,083**	**-2,000**	**-0**
			+385	**-4,714**	**-2,000**	**+0**

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

1.2.4.1 **Ashford Gateway Plus; -£3.521 million**

The latest project cost forecast is based on revisions to the project and its funding both of which have been under negotiation with Ashford's Future and HCA for some months. Assuming the planning application is made this month re-phasing of £3.521m is being reported. The estimated opening date is early 2011 and the total cost of the scheme is now estimated at £7.566m. The Funding of the project has been affected by the economic downturn particularly regarding the expected capital receipts from Associate House and the affordability of prudential revenue borrowing. However, the support from GAF3 that has been noted in previous reports is expected to be £1.95m and this will be partly matched by other KCC monies, details of which will be set out when Approval to Spend is sought. The revised scheme is as follows:

	Prior Years	2009-10	2010-11	2011-12	FutureYears	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget*	327	4,661	355			5,343
Forecast*	327	1,140	5,499			6,966
Variance	-	-3,521	5,144	-	-	1,623
* excludes £600k funded by KASS and Gateway						
FUNDING						
Budget:						
prudential		1,000				1,000
prudential/revenue		763	355			1,118
developer cont		157				157
grant						-
capital receipts	327	506				833
general cap receipt		1,000				1,000
PEF2		1,235				1,235
						-
Unfunded						-
TOTAL	327	4,661	355	-	-	5,343
Forecast:						
prudential		634	366			1,000
prudential/revenue			660			660
developer cont			157			157
grant			1,958			1,958
capital receipts	327	506				833
general cap receipt			1,000			1,000
PEF2			650			650
						-
Unfunded			708			708
TOTAL	327	1,140	5,499	-	-	6,966
Variance	**-**	**-3,521**	**5,144**	**-**	**-**	**1,623**

1.2.4.2 **Turner Contemporary; -£1.171 million**

The latest forecast is based on the estimated schedule of payments from the contractor. £1.171m represents 6.7% of the total value of the scheme, however, despite this the project is still on schedule to be completed in 2010 with an official opening in spring 2011. Revised phasing of the scheme is now as follows:

Project: Turner Contemporary

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	2,892	10,512	3,774	222		17,400
Forecast	2,892	9,341	5,167	0		17,400
Variance	0	-1,171	+1,393	-222	0	0
FUNDING						
Budget:						
prudential	2,642	7,962	-2,086	-2,118		6,400
other external	250	2,550	5,860	2,340		11,000
TOTAL	2,892	10,512	3,774	222	0	17,400
Forecast:						
prudential	2,642	7,112	-1,733	-1,048	-573	6,400
other external	250	2,229	6,900	1,048	573	11,000
TOTAL	2,892	9,341	5,167	0	0	17,400
Variance	**0**	**-1,171**	**+1,393**	**-222**	**0**	**0**

1.2.4.3 **Gravesend Library; -£1.0 million**

There have been a number of issues to resolve with design/listed building consent to this project as the library is a Grade II listed building leading to delays of £1.0m (40% of the project cost). These issues have now been resolved and a planning application is expected to be submitted this month, with the project costs being contained within the overall project budget. It is anticipated that work could start on site in January 2010 with the building reopening Spring 2011.

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	37	1,700	763			2,500
Forecast	37	700	1,125	638		2,500
Variance	-	- 1,000	362	638	-	-
FUNDING						
Budget:						
prudential	37	1,700	763			2,500
						-
TOTAL	37	1,700	763	-	-	2,500
Forecast:						
prudential	37	700	1,125	638		2,500
						-
TOTAL	37	700	1,125	638	-	2,500
Variance	**-**	**- 1,000**	**362**	**638**	**-**	**-**

1.2.4.4 **Contribution to The Marlowe Theatre; -£1.0 million**

Agreement as to the draw down of this grant has yet to be finalised with Canterbury City Council. The project is underway in Canterbury and this funding will be matched to the cash flow requirements of the project. At present it seems likely that only half the grant will be required in 2009-10. There are no financial implications because it is a City Council project.

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		2,000				2,000
Forecast		1,000	1,000			2,000
Variance	-	- 1,000	1,000	-	-	-
FUNDING						
Budget:						
capital receipts		2,000				2,000
						-
TOTAL	-	2,000	-	-	-	2,000
Forecast:						
capital receipts		1,000	1,000			2,000
						-
TOTAL	-	1,000	1,000	-	-	2,000
Variance	**-**	**- 1,000**	**1,000**	**-**	**-**	**-**

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

(a) Canterbury High School Adult Education facilities – 'under spend' of £30k expected from the final negotiations with the school on the share of costs to be borne by Communities in 2009-10.

(b) BLF Physical Education & Sport Programme – 'under spend' of £20k arising at the end of the programme in 2009-10. This could result in grant being returned to Big Lottery, this has yet to be confirmed.

(c) Herne Bay Youth & Children's Centre – 'over spend' of £6k in 2009-10 arising from the need to remedy a problem with the air circulation system. This should be funded from developer contributions.

(d) Ramsgate Library Betterment – 'over spend' £369k overall in 2009-10 as a result of delays during construction, some design changes and additional fees as a result of the higher overall cost. There has also been an extension of time claim by the contractor, which has now been settled. The final cost could be slightly lower, but we await confirmation from the QS of the final fee costs. This extra cost will be funded £36k from CFE and the balance from savings in the Modernisation of Assets budget and the Tunbridge Wells project.

(e) Dover Big Screen – 'over spend' of £45k in 2009-10 arising from the additional costs of piling and archaeology. This cost will be funded from savings elsewhere in the programme.

(f) Tunbridge Wells Library – saving £391k in 2009-10 with the necessary works trimmed back to meet DDA requirements for the library and AEC, with Tunbridge Wells BC making an appropriate contribution. The saving will be used to fund the over spend at Ramsgate Library.

(g) The Beaney – is forecasting an overspend over the life of the project of £429k arising in 2010-11 and 2011-12. This has been identified from the additional cost of acquiring Kingsbridge Villas and the detailed pre-tender estimate recently completed. Further value engineering has been undertaken pending the results of the tendering process. The additional costs will be funded from the forecast underspend on the Modernisation of assets programme.

(h) Modernisation of Assets – Under spends of £250k in 2010/11 and £179k in 2011/12 from DDA may be needed in the following 2 years to contribute to the disable access costs of the Beaney project.

(i) Kent History Centre – the revised proposals have an additional cost of £1.332m in 2010-11 and 2011-12. However, the reduced land value at James Whatman Way means additional funding totalling £2.562m will be required, this is shown as unfunded at this stage. Proposals for closing this gap will be brought forward as part of the MTP process.

(j) Ashford Gateway Plus – higher cost against the original budget of £1.623m in 2010/11. The project has been revised as a result of negotiations with Ashford's Future and HCA. This has resulted in plans now costed at £7.566m with additional funding from GAF3 of £1.95m likely to be approved. There is re-phasing in 2009-10 see 1.2.4.1 above.

After allowing for these funding issues the true underlying variance is -£21k in 2009-10.

1.2.6 **General Overview of capital programme**:

(a) Risks

- Ramsgate – financial cost of the extension of time agreement now being assessed but is likely to be less than the £200k previously estimated cost.
- Ashford Gateway Plus – GAF3 funding and final agreement to the proposed design requires sign off from Ashford's Future Board in September. If this is not agreed the project proposal cannot be delivered.
- Turner Contemporary – The profile of funding from ACE has altered in line with the project spend profile. The effect is to change further the upfront funding from £3.75m over 2 years to £3.354m over 3 years.
- Tunbridge Wells – there is a possibility that the costs of the proposals may rise as the AEC and library are listed buildings.
- The Beaney – The project cost forecast is £0.858m above the agreed budget with the KCC share of £0.429m. The £0.4m external funding requirement underwritten by KCC if not achieved will add to the extra resources required. The archaeology works have yet to begin and there is the potential for additional cost and delay.
- Kent Library & History Centre - if project does not proceed KCC would be liable for site survey, design and planning expenses incurred by Bouygues (currently being quantified).

(b) Details of action being taken to alleviate risks

- Ramsgate – financial assessment being completed by the QS and a final cost figure is expected very shortly.
- Ashford Gateway Plus – agreement in principle has been reached with the partners on both design and funding and Approval to Spend will be requested in September.
- Turner – the funding agreement is in place with ACE and SEEDA and we are expecting to claim the remaining £2.9m of external funding required for the project from the Turner Contemporary Arts Trust during 2010-11.
- Tunbridge Wells – the plans will be tendered shortly and the detailed works carefully reviewed to minimise costs.
- The Beaney – The additional costs of £0.429m are factored in to the overall Directorate budget. Work is now in hand with Canterbury City Council to develop and implement a funding strategy. The findings from the initial archaeological investigations have been factored into the project.
- Kent Library & History Centre – new proposals have been carefully assessed and contract negotiations are proceeding with Bouygues. It is expected this will be signed off when Approval to Spend has been secured.

1.2.7 **Project Re-Phasing**

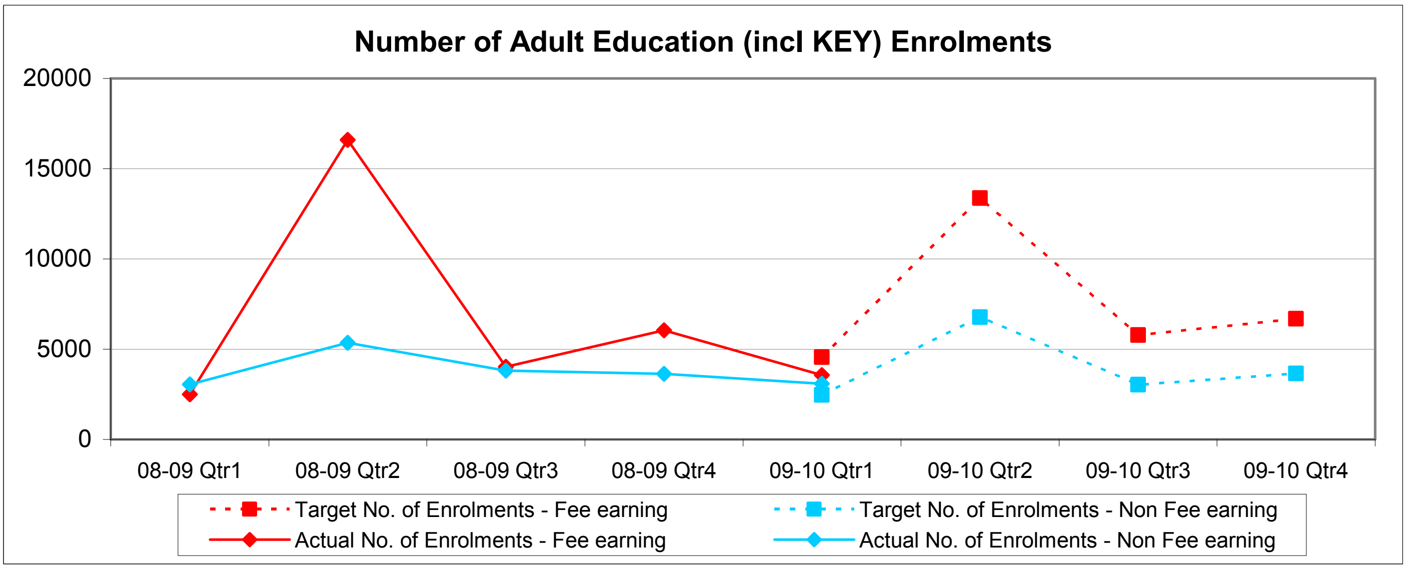
It is proposed that a cash limit change be recommended for the following projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+1,653	+2,400	+1,900	+3,800	+9,753
re-phasing	+385	-385			0
Revised project phasing	**+2,038**	**+2,015**	**+1,900**	**+3,800**	**+9,753**
Ashford Gateway Plus					
Amended total cash limits	+4,661	+355			+5,016
re-phasing	-3,521	+3,521			0
Revised project phasing	**+1,140**	**+3,876**	**0**	**0**	**+5,016**
Gravesend Library					
Amended total cash limits	+1,700	+763			+2,463
re-phasing	-1,000	+362	+638		0
Revised project phasing	**+700**	**+1,125**	**+638**	**0**	**+2,463**
Contribution to Marlowe Theatre					
Amended total cash limits	+2,000				+2,000
re-phasing	-1,000	+1,000			0
Revised project phasing	**+1,000**	**+1,000**	**0**	**0**	**+2,000**
Turner Contemporary					
Amended total cash limits	+10,512	+3,774	+222		+14,508
re-phasing	-1,171	+1,393	-222		0
Revised project phasing	**+9,341**	**+5,167**	**0**	**0**	**+14,508**
Total re-phasing >£100k	**-6,307**	**+5,891**	**+416**	**0**	**0**
Other re-phased Projects below £100k					
re-phasing	+12	-12			0
Revised phasing	**+12**	**-12**	**0**	**0**	**0**
TOTAL RE-PHASING	**-6,295**	**+5,879**	**+416**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 **Number of Adult Education & KEY enrolments**:

