AGENDA

CABINET

Monday, 30th November, 2009, at 10.00 am	Ask for:	**Karen Mannering / Geoff Mills**
Darent Room, Sessions House, County Hall, Maidstone	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. Declaration of Interests by Member in Items on the Agenda for this meeting
2. Minutes of the Meeting held on 12 October 2009 (Pages 1 - 6)
3. Revenue and Capital Budgets, Key Activity and Risk Monitoring (Pages 7 - 132)
4. Update on Icelandic Deposits (Pages 133 - 142)
5. Half-year monitoring 2009/10 (Pages 143 - 186)
6. East Kent Joint Waste Project -partner authority approvals (Pages 187 - 214)
7. Children's Centres: Review (Pages 215 - 240)
8. Museum of Kent Life (Pages 241 - 244)
9. Decisions from Cabinet Scrutiny Committee - 21 October 2009 (Pages 245 - 248)
10. 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, 20 November 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.

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 12 October 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: Mr M Austerberry (Executive Director, Environment, Highways and Waste), Ms A Honey (Managing Director Communities), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services) and Ms R Turner (Managing Director Children, Families and Education)

UNRESTRICTED ITEMS

12. Minutes of the Meeting held on 14 September 2009
(Item. 2)

The Minutes of the meeting held on 14 September 2009 were agreed and signed as a true record.

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

(1) This exception report was based on the monitoring returns for August and highlighted the main movements since that report. Mr Simmonds said the report highlighted a number of pressures that would need to be managed during the course of the year but currently the overall position on the revenue budget was satisfactory. With regard to the capital budget, a number of projects had been re-phased and these were detailed in the report. The report also provided an update on the latest position with asylum and it was agreed that there should be a detailed report on this subject to the next meeting of Cabinet.

(2) Following further discussion, Cabinet noted the latest forecast revenue and capital budget monitoring position for 2010 and the changes to the Capital Programme with £7.423