	2008-09			2009-10					
	ACTUALS			TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	2,496	3,049	**5,545**	4,560	2,456	**7,016**	3,572	3,087	**6,659**
Jul – Sept	16,590	5,360	**21,950**	13,377	6,774	**20,151**			
Oct – Dec	4,024	3,816	**7,840**	5,776	3,029	**8,805**			
Jan - Mar	6,039	3,639	**9,678**	6,689	3,651	**10,340**			
TOTAL	**29,149**	**15,864**	**45,013**	**30,402**	**15,910**	**46,312**	**3,572**	**3,087**	**6,659**



Comments:

- The LSC grants depend partly on enrolments to courses and are subject to a contract agreement with LSC. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year.

  Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.

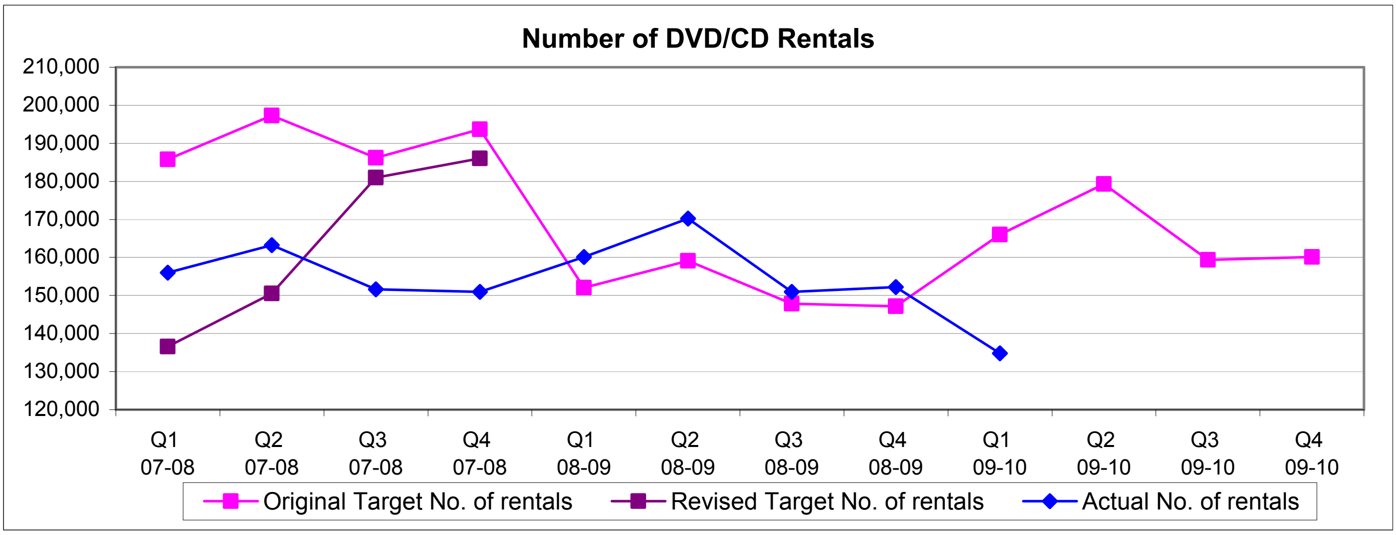
- The enrolment figures reported this year represent actual enrolments in the quarter rather than enrolments for courses started during the quarter, which is what has previously been reported. This should resolve the issue of previous quarter's figures constantly changing. The figures also now include KEY training enrolments as well as Adult Education enrolments.

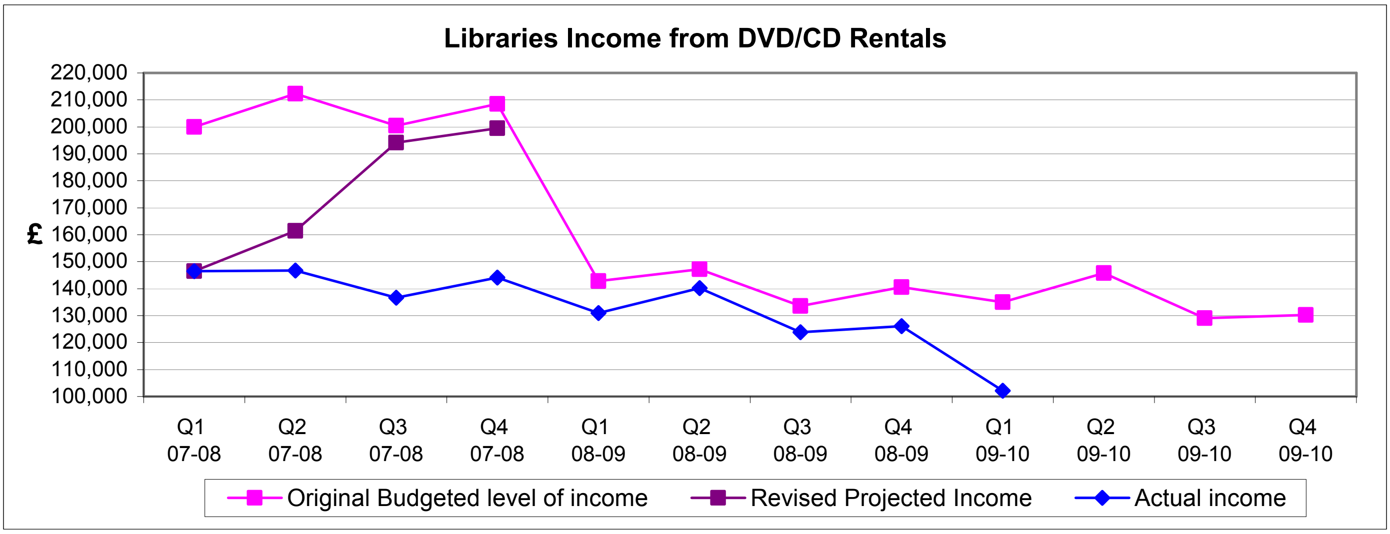
- The actual enrolment figures for the year to date are below initial expectations but this is expected to correct itself in quarter two, which is the busiest enrolment period. Should enrolments not increase then the need for budgeted sessional staff will be reviewed to ensure that costs are controlled in line with any projected decline in income.

2.2 **Number of Library DVD/CD rentals together with income generated**:

	2007-08						2008-09			
	No of rentals			Income (£)			No of rentals		Income (£)	
	Budgeted target	revised target	actual	budget	revised projected income	actual	Budgeted target	actual	Budget	actual
April–Jun	185,800	136,556	155,958	200,000	146,437	146,437	152,059	160,162	142,865	130,920
July–Sep	197,300	150,500	163,230	212,300	161,390	146,690	159,149	170,180	147,232	140,163
Oct–Dec	186,200	181,000	151,650	200,400	194,096	136,698	147,859	150,968	133,505	123,812
Jan–Mar	193,700	186,000	150,929	208,500	199,458	144,136	147,156	152,249	140,533	126,058
TOTAL	**763,000**	**654,056**	**621,767**	**821,200**	**701,381**	**573,961**	**606,223**	**633,559**	**564,135**	**520,953**

	2009-10			
	No of rentals		Income (£)	
	Budgeted target	actual	Budget	actual
April–Jun	166,000	134,781	135,000	102,152
July–Sep	179,300		145,800	
Oct–Dec	159,400		129,000	
Jan–Mar	160,100		130,200	
TOTAL	**664,800**	**134,781**	**540,000**	**102,152**





Comments:

- Rentals of audio visual materials (especially videos and CDs) continue to decline as videos become more obsolete and alternative sources for music become more widely available, which has resulted in the forecast reduction in AV income of £125k as identified in tables 1 & 2 and paragraph 1.1.3.3. Demand for spoken word materials and DVDs has remained reasonably stable.

- Research undertaken by the service in order to mitigate this actual and forecast decline, indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.

- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service reduced expenditure on consumables in 2007-08 to offset the estimated loss of £120k income from the original budget.

- The roll out of the revised strategy in 2007-08 was not as successful as the research indicated and we fell just over 30,000 issues short of the revised target. The service was able to generate additional income from other merchandising in libraries not included in the original or revised budget to offset the £127k shortfall against the revised income budget for 2007-08.

- Targets and income budgets set for 2008-09 were based on a continued decline but these were increased slightly for 2009-10. The service increased income budgets from other merchandising to offset the loss of income from AV issues.

- The actual number of rentals includes those from visits to lending libraries, postal loans and reference materials.

CHIEF EXECUTIVES DIRECTORATE SUMMARY
JULY 2009-10 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 a number of technical adjustments to budget and the addition of £0.922m of roll forward from 2008-09, as approved by Cabinet on 13 July 2009.
- 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 2 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	
Localism & Partnerships portfolio							
Democratic Services:						0	
- core service	4,354	-3	4,351	323	-135	188	Committee manager post & Members allowance
- support to directorates	160	-160	0			0	
TOTAL Democratic Services	4,514	-163	4,351	323	-135	188	
International Affairs Group	587	-35	552	-2	2	0	
Kent Partnerships	763	-321	442	-87	87	0	Reduced LSC income & third party payments
County Council Elections	255		255	0	0	0	
Public Consultation	100		100	0	0	0	
Provision for Member Community Grants	852		852	0	0	0	
Local Scheme Spending recommended by Local Boards	427		427	0	0	0	
District Grants for Local Priorities	625		625	0	0	0	
Budget Managed by this portfolio	8,123	-519	7,604	234	-46	188	
Less Support Costs delegated to Service Directorates	-160	160	0	0	0	0	
Total L&P portfolio	**7,963**	**-359**	**7,604**	**234**	**-46**	**188**	
Corporate Support & Performance Management portfolio							
Personnel & Development:						0	
- core service	6,149	-5,004	1,145	3	-25	-22	Additional Income to cover staff costs (see below)
- support to directorates	4,356	-4,356	0	26	-4	22	Additional staff costs for Support to CMY, EH&W & CED
TOTAL P&D	10,505	-9,360	1,145	29	-29	0	
Business Solutions & Policy:							
- core service	10,636	-8,889	1,747	249	-190	59	EIS trading activity with Schools
- support to directorates	14,410	-14,410	0	26	-85	-59	Pay as you go project activity & KPSN adj
TOTAL Business Solutions	25,046	-23,299	1,747	275	-275	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Property Group:							
- core service	5,442	-4,080	1,362	0	0	0	
- support to directorates	4,687	-4,687	0	0	0	0	
TOTAL Property Group	10,129	-8,767	1,362	0	0	0	
Internal Audit & Procurement Support to Directorates						0	
- core service	286	-30	256	6	-6	0	
- support to directorates	754	-754	0	5	-5	0	Pay as you go activity
TOTAL Internal Audit & Procure	1,040	-784	256	11	-11	0	
Legal Services	6,189	-7,037	-848	220	-416	-196	Increased trading activity and related costs and -£20k premises saving
Corporate Communications	1,624	-94	1,530	-1	1	0	
Strategic Development Unit	3,853	-1,287	2,566	51	-51	0	Kent Graduate Prog recruitment funded by income from Directorates
Strategic Management	651		651	0	0	0	
Centrally Managed Budgets	1,843	-416	1,427	175	0	175	In year management action savings target
Contact Kent	5,048	-2,091	2,957	0	0	0	
Central Policy	709	-81	628	124	0	124	Strengthening of team
Performance, Improvement & Engagement	412		412	129	-86	43	Consultancy to develop plans for change
Kent Works	895	-895	0	0	0	0	
PFI Grant		-630	-630	0	0	0	
Dedicated Schools Grant		-4,289	-4,289	0	0	0	
Support Services purchased from CED	4,199		4,199	20	0	20	Saving generated in Legal re: Castle St offices
Budget Managed by this portfolio	72,143	-59,030	13,113	1,044	-878	166	
Less Support Costs delegated to Service Directorates	-24,207	24,207	0	28	-28	0	Adj for KPSN revised charges
Total CS&PM	**47,936**	**-34,823**	**13,113**	**1,072**	**-906**	**166**	
Finance Portfolio							
Finance Group:							
- core service	6,178	-4,199	1,979	-41	41	0	Insurance vacancies resulting in reduced drawdown from Insurance Fund
- support to directorates	1,749	-1,749	0			0	
TOTAL Finance Group	**7,927**	**-5,948**	**1,979**	**-41**	**41**	**0**	
Less Support Costs delegated to Service Directorates	-1,749	1,749	0	0	0	0	
Total Finance portfolio	**6,178**	**-4,199**	**1,979**	**-41**	**41**	**0**	
TOTAL CORPORATE POC	**62,077**	**-39,381**	**22,696**	**1,265**	**-911**	**354**	
Public Health & Innovation portfolio							
Kent Department of Public Health	**1,410**	**-620**	**790**	**10**	**-10**	**0**	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Economic Development portfolio							
Economic Development incl Regeneration Projects	8,338	-2,067	6,271	-25	25	0	Reduced SEEDA income covered by drawdown from reserves
Kent Film Office	141		141	0	0	0	
Resources	232		232	0	0	0	
Strategic Management	158		158	0	0	0	
Analysis & Information	931	-60	871	0	0	0	
Geographic Information Systems	534	-146	388	0	0	0	
TOTAL Regen & ED	**10,334**	**-2,273**	**8,061**	**-25**	**25**	**0**	
Total Directorate Controllable	**73,821**	**-42,274**	**31,547**	**1,250**	**-896**	**354**	
Assumed Management Action:							
- L&P portfolio					**-188**	**-188**	
- CS&PM portfolio				**-166**		**-166**	
- Finance portfolio						**0**	
- PH&I portfolio						**0**	
- Regen & ED portfolio						**0**	
Forecast after Mgmt Action				**1,084**	**-1,084**	**0**	

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:

Localism & Partnerships portfolio

1.1.3.1 Democratic Services: Primary variance on gross **(+£117k)** due to continuance of the Committee Manager post through to March 2010 plus other salary pressures which include three lots of maternity cover. A further **(+£52k)** variance is due to the part year effect of the restructuring of Members Allowances.

Corporate Support & Performance Management portfolio:

1.1.3.2 Information Systems (Business Solutions & Policy): Variances on gross spend **(+£303k)** and income **(-£303k)** reflect the increased demand for additional IT services, mainly trading activity with Schools and Pay-as-you-go projects, a demand which is difficult to predict during budget setting. This has been partially offset by reduced costs and income of **-/+£28k** relating to Kent Public Services Network (KPSN).

1.1.3.3 Legal Services: Variances on gross spend **(+£240k)** and income **(-£416k)** reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand. In addition, there is a small saving on premises costs as a result of vacating Castle Street offices as part of the Better Workplaces Programme.

1.1.3.4 Centrally Managed Budgets (CMB): **(+£175k)** - In the 2009-10 approved budget there is an MTP saving for 'In year Management action'. The saving is to be met from savings and income generation opportunities which present themselves through the year. Although the savings target is held within CMB, the offsetting savings/income generation is being/will be achieved across the other budget lines.

1.1.3.5 Central Policy & Performance, Improvement & Engagement: Additional staff and consultants have been appointed within the Central Policy and Improvement & Engagement teams in order to strengthen these areas in preparation of developing plans to improve performance management and corporate assurance across KCC. These pressures will be highlighted in the MTP.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CSPM	Information Systems costs of additional services/projects	+303	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-416
CSPM	Legal services cost of additional work (offset by increased income)	+240	CSPM	Information Systems income from additional services/projects	-303
CSPM	MTP saving 'In year management action'	+175			
CSPM	Staffing & consultancy costs to strengthen performance management & corporate assurance across KCC	+167			
L&P	Committee Manager post to March 2010 plus maternity covers.	+117			
		+1,002			-719

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

N/A

1.1.5 **Implications for MTP**:

<u>Localism & Partnerships portfolio</u>

The restructuring of Members Allowances has resulted in a +£110k pressure which will be reflected in the 2010/11 MTP.

<u>Corporate Support & Performance Management portfolio:</u>

The strengthening of the Policy team and Improvement & Engagement area will be included as a pressure in the 2010/11 MTP.

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]*

The pressures highlighted will be discussed at CEDMT in September with the full expectation that the budget will be balanced by the year-end. Details of a Management Action Plan will be provided in a future report. Current assumptions are that this will include increased income generation and an in-depth review of contributions to and from CED specific reserves.

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 13th July 2009, 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	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Corporate Support Services & Performance Management						
Budget	16,902	21,256	17,824	16,599	14,613	87,194
Additions:						
- roll forward	-2,752	2,680	72	0	0	0
- Outturn and pre-outturn changes	-3,231					-3,231
-						0
Revised Budget	10,919	23,936	17,896	16,599	14,613	83,963
Variance		-1,641	1,597	0	-106	-150
split:						
- real variance		-150	0	0	0	-150
- re-phasing		-1,491	+1,597	0	-106	0
Localism & Partnerships Portfolio						
Budget	512	500	500	500	1,000	3,012
Additions:						
- roll forward	-84	84				0
- Outturn and pre-outturn changes	-428					-428
-						0
Revised Budget	0	584	500	500	1,000	2,584
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Regeneration & Economic Development Portfolio						
Budget	18,123	6,835	6,070	4,480	6,222	41,730
Additions:						
- roll forward	-1,601	1,503	98			0
- Outturn and pre-outturn changes	-3,537					-3,537
-						0
Revised Budget	12,985	8,338	6,168	4,480	6,222	38,193
Variance		-1,247	1,100	250	0	103
split:						
- real variance		+103	0	0	0	+103
- re-phasing		-1,350	+1,100	+250	0	0
Directorate Total						
Revised Budget	23,904	32,858	24,564	21,579	21,835	124,740
Variance	0	-2,888	2,697	250	-106	-47

Real Variance	**0**	**-47**	**0**	**0**	**0**	**-47**
Re-phasing	**0**	**-2,841**	**+2,697**	**+250**	**-106**	**0**

1.2.3 **Main Reasons for Variance**

Table 4 below, details all forecast capital variances over £250k in 2009-10 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						
CSS&FM						
L&P						
R&ED						
			+0	**+0**	**+0**	**+0**
Underspends/Projects behind schedule						
CSS&FM	Kent Public Services Network	phasing		-1,491		
L&P						
R&ED	Dover Sea Change	phasing			-750	
R&ED	Swale Parklands	phasing			-600	
			0	**-1,491**	**-1,350**	**0**
			0	**-1,491**	**-1,350**	**0**

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

1.2.4.1 **Kent Public Services Network; -£1.5 million**

KPSN is a communications infrastructure that spans the whole county of Kent, connecting the majority of KCC's sites into central services. It connects these KCC administrative sites, including Libraries, to services such as email, internet access and central business applications. The network is also being used by Kent's local and independently managed Schools, all Kent Connects Partner's including Police and Fire & Rescue for internet access and GCSx services as well as providing network connectivity for a number of local authority administrative sites. KPSN's aim was to replace the old KCC network and provide a minimum of 5 times more bandwidth into KCC's sites for the same money and to offer services to the wider public sector in the county. Both of these aims have been achieved.

Kent Schools are scheduled to transfer on to the new network as of 1st September 2009. Until the then, it is very difficult to forecast total costs. Increased capacity has been held back until Schools transferred, thus saving costs by not paying for capacity until it was needed. It is likely that capacity and other increases will be necessary when all services are on the same network. As these costs will only have a part year effect in 09/10, there is re-phasing in to 10/11. Until steady state is reached, future year forecasts are difficult.

There are no overall financial implications as the total contract will be delivered within existing cash limits.

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	6,551	7,882	7,314	7,314	4,816	33,877
Forecast	6,551	6,391	8,805	7,314	4,816	33,877
Variance	0	-1,491	+1,491	0	0	0
FUNDING						
Budget:						
supported borrowing	311	200				511
prudential						0
prudential/revenue	2,765	1,491	0	0	0	4,256
grant		3,100	4,200	4,200	2,800	14,300
revenue	3,475	3,091	3,114	3,114	2,016	14,810
TOTAL	6,551	7,882	7,314	7,314	4,816	33,877
Forecast:						
supported borrowing	311	200				511
prudential		150				150
prudential/revenue	2,765	0	1,491			4,256
grant		3,100	4,200	4,200	2,800	14,300
revenue	3,475	2,941	3,114	3,114	2,016	14,660
TOTAL	6,551	6,391	8,805	7,314	4,816	33,877
Variance	**0**	**-1,491**	**+1,491**	**0**	**0**	**0**

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

Regeneration & Economic Development Portfolio

Kent Thameside Regeneration Partnership (was Kent Thameside Delivery Board) capital project. A re-alignment of costs between revenue and capital expenditure due to project management capitalisation results in a restated capital budget of £543k, The £63k increase is met by the revenue contribution from partners (Darford BC, Gravesham BC and KCC)

Forthill de- dualling The budget set was understated by £40k, a 2% variance on original estimated project costs of £1,691k. This is met by Developer contributions already received.

Corporate Support and Performance Management Portfolio

Modernisation of Assets; **(£-150k)** A decision was taken at Resource Directors Group in March 09 to generate an underspend against SHQ maintenance in order to address the gap in the revenue 0910 CSS&PM Portfolio budget.

After allowing for these issues the underlying variance is nil.

1.2.6 **General Overview of capital programme**:

(a) Risks
N/A

(b) Details of action being taken to alleviate risks
N/A

1.2.7 Project Re-Phasing

It is proposed that a cash limit change be recommended for the following 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 can be requested but the full extent of the rephasing will have to be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Disposal costs (CSS&PM)					
Amended total cash limits	+246	+144	+843	+1,687	+2,920
re-phasing		+106		-106	0
Revised project phasing	**+246**	**+250**	**+843**	**+1,581**	**+2,920**
Sustaining Kent - KPSN (CSS&PM)					
Amended total cash limits	+7,882	+7,314	+7,314	+4,816	+27,326
re-phasing	-1,491	+1,491			0
Revised project phasing	**+6,391**	**+8,805**	**+7,314**	**+4,816**	**+27,326**
Dover Sea Change (R&ED)					
Amended total cash limits	+750				+750
re-phasing	-750	+750			0
Revised project phasing	**0**	**+750**	**0**	**0**	**+750**
Swale Parklands (R&ED)					
Amended total cash limits	+750				+750
re-phasing	-600	+350	+250		0
Revised project phasing	**+150**	**+350**	**+250**	**0**	**+750**
Total re-phasing >£100k	**-2,841**	**+2,697**	**+250**	**-106**	**0**
Other re-phased Projects below £100k					
re-phasing	**0**	**0**			0
Revised phasing	**0**	**0**	**0**	**0**	**0**
TOTAL RE-PHASING	**-2,841**	**+2,697**	**+250**	**-106**	**0**

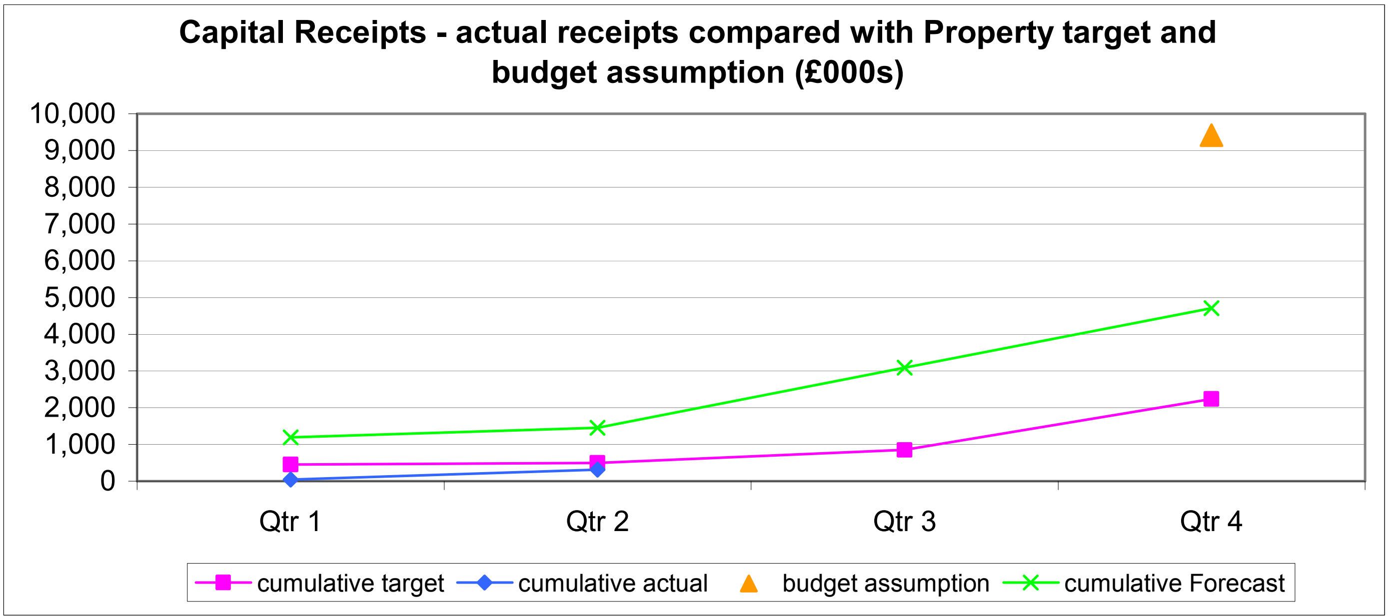
2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts – actual receipts compared to budget profile:

	2009-10			
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Cumulative Forecast receipts £000s
April - June		447	47	1,200
July – September		492	*316	1,455
October - December		850		3,090
January - March		2,235		4,710
TOTAL	***9,421***	****2,235**	**316**	**4,710**

** actuals to 31st July 09.*

***The cumulative target profile shows the anticipated receipts at the start of the year totalled £2,235k. The difference between this and the budget funding assumption is mainly attributable to timing differences. For example one large receipt was actually received in 2008-09, but is not required to be used for funding until 2009-10.*



Comments:

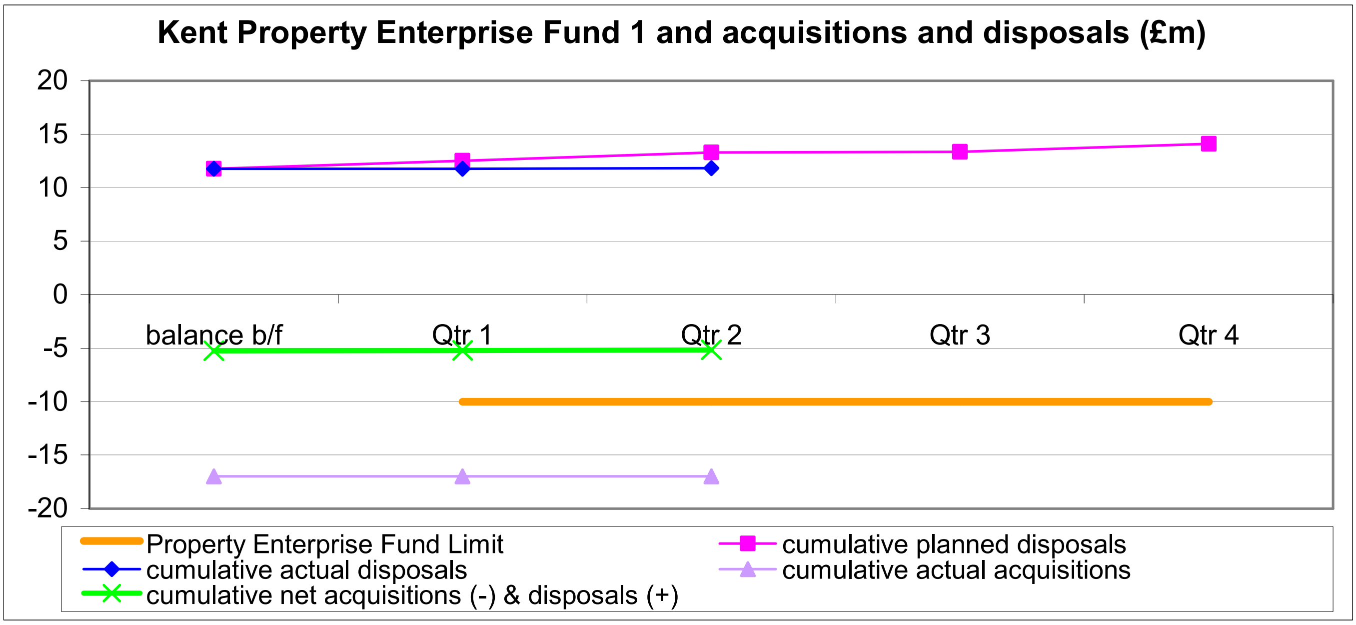
The table below compares the capital receipt funding required per the capital programme this year, with the expected receipts that will be available to fund this. Property group are actually forecasting a total of £4.71m to come in from capital receipts during this financial year. The table below only includes which of these are earmarked to fund spend in the current financial year. The rest is needed to be earmarked for spend in future years of the programme.
It is continuously challenging to provide realistic forecasts of receipts given the current economic climate. The potential deficit figure of almost £2m this year is due to some receipts which were originally earmarked, which have now been taken into PEF2. This is a real deficit position based on latest forecast receipts and is not due to timing issues. This position needs to be closely monitored throughout the year.

	2009-10 £'000
Capital receipt funding per revised 2009-12 MTP	11,724
Property Group's forecast receipts	2,501
Receipts banked in previous years for use	5,227
Capital receipts from other sources	2,000
Potential Deficit Receipts	**(1,996)**

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

	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		11.764	11.764	-16.999	-5.235
April - June	*-10*	12.529	11.771	-16.999	-5.228
July – September	*-10*	13.295	*11.830	*-16.999	*-5.169
October – December	*-10*	13.341			
January – March	*-10*	14.084			

** Actual to 31st July 09.*



Background:

- 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 disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Comments:

The balance brought forward from 2008-09 on PEF1 was **-£5.235m**.

A value of **£1.351m** has been identified for disposal in 2009-10. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 31 July 2009 disposals to date this year have been **£0.066m** from the disposal of 1 non-operational property.

The fund has been earmarked to provide **£1.380m** 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 **£0.444m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £5.708m at the end of 2009-10.

Opening Balance – 01-04-09	-£5.235m
Planned Receipts (Risk adjusted)	£1.351m
Costs	-£0.444m
Acquisitions	-
Other Funding: - Gateways	 -£1.380m
Closing Balance – 31-03-10	**-£5.708m**

Revenue Implications

In 2009-10 the fund is currently forecasting £0.040m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.367m) against the overdraft facility and the cost of managing properties held for disposal (net £0.190m), the PEF1 is forecasting a £0.960m 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. 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.

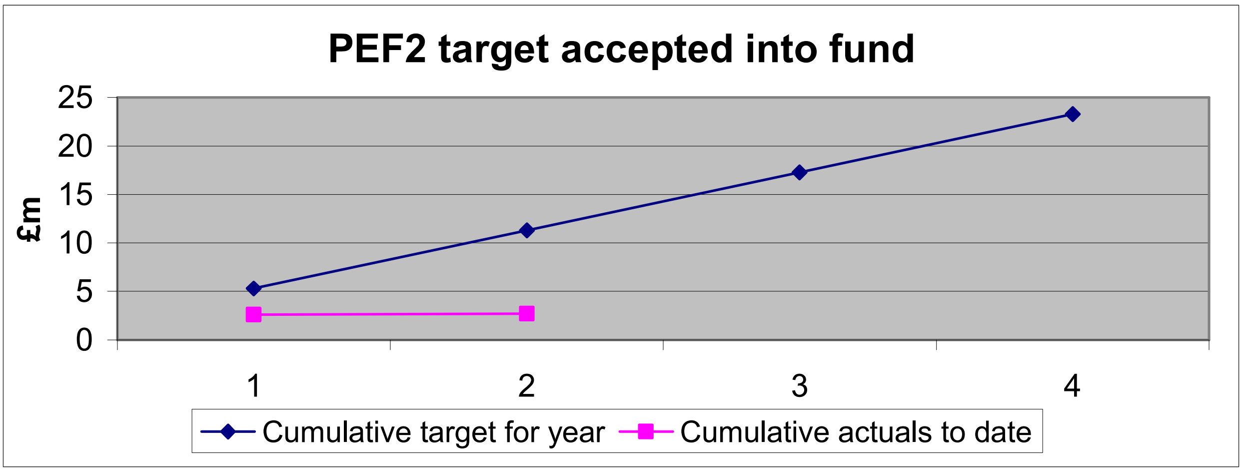
Overall forecast position on the fund

	2009/10 Forecast
	£m
Capital:	
Opening balance	-47.579
Potential receipts to be agreed into PEF2	-20.719
Sale of PEF2 properties	16.925
Disposal costs	-0.846
Closing balance	-52.219
Revenue:	
Opening balance	0.000
Interest on borrowing	-1.810
Holding costs	-1.426
Closing balance	-3.236
Overall closing balance	-55.455

The forecast closing balance for PEF2 is -£55.455m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2009-10 equate to the PEF2 funding requirement in the 2009-12 budget book, and achievement against this is shown below:

	Cumulative target for year	Cumulative actuals to date
	£m	£m
Balance b/fwd		2.6
Qtr 1	5.3	2.6
Qtr 2	11.3	2.7
Qtr 3	17.3	
Qtr 4	23.3	



PEF2 Disposals

To date one PEF2 property has been sold. The loss on this disposal amounted to -£0.017m. 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 2009-10 were expected to total £1.77m.

Latest forecasts show interest costs of £1.81m, an increase of £0.04m. This is because there has been a decrease in the forecast of properties being disposed during the year.

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

FINANCING ITEMS SUMMARY
JULY 2009-10 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 revised portfolio structure, a number of technical adjustments to budget and the addition of £4.799m of roll forward from 2008-09, which represents the transfer to the Economic Downturn reserve, as agreed by Cabinet on 13 July 2009.
- 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 2 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	
Corporate Support & Performance Management portfolio							
Contribution to IT Asset Maintenance Reserve	2,352		2,352			0	
Audit Fees & Subscriptions	764		764			0	
Contribution from Commercial Services		-6,460	-6,460			0	
Total Corporate Support & PM	**3,116**	**-6,460**	**-3,344**	**0**	**0**	**0**	
Finance Portfolio							
Insurance Fund	2,979		2,979			0	
Workforce Reduction	1,500		1,500			0	
Environment Agency Levy	359		359			0	
Joint Sea Fisheries	264		264			0	
Interest on Cash Balances / Debt Charges	117,921	-12,769	105,152	-3,209	-422	-3,631	Write down of discount saving from 2008-09 debt restructuring, no new borrowing & increased interest on balances
Transferred Services Pensions	22		22			0	
PRG	83	-2,100	-2,017			0	
Contribution to/from Reserves	-2,392		-2,392	3,471		3,471	transfer of 09-10 write down of discount saving from 08-09 debt restructuring to reserves; provision for recession
Drawdown from Kings Hill reserve	-1,000		-1,000			0	
ABG Safer Stronger Communities	1,277		1,277			0	
Total Finance	**121,013**	**-14,869**	**106,144**	**262**	**-422**	**-160**	
Total Controllable	**124,129**	**-21,329**	**102,800**	**262**	**-422**	**-160**	
Memorandum:							
Revised Total	**124,129**	**-21,329**	**102,800**	**262**	**-422**	**-160**	

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 Interest on Cash Balances and Debt Charges:

- There is a saving of £1.971m which relates to the write-down in 2009-10 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£0.39m was written down into 2008-09, therefore leaving a further £1.663m to be written down over the period 2010-11 to 2012-13).
- There is a £1.660m saving as a result of lower debt charges and higher interest on cash balances. This is because we have not undertaken any new borrowing so far this year and we have some long term deposits unexpectedly still running which have bolstered our rate of return. Call options coming in the next few months have been allowed for in this forecast. In addition, our cash balances are higher than we assumed in our budgeted cash flow assumptions as a result of higher grant receipts than assumed and re-phasing on the capital programme.

1.1.3.2 Contributions to/from reserves:

As planned, the £1.971m write down of the discount saving earned from debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve. There is also a forecast contribution to the reserve of £1.5m to provide a contingency against the impact of the recession on the Finance Portfolio budgets.

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

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
FIN	Contribution to economic downturn reserve of 2009-10 write down of discount saving from 2008-09 debt restructuring; provision for recession	+3,471	FIN	2009-10 write down of discount saving from 2008-09 debt restructuring	-1,971
			FIN	Treasury savings - Increased interest on cash balances and lower debt charges	-1,660
		+3,471			-3,631

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

N/A

1.1.5 **Implications for MTP**:

N/A

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

N/A

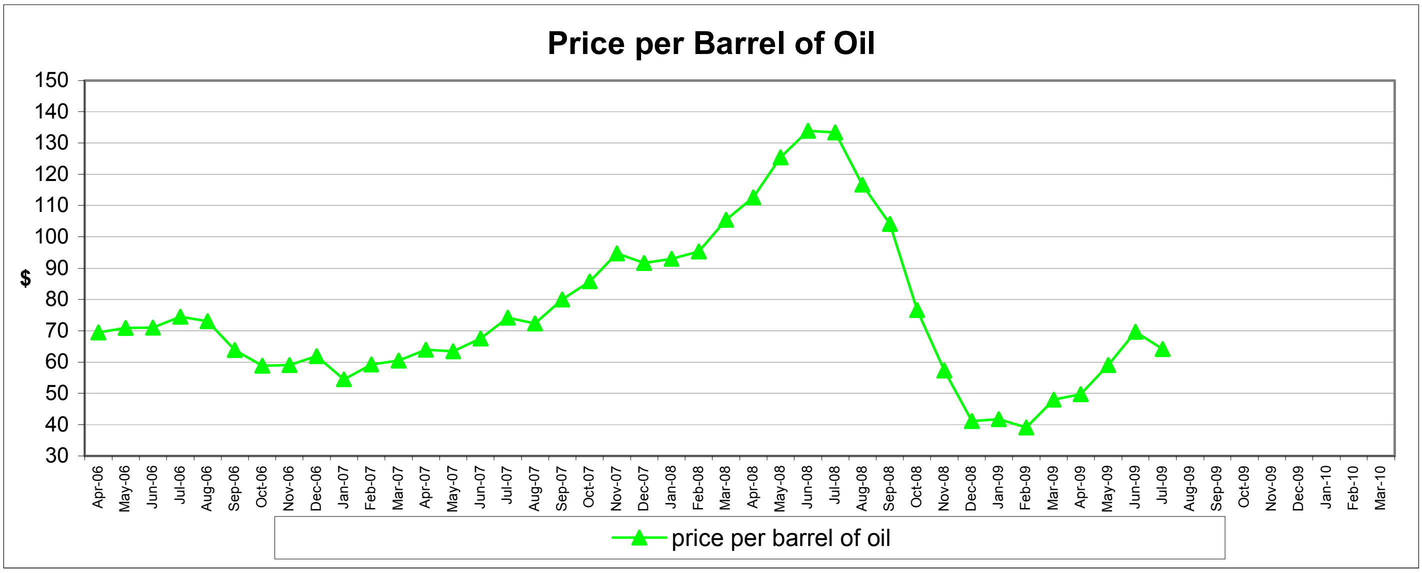
1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

A virement is requested to transfer £0.1m of the underspending on the debt charges and interest budget within the Finance portfolio to Communities portfolio to cover the costs of our contribution to the construction programme at Maidstone Museum. **Cabinet is asked to approve this virement.**

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
	$	$	$	$
April	69.44	63.98	112.58	49.65
May	70.84	63.45	125.40	59.03
June	70.95	67.49	133.88	69.64
July	74.41	74.12	133.37	64.15
August	73.04	72.36	116.67	
September	63.80	79.91	104.11	
October	58.89	85.80	76.61	
November	59.08	94.77	57.31	
December	61.96	91.69	41.12	
January	54.51	92.97	41.71	
February	59.28	95.39	39.09	
March	60.44	105.45	47.94	



Comments:

- The figures quoted are the West Texas Intermediate Spot Price in dollars per barrel, monthly average price.

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By: John Simmonds – Cabinet Member for Finance
Lynda McMullan – Director of Finance

To: Cabinet – 14 September 2009

Subject: Strategic Risk register

Classification: Unrestricted

Summary: The Strategic Risk Register records the key risks facing KCC. The Register is presented to Cabinet for information and Comment.

For Information & Comment

1. Introduction

1.1 The key high level generic and specific risks that could adversely impact upon KCC as a whole are recorded within the Strategic Risk Register.

1.2 The Register is maintained on behalf of the Council by Chief Officers Group (COG) with the assistance of directorate Resource Directors and Director of Finance through the Corporate Risk Manager.

1.3 The Register is reviewed on a quarterly basis by COG and formally refreshed annually.

1.4 The Register is presented to the Governance and Audit Committee annually for information as part of its brief in relation to the management of risk. Members' comments upon the recorded risks, any other areas they consider to be of concern and mitigating controls are incorporated within the Register.

1.5 The Register is also discussed at directorate senior management team meetings for information and as part of the management of mitigating controls.

1.6 It is essential that Cabinet is aware of the key risks facing KCC and is given the opportunity to identify any further risks and mitigating controls that should be included and feel assured that all risks are being appropriately managed.

2. Background

2.1 The management of risk is now central within KCC. This is reflected within activities such as the annual business planning process, management of programmes and projects, day to day service provision and partnership working. The risks associated with these activities are identified, assessed and where appropriate set out within directorate and service unit risk registers. Directorate level registers generally only contain risks whose impact would not be felt wider than the directorate to which they belong should they materialise and are managed within the directorate.

2.3 The Strategic Register is compiled from risks identified at directorate level which have been escalated along with high level generic risks which require to be strategically managed. Entries within the Register reflect the risks identified by Members and officers thereby strengthening their strategic perspective, management response and controls.

2.2 The inclusion of risks within any level of risk register does not necessarily mean there is a problem. On the contrary, it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

2.3 Each entry within the Register is scored to provide an assessment of the residual level of risk. The residual level is the amount of risk that the Council currently accepts, is not cost effective to control any further or cannot eliminate.

2.4 Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

3. Summary of Risks

3.1 The Strategic Risk Register has been reformatted and now lists risks in their order of criticality.

3.2 The risks within the Register are summarised below:

Risk reference	Source	Residual rating
16	Government funding and constraints (external)	High (20)
1	Downturn in economic environment (external)	Medium (15)
2	a) Major incident or accident (external) b) Pandemic event (High mortality rates) (external) c) Pandemic (minor symptoms) (external)	Medium (12)
5	Information sharing and cross agency working to provide services (internal)	Medium (12)
19	Impact of Hypothecated funding	Medium (12)
8	Delivery of corporate strategy resulting in customer satisfaction and engagement (internal)	Medium (9)
3	Reliance on ICT solutions for provision of key services (internal/external)	Medium (8)
4	Demographic changes within Kent. e.g. Ageing population, asylum seekers, increasing numbers of disabled and LAC placements into Kent, falling school roles and increased growth in population (external)	Medium (8)
10	Growth Agenda & need for regeneration: KCC Regeneration Framework (internal)	Medium (8)
11	Commercial income generation activity (internal)	Medium (8)
6	New CAA organisational assessment	Low (6)
7	Closure of access routes to France extending duration of Operation Stack	Low (6)
9	Reliance upon and working relationship with NHS PCTs	Low (6)
12	Management of partnerships	Low (6)
13	Criminal prosecution following injury to public / employees	Low (6)

Risk reference	Source	Residual rating
14	Significant loss of key staff	Low (4)
15	Extreme weather events	Low (4)
17	Increase in numbers of people claiming support	Low (2)

3.3 Further details about each of these risks and their mitigating controls can be found within the Register.

3.4 The source of each risk described is shown as being either external or internal to the Council. Where the source is external it could be difficult if not impossible for the Council to affect the likelihood of a particular risk occurring in which case action is concentrated on reducing the impact.

3.5 In total 18 risks have been listed within the Register. As expected the two highest rated risks relate to the economic downturn and the impact this will have upon future levels of Government funding. The level of risk assessed for some entries has either increased or decreased over the past twelve months. Where there has been a change the direction of travel is shown. Alterations to the profile of a risk reflect changes within the prevailing external conditions or the effectiveness of internal controls.

3.6 It is proposed that the Register should be presented to Cabinet every six months. This will allow Cabinet to monitor the management of these risks and identify any further risks and mitigating controls that should be included.

4. Recommendation

4.1 Cabinet is asked to:

(i) Note the contents of the Strategic Risk Register
(ii) Note the intention to submit six monthly progress reports
(iii) Provide guidance upon any other risks to be included within the Register and mitigating controls

Darryl Mattingly
Corporate Risk & Insurance Manager
Ext. 4632

STRATEGIC RISK REGISTER – 2009

Corporate risks are managed by the Chief Officer Group with directorate support. Corporate risks are those than can be described as presenting a:

- **Significant Council wide risk**
- **Significant risk specific to one directorate which could impact upon the Council as a whole**
- **Significant risk to the Council as part of working with external organisations or its role within the community**

Summary of risks after mitigating actions

Total number of risks (May 2008: 15)	*18*
High	*1 (0)*
Medium	*9 (11)*
Low	*8 (4)*

Ref &Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No. 16 ALL	COG	Government funding and constraints (external)	Government funding fails to increase or is reduced	• Lobbying of Central Government • Robust MTP • Peer review of pressures and savings • Resource Activity Analysis	4	5	20
No.1 ALL	COG	Downturn in economic environment (external)	Reduction in income from lower asset valuations, increased costs arising from higher interest rate. Possible difficulties in accessing funding for major projects. Reductions in, or changes to funding distribution of special grants. Inability of clients to pay for services received. Increasing demand for services.	• Robust financial forecasting processes including MTFP • Financial monitoring systems • Capital strategy • Management action planning and monitoring • Lobbying, responding to government consultation to minimise redistributional impact to Kent. • PEF2created to allow short term retention of properties until market improves • Review charging policies	3	5	15 ⬆
No.2 ALL	COG	a) Major incident or accident (external)	Inability to deliver services due to lack of human resource and technical support i.e. Vital supplies 'not getting through'. Vital support to vulnerable people threatened. High demand for post incident support. Prolonged major disruption to road/rail travel. Failure of external support structure	• Business continuity plans under development • Merrycon consultants assisting Emergency Planning • KCC Emergency Planning procedure developing internal/external mitigation measures • Participation in Kent-wide cross agency emergency planning group • Intelligence gathering through Kent Resilience Forum • Regular 'exercises' and rehearsals • Competent and experienced management teams assessing risks against critical functions • Horizon scanning • Targeted proactive approach to Kent Resilience partnership	4	3	12

Ref &Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
		b) Pandemic event (High mortality rates) (external)		• See above	4	3	12
		c) Pandemic (minor symptoms) (external)		• See above	4	3	12
No. 5 CFE/ CMY/ KASS	COG	Information sharing and cross agency working to provide services (internal)	Failure to share information between agencies which could lead to abuse or death of vulnerable children or adults Proper intelligence is not shared between services / agencies Failure to adhere to procedures and protocols around Data Protection and FOI requests	• Integrated systems in development • Safeguarding arrangements in place around children's services • Safeguarding arrangements in place around adult services • Common Assessment Framework in development • Robust Preventative Strategy • Well trained, high calibre staff with clearly defined reporting structure. • Multi agency Child protection policies in place • Multi- agency Board for ContactPoint, lead professional function and CAF in place • Case Tracking audit and review of filing arrangements • CEO review of systems • Caldecott guardians • MAPPA (Multi Agency Public Protection Agency) • Implementation of CRB checking and application for volunteers and agency workers	4	3	12
No. 19		Impact of Hypothecated funding	Managing services due to the stop start nature or insufficient hypothecated funding and after source finishes within Government formulate grant	• Make use of Freedoms and Flexibilities • Robust financial monitoring systems • Negotiations with Government • Clear 'exit strategy' for time limited funding	3	4	12
No.8 All	CE/COG	Delivery of corporate strategy resulting in customer satisfaction and engagement (internal)	KCC is remote and fails to understand and/or meet the needs of the community. Failure to effectively communicate what we are doing. Failure to deliver commitments to meet public expectations. Loss of reputation Failure to listen to feedback	• Management of corporate engagement • Communications strategy • Improved business planning strategy and in year monitoring • Objectives reflected within business plans • Business planning process aligned with risk management and audit planning • Reassessment of planned outcomes to ensure alignment with required outcomes • Kent Agreement 2 • Progressing towards KCC Chartermark • Customer feedback • IIP individual action plans	3	3	9

Ref &Director ate Activity	COG Responsibl e Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.3 CED	David Cockburn	Reliance on ICT solutions for provision of key services (internal/ external)	Severe or prolonged failure of ICT capability across Council	• Establish and maintain enterprise architecture to identify business drivers for ICT strategy. • Identify through MTFP process ICT investment requirements to support business change. • ICT Board has identified key priorities for investment in line with funding constraints. • Strategic initiatives to be cross referenced between ALL Directorates prior to implementation. • All ICT investment to be aligned to strategic framework. • Consistency of IT platform across KCC (Technology refresh programme). • Proactive contract monitoring • Partnership working arrangements • Identify ICT requirements that support effective business continuity	4	2	8
No.4 ALL	COG	Demographic changes within Kent. e.g. Aging population, asylum seekers, increasing numbers of disabled and LAC placements into Kent, falling school roles and increased growth in population (external)	Failure to plan for unexpected growth which leads to increased demand upon services Increasing number of LAC children and adult /older care people within Kent placing additional demands upon health care, education and other related services. Government funding fails to match increasing demand. Service transfers between public bodies not transparent/fully funded (e.g. learning Disability from NHS and LSC). Failure to modernise the services Under involvement in preventative services. Inflated costs in meeting demands due to market forces. Lack of affordable/suitable foster care provision due to competition from private agencies.	• Analysing and refreshing forecasts to maintain level of understanding • Service reviews • Response to CSR 2010 • Primary Strategy • Partnerships with other agencies etc • Developing better support systems for Foster carers and specialist carers • Preventative Services • Business Plan, Fostering Action • PSA – reduce no. of LAC • Multi-agency protocols regarding placement of children in Kent • Close working with partners • Contractual agreement to value of transfers. • Service reviews and transformation	4	2	8
No.10 ER	David Cockburn	Growth Agenda & need for regeneration: KCC Regeneration Framework (internal)	Regeneration Framework does not deliver clear regeneration objectives and targets. Activity lacks clear vision and KCC fails to play its part in managing the speed of development within growth areas and areas in need of regeneration. As a result failure to secure funding for key developments and projects	• Specialist team set up and restructure under way • Monitoring processes and reports to Members, COG & DST • Cross directorate working arrangements set up • Partnership Executive Boards • KCC Regeneration Board set up • High level KCC finance input • Extensive consultation with key partners • 14/24 apprenticeships • What Price Growth key updated • Backing Kent Businesses • New Economic Board • High level Finance input	4	2	8

Ref &Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.11 All	COG	Commercial Income generation activity (internal)	Commercial Income generation objectives and actions damage Kent County Council's reputation within business community.	• Business case and risk analysis approval process • Effective communications strategy	2	4	8

Ref &Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.6 ALL	COG	Assessment (external)	New CAA organisational assessment may not confirm KCC's current 'excellent' status	• Performance Improvement Plan • Revised Performance Management Framework • New approach to revised Use of Resource assessment and Value for Money • Work undertaken with partners to prepare for new assessment regimes • Regular contact with Kent Audit Commission lead	2	3	6
No. 7 ER/CMY	COG	Closure of access routes to France (external)	Operation Stack becomes a long standing feature (i.e. several weeks or more) due to prolonged industrial action or incident in Channel	• Plan - Operation Stack • Joint emergency planning arrangements • Ongoing implementation and review of Operation Stack arrangements • Development of lorry parks strategy	3	2	6
No.9 KASS/ CFE	Oliver Mills / CFE	Health Service Economy (external)	Differential services and access developing between East and West of the County Failure of partnership(s) leading to poorer, more dislocated services Financial pressures leading to inappropriate cost transfers, or increased debt Move to foundation trust status destabilising relationships Hospital reconfiguration	• Representation on PCT Boards • PCT representatives attend extended quarterly KASS Strategic management Team meetings • Joint appointments to key posts (specifically Public Health and in CFE; but there are a number of others) • Close monitoring and management of debt position • Shared projects and initiatives (with shared governance arrangements) • Scrutiny through HOSC	3	2	6

Ref &Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.12 All	COG	Partnerships (internal)	Ineffective approach to the set up of management and governance arrangements result in failure to achieve desired outcomes Deterioration in relationships	• Improved control environment to include financial management • Risk analysis for key partnerships, risk management training programme council wide • Formal control, monitoring and reporting mechanisms • Effective communication strategy • Focus on purpose of partnership	3	2	6
No.13 ALL	COG	Corporate manslaughter/ Public Liability (internal)	Prosecution following injury to the public or employees due to poor health and safety policies, maintenance of assets and procedures etc.	• Health and safety policies, procedures, risk assessment and auditing • Auditing of key contractual arrangements, e.g. Kent Highways Services • Staff training • Management awareness	3	2	6
No. 14 All	Amanda Beer	Significant loss of key staff (internal)	Inability to attract and retain employees with suitable skills, experience and behaviours to senior and key roles KCC unable to attract staff for senior posts	• Delivery of Strategy for Staff • Staff care policy • Workforce strategy with private sector • Investment in training • More effective use of professional staffing resources on more complex issues • Succession planning • Reputational management of senior posts	2	2	4
No. 17 ALL	COG	Increase in numbers of people claiming support who have no recourse to public funds	Increased cost to KCC	• Continual monitoring by all Directorates of costs • Membership of the No Recourse to Public Funds Network in order to keep informed of legislative changes • Implementation of policies in line with the Network	2	2	4
No.15 ER		(external) Extreme weather events	Tidal surge in Channel combined with high winds causes flooding of low lying areas Drought Failure to appropriately manage time line and required actions	• Forecasting activity • Emergency procedures for special events • Business Continuity Planning • Management of financial impact to include Bellwin scheme • Educating / influencing activities to change behaviour • Applying BREAM standards in design of new buildings	2	1	2

Rev: Mar 09

Risk Rating Matrix

Likelihood							
Likelihood	Very likely	5	5 Low	10 Medium	15 Medium	20 High	25 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High	20 High
	Possible	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	Unlikely	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Very Unlikely	1	1 Low	2 Low	3 Low	4 Low	5 Low
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
			Impact				

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By: Kevin Lynes, Cabinet Member for Regeneration and Economic Development

Nick Chard, Cabinet Member for Environment, Highways and Waste

Tanya Oliver, Director of Strategic Development and Public Access

To: Cabinet -14 September 2009

Subject: Local Act for amendment of Road Traffic Regulation Act 1984 – The Kent County Council (Filming on Highways) Bill

Classification: Unrestricted

Summary: Informs Members of the proposal to introduce a Local Act to amend the Road Traffic Regulation Act 1984 in order to facilitate filming on Kent highways and to seek endorsement of the draft Bill.

Introduction

1 Since its launch in 2006, the Kent Film Office has been responsible for attracting over £13 million into the local economy through filming within the county.

2 The Kent Film Office regularly receives requests to close roads for the purpose of filming on the highways and to alleviate the effect of modern traffic noise on period productions. Currently Kent Police does not support road closures or traffic regulation for filming using the provisions of the existing legislation.

3 At present, filming on the road is usually achieved by productions either hiring off-duty police officers to hold traffic for a limited amount of time during takes or by approaching districts that are willing to close roads for a limited amount of time for filming. Both options are not without problems, for example when holding traffic, police can only request that drivers stop but cannot legally require them to do so. If a driver asks to be let through they must be allowed to do so, thus interrupting the flow of filming, which can be very costly. These scenarios also have health and safety implications, in that traffic is passing through areas peopled by workers concentrating on their tasks and not the traffic flow. Passing traffic is also distracted by filming activity and thus potential for accidents is increased.

4 Occasionally, local district or borough councils have been willing to put in place a road closure for filming based on the Town Police Clauses Act 1847 (“the TCPA”). However, this has only been done in exceptional cases, and they have not been comfortable in doing so, as this makes

them vulnerable to a legal challenge. As Kent Police are not supportive of such road closures only requests for filming with virtually no impact on the highways are currently being implemented. A number of districts concur with the advice of the force solicitor and will not consider using the TPCA for filming.

5 The current legislation governing temporary road closures is the Road Traffic Regulation Act 1984 ("the RTRA 1984"). This provides for the closure of roads for "relevant events", which are defined as "any sporting event, social event or entertainment which is held on a road". There is considerable uncertainty in respect of whether filming falls within this definition and there is therefore a risk if challenge if powers under this section were exercised for the purpose of closing roads for filming.

6 There are further restrictions in that an order under the RTRA 1984 may only remain in force to a maximum of three days (unless before the order is made, the Secretary of State has agreed that it should continue in force for a longer period) and an Order may only be made for a specific road or part of such a road once per year. This restriction is not limited to closing the road for a particular purpose and therefore prevents a road being closed for any other purpose in that year. As this will include, for example community events, local communities are often reluctant to agree to road closures for filming in prime locations.

7 The financial advantages of being able to close roads for filming are potentially vast. This year a road closure was implemented for filming in Chilham. It is estimated that this brought in approximately £64,000 in direct spend during the week that they filmed there.

8 The Film Office has lost major filming projects due to the inability to close roads for lack of police or district agreement, in particular period films where modern traffic presents the obvious complications.

9 Districts which allow road closures under the existing TPCA powers, like Thanet, Canterbury and Ashford, see proportionally higher levels of filming activity than those that do not support this. KCC currently has no powers at local level with regard to these decisions.

10 The London Local Authorities and Transport for London Act 2008 contains provisions that amend the RTRA 1984 in order to facilitate the closure of the highway for filming purposes. In summary these provisions:

(a) confirm that filming is a "relevant event"

(b) lengthen the maximum time that a road may be closed for filming from three days to seven days

and

(c) increase the number of times that a particular road may be closed in any one year (from once per year to up to six times per year).

Procedural Matters

11 The County Council has sought the advice of Parliamentary Agents who have produced a draft Bill (a copy of which is annexed to this report), and which is currently subject to consultation. The Bill contains the provisions outlined above together with an additional provision which will confer upon the County Council the power to authorise any person making a film to temporarily place objects on the highway.

12 In order to promote the Bill, KCC must comply with the provisions of Section 239 of the local Government 1972. Primarily, KCC must pass the necessary resolutions. The first resolution confirms that KCC considers it expedient to promote the Bill. The second resolution (at a later meeting) confirms the first resolution and the deposit of the bill in Parliament.

13 The procedure to be followed is as follows:

a – Public Notice of each meeting must be given by advertisement in one or more local newspapers (in addition to our ordinary notice requirements) The notice must be signed by the proper officer and be published by 15 September to ensure the requisite 30 clear days notice.

b – A report seeking approval to pursue the Bill will go to County Council on 15 October 2009 (promotion of a private Bill is a full Council rather than Cabinet responsibility).The report will set out the need case for closing highways for filming and how this will be accomplished by the promotion of a private Bill (rather than by other means).

c – The County Council meeting on 15 October 2009 will consider approval for pursuing the Bill. A full majority of the whole County Council will be required to pursue the Bill. A majority of those present and voting is not sufficient.

d – If the first resolution is made at the 15 October 2009 meeting, the Bill is to be deposited in Parliament by 27 November 2009. If it is not deposited on this date, KCC will have to wait until 27 November 2010 to deposit the Bill. This is because private Bills can only be deposited once a year, on or before the 27 November.

e – A second County Council resolution must also be confirmed by a majority at a further meeting convened and held not earlier than 14 days after the deposit of the Bill, confirming that the Council wishes to proceed.

f - There will be various stages of the Bill through Parliament which will be facilitated by our Parliamentary Agents. If successful, it is likely to be enacted by Spring 2011.

Report Structure

14 The decision to deposit a Bill with Parliament is within the authority of the County Council. A further report setting out the need case for road closures for filming in Kent and how this will be accomplished by the promotion of the Bill (rather than by other means) will be presented to the next meeting of the full County Council on 15 October 2009.

Policy Framework

15 The Bill will enable the Kent Film Office to continue its progress to raise the profile of the county as a major venue for film, television and the wider creative industries and benefit the Kent economy as set out in Target 8 of the Towards 2010 document. The powers under the Bill will offer legal certainty in respect of road closures for filming and would enable the Kent Film Office to work within the protection of the law.

16 Economically, it would put Kent in a unique position as the only UK region outside of London with these powers. This would make Kent extremely competitive with the capital and indeed parts of Europe, where such legislation also exists.

17 It would also help to deliver Priority One of the Kent Film and Television Strategy: 'The Film Office is critical to delivering the Kent Film Strategy. It will build on its recent successes across a broad spectrum of activity in establishing internal and external mechanisms that will provide effective support, information and advice to the film and television industry. Actions include

- Delivering the economic potential of the film and television industry into Kent increasing the number and the scale of film productions in the county

- Examining and exploiting the prospects of income generation through the Kent Film Office'

18 The Bill would facilitate the Kent Film Office not only to encourage more filming into the county, but also to offer the county to more high level – high impact filming.

19 The Bill will also have implications for other events as it will enable roads to be closed more than once in a year. This will allow for large scale events, such as the Tour de France to take place on the same length of road within the same year. This means all sporting and community events will benefit from the bill and might even offer further opportunities for Kent's role in the 2012 Olympics.

Implications

20 Financial - Costs for the Bill, which are estimated at £58,000 will be paid by KCC. This includes the parliamentary agents fees and disbursements. It is hoped that these will be recouped through filming spend into the county, as well as spend around other large scale events made possible through this Bill. It is intended that costs incurred by road closures will be recouped directly from the production companies requesting the road closure under existing powers. This may include costs for implementing diversions, signage and staff time.

21 Legal – The Bill will lead to a change in Legislation which will be applicable within the Kent County Council administrative area only.

22 Human Rights - Before a Bill is laid before Parliament it must be certified as being compliant with the European Convention on Human Rights. This will be evidenced by an opinion by the Parliamentary Agents.

23 Reputation – A framework for granting road closures has already been prepared and partially set out within the A-Z Filming Guidelines under the Kent Filming Partnership. Road closures will be granted in close consultation with Kent Highway Services, Kent Police and other emergency services. Production companies will be obliged to cover costs, provide risk assessments, consult with local residents and businesses and put in place procedures for emergencies before a film order permitting closure of a road is granted.

Consultations

24. There has been internal consultation in respect of both the principle and the provisions of the draft Bill. The external consultation commenced on 1 August and runs for a period of one month. Copies of the Bill have been sent to Kent Police, the district Councils, statutory undertakers, Royal Mail and the AA and RAC.

25 Details of the consultation have been published on the County Council website.

26 Consultation with Government Departments and Kent Members of Parliament is being carried out by the Parliamentary Agents.

Conclusion

27 Cabinet is asked to approve the recommendations, to enable the Kent Film Office to proceed with the Bill to close roads for the purpose of filming. Once the Bill is enacted by Parliament, it will make Kent unique as the only film friendly county in the UK where filming in the highway is permitted in this way. This will potentially attract more high level filming to the county and increase the amount of direct spend from filming, which directly benefits residents and businesses in Kent.

28 Other options considered were:

A - to continue to close roads either by stop/go method or via districts under the TCPA . However, this method relies on the co-operation of the districts and/or Kent Police. In the past the Kent Film Office has lost major filming projects because we were unable to close roads.

B - We have also considered asking other councils whether they would participate in the Bill. Whilst there may be some economies of scale if each additional Council were to proceed with the same Bill as KCC, these would be outweighed by the loss of competitive advantage from being the only Council with these powers. In addition, there would be potential for the Bill to be delayed if other Councils were not able to meet the prescriptive timetable for the submission of the Bill to Parliament and there would be an increase the risk of challenges, which may not be directly relevant to the County Council.

Recommendations

29. Cabinet is asked to recommend to the Council that this Council pursue the introduction of the attached Bill which is in a form similar to the relevant provisions in the London Local Authorities and Transport for London Act 2008 that amends the relevant provisions of the Road Traffic Regulation Act 1984 and includes an additional provision in respect of placing objects on the highway

Background Documents:
1- London Local Authorities and Transport for London Act 2008
2 – The Draft Kent County Council Filming on Highways Bill

Other Useful Information:

Kent Film and Television Strategy

Kent Filming Partnership Agreement

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By: Nick Chard, Cabinet Member for Environment, Highways and Waste
Mike Austerberry, Executive Director, Environment, Highways & Waste

To : Cabinet 14th September 2009

Subject : Kent International Gateway Planning Inquiry

Classification : Unrestricted

Summary

This report updates the report on the Kent International Gateway considered by Cabinet on 30th March 2009, and seeks Cabinet endorsement of the County Council's position at the Planning Inquiry in the light of amendments to the scheme and the expiry of the Kent and Medway Structure Plan.

Background

1 On 30th March 2009 Cabinet considered a report on the planning application for a Strategic Rail Freight Interchange (SRFI), known as the Kent International Gateway, at Junction 8 of M20, and its far reaching implications for transport and planning in Kent. The report sought Cabinet agreement to KCC's appearance at a planning Inquiry to oppose the proposal, the appointment of legal counsel and the retention of technical consultants.

Cabinet resolved :

(i) that KCC's objections to the Kent International Gateway planning application, and its appearance at a planning enquiry to oppose the proposal be endorsed;

(ii) the Executive Director, Strategy, Economic Development and ICT be authorised to appoint consultants and counsel as necessary, in consultation with the Cabinet portfolio holder for Regeneration; and

(iii) the creation of a small reserve to manage expenditure fluctuations arising from the appeal process be noted.

2 Since this resolution the position has progressed in a number of respects :

1. Maidstone Borough Council's Planning Committee has considered the proposal
2. A date for the Planning Inquiry has been established and KCC has appointed counsel
3. KCC has submitted a summary of its case to the Planning Inspectorate
4. The Kent and Medway Structure Plan has been replaced by the South East Plan
5. The appellant has submitted an amended scheme, and KCC has commented on the changes

3 The purpose of this report is to confirm that Cabinet continues to support the County Council's objections to the KIG proposal, and its appearance at the planning Inquiry in support of Maidstone Borough Council.

Maidstone Borough Council : Planning Committee Resolution

A public meeting of the MBC Planning Committee took place on 7th May, and resolved that if the Applicant had not appealed on the grounds of non determination, the Council would have refused the application. There are 18 “deemed reasons for refusal” that are similar to KCC’s objections to the planning application as a statutory consultee. These can be seen on the Maidstone Borough Council web site.

The Planning Inquiry

4 The Planning Inquiry is scheduled to begin on 13th October and to last for 8 weeks. KCC has appointed Craig Howell Williams QC, and will present evidence in support of the Borough Council on strategic policy, highways, Public Rights of Way and archaeology. The Inquiry will also consider objections to an Order for the proposed stopping up and diversion of rights of way across the appeal site that has been published by the Department for Environment, Food and Rural Affairs. KCC has objected to this Order because the effect would be to create new routes that are significantly poorer in terms of amenity than those existing.

Summary of the KCC Case

5 KCC has submitted to the Planning Inspectorate a summary of the case it will make at the Inquiry (the Rule 6 Statement). This reflects KCC’s objections to the planning application as a statutory consultee, as summarised in the Cabinet Report of the 30th March (paragraph 10).

6 The main points of the case that KCC will make are summarised in the conclusions to the Rule 6 Statement as follows, and these will be developed by officers under delegated authority through the evidence presented at the Inquiry :

1. KCC intends to support MBC in its objections to the appeal proposal. In that regard it will liaise with the Borough Council in order to reduce the prospect of duplicated evidence.

2. KCC will argue that there are key strategic, environmental and other policy based objections to the proposal that override any argument of need for rail freight interchanges.
3. Moreover, the appeal site is in the wrong location to achieve significant transfer of road freight to rail, and therefore will not achieve reduction of carbon emissions. It will generate additional road traffic on a congested section of M20, contrary to policy.

4. The proposal is not based on sound forecasts of cross Channel rail traffic, or the capture of road traffic to rail, and does not appear to take full account of other proposals for SRFI with which it would need to compete.
5. The additional traffic generated by the KIG proposal would have a severe adverse impact on the town’s highway network, not just in the vicinity of the site access. This traffic would threaten the delivery of the Maidstone BC Local Development Framework.

6. The proposals do not accord with regional, local and strategic policies for the location of major new employment of this type.

7. The proposal would have a severe negative impact on the setting of the AONB and views from it, and is not consistent with current planning policies for landscape protection and visual amenity.

8. The development would be a major extension of the urban area into open countryside, and intrude into the important strategic gap designated to the north of Maidstone.
9. No sufficient assessment of the site's archaeological value has been completed. Moreover, were any fixed remains of significance to be found, the construction and earthworks envisaged would probably mean that they could not be preserved.

10. The close proximity of this major development to residential areas will have a combined impact on the community from noise, visual intrusion, and traffic that would be contrary to planning policy, and the applicable criteria for the location of SRFI's.

11. Other sites are available to meet the identified need for SRFI's in the SRA policy and the South East Plan.

12. For all of these reasons Kent County Council will recommend that the appeal be dismissed.

Kent and Medway Structure Plan

7 Both the Maidstone Committee Report and KCC's Rule 6 Statement refer to the planning policies of the Kent and Medway Structure Plan. Following the adoption of the South East Plan in May 2009, the Structure Plan expired on 6th July 2009, three years after its adoption. It is no longer a part of the development plan, to be considered when decisions are made on major developments. KCC has duties to advise and assist in the context of regional planning although KCC's future statutory role in strategic planning will depend upon legislation currently in Parliament. KCC remains the Highways authority and is the accountable authority for other important, statutory functions for Kent.

8 KCC's objections to the KIG proposal and the Maidstone Borough Committee report therefore also refer to the policies of the South East Plan which is now the statutory strategic plan.

The amended scheme

9 The appellant for the Kent International Gateway submitted supplementary environmental information to Maidstone Borough Council on 3rd July 2009, and published this under the Environmental Impact Assessment Regulations. Representations to Maidstone Borough Council were invited by 7th August.

The main changes proposed to the scheme that KCC noted are :

- the two rail connected warehouse units 01 and 02 have been reduced in size from 171,000 to 141,000 sq m, and warehouse units E and F are replaced with a single unit

- the total quantity of commercial space is reduced from 374,000m^2 to 300,000m^2

- changes have been made to the landscape framework, including retention of the more woodland in the centre of the site

- 2 vehicle lay-bys have been added to help meet the security requirements.

- amendments have been made to the drainage strategy.

- a sedum covered 'green roof' is proposed for the acoustic shield

10 KCC's comments on the amended scheme were agreed by the Cabinet Member for Environment, Highways and Waste as follows :

Traffic and Access

11 KHS still objects to the KIG proposal on the grounds set out in the Kent County Council's Rule 6 Statement. KCC is particularly concerned that the delay in finalising traffic information outlined in that letter could cause difficulties for its highways witness at the Inquiry.

Rail Freight

12 The appellant's submissions state that the background to the development of the rail freight interchange has not been affected by the changes to the scheme, although the total quantity of commercial space would be reduced from 374,000m^2 to 300,000m^2. No new information has been provided to alter the County Council's views on this matter.

Landscape and Visual Aspects

12 The supplementary information is helpful in understanding the landscape and visual implications of the amended scheme. However, the scheme changes are marginal in the context of this very major development as a whole.

Public Rights of Way

13 The County Council has objected to the stopping up and diversion of PROW, and the loss of amenity and suitability that the scheme would cause to their users. The amended scheme alters the details of those objections but does not remove them.

Socio Economic Impacts

14 As a result of the reduced warehousing floor space the appellant estimates that the number of full time equivalent jobs on the site would be reduced from 3,500 to 2,900. However the number of jobs that would be generated would be within a range determined by the use of the site, and this could exceed 2,900. The amended scheme does not therefore remove the County Council's concern with regard to employment policy and strategy.

Heritage and archaeology

15 KCC objected to the scheme on the basis of inadequate information for a proper determination of the application. The amended scheme does not alter the County Council's objection. The appellant has undertaken further surveys and this work continues.

Ecology and Wildlife Conservation

16 While the amended scheme retains more woodland in the centre of the site, and provides a larger Landscape Framework, the fundamentals of the scheme in terms of development footprint and reconfigured landform remain very damaging.

Noise and Vibration

17 The County Council objected to the cumulative impact on the community, including the effect of noise. KCC would wish to have the benefit of the local planning authority's noise

consultant on the degree to which noise impacts would be ameliorated by the scheme changes.

18 KCC expressed the view that overall the changes do not overcome the objections to the proposal set out in the County Council's Rule 6 Statement.

Financial Implications

19 A small budget reserve has been established to manage expenditure fluctuations arising from the appeal process, as resolved by the 30th March Cabinet meeting. This is being used for KIG and other inquiries to smooth year on year budgeting and is not additional funds. The KIG Inquiry is now expected to last at least 8 weeks. This carries additional costs for the attendance of counsel. I estimate that the total cost of KCC's appearance at the Inquiry and consultants advice will be upto £160,000 in the current financial year. This does not include a share of any costs incurred by Maidstone Borough Council. Given other commitments I expect the budget reserve to be exceeded this year.

Next Steps

20 Maidstone Borough Council have advised the planning Inspector that should it be decided to accept the proposed changes as amendments to the application, they are prepared to make every effort to meet the Inquiry timetable. However, the Borough Council has given warning of the possibility of delays in their preparation, having regard to the late stage at which the amendments have been submitted, and the fact that the Appellant has yet to supply a substantial amount of information.

21 Similarly, the County Council aims to complete the preparation of its evidence to the Inquiry timetable, but has also expressed concern at the late submission of changes to the scheme, and the outstanding information, notably on highways and archaeology.

22 "Statements of Common Ground " dealing with the facts that can be agreed by the appellant and the local planning authority, are due to be finalised in batches on 1st and 15th September, and may contain matters to be reported to Cabinet verbally.

Recommendations

It is **recommended** that Cabinet:

(i) note the amended scheme, and endorse KCC's views as agreed by the Cabinet Member for Environment, Highways and Waste

(ii) note the replacement of Kent and Medway Structure Plan by the South East Plan

(iii) endorse KCC's Rule 6 Statement and its case against the Kent International Gateway proposal

(iv) agree to KCC's appearance at the planning Inquiry in support of Maidstone Borough Council

(v) note that the budget reserve for inquiries is likely to be exceeded this year

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Background Documents

KCC Cabinet Report of 30th March 2009
KCC Rule 6 Statement of 30th May 2009
KCC reply to the consultation on the Supplementary Environmental Statement : Letter 7th August 2009
KCC objection to an Order for stopping up and diverting rights of way. Letter of 13th August

The following can be seen on the Maidstone Borough Council web site :

Outline Planning application for KIG October 2007
Maidstone Borough Council Committee Report of 7th May 2009 –
Maidstone Borough Council Rule 6 Statement of 30th May 2009
Supplementary Environmental Statement of July 2009

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By: Alex King – Deputy Leader
Peter Sass - Head of Democratic Services and Local Leadership

To: Cabinet – 14 September 2009

Subject: Decisions from Cabinet Scrutiny Committee – 21 July and 5 August 2009

Classification: Unrestricted

Summary: This report sets out the decisions from the Cabinet Scrutiny Committee and invites a response from Cabinet.

Introduction

1. The Leader has agreed the decisions from Cabinet Scrutiny Committee will be reported to the following meeting of the Cabinet for a response. The responses will be reported back to the Cabinet Scrutiny Committee.

2. The decisions from the meeting of the Cabinet Scrutiny Committee on 21 July 2009 and the Extraordinary Committee meeting on 5 August 2009 are set out in the Appendix to this paper.

Recommendation

3. That Cabinet agree responses to these decisions, which will be reported back to the Cabinet Scrutiny Committee.

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Background Information: *Nil*

APPENDIX

Cabinet Scrutiny Committee – 21 July 2009

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
Options for Overview and Scrutiny	The Cabinet Scrutiny Committee was asked to discuss the options for Overview and Scrutiny and put forward their views.	Mr A King Mr P Wickenden Mr D Whittle	The Cabinet Scrutiny Committee: - Thanked Mr A King, Mr Whittle and Mr Wickenden for attending the meeting and answering Members' questions. - Thanked Mr A King for the opportunity in September to input further into the proposal for Overview and Scrutiny	The comments made by the Committee will feed into the current review
Kent and Medway Fire and Rescue Authority – Allocation of KCC places	The Committee was asked to consider the allocation of KCC places on the Kent and Medway Fire and Rescue Authority	Mr A King Mrs P Stockell Mr P Sass	The Cabinet Scrutiny Committee: - Thanked Mr A King, Mrs Stockell and Mr Sass for attending the meeting and answering Members' questions.	The Cabinet notes that no further action is required.

Extraordinary Cabinet Scrutiny Committee – 5 August 2009

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
Extension of the Kent TV Contract	The Cabinet Scrutiny Committee considered the reasons and justification for the extension of the Kent TV contract.	Mr P Carter Mr A King Mr P Gilroy Mrs T Oliver Mr M Banks	The Cabinet Scrutiny Committee: - Thanked Mr P Carter, Mr A King, Mr P Gilroy, Mrs T Oliver and Mr M Banks for attending the meeting and answering Members' questions. - Resolved to take no further action	The Cabinet notes that no further action is required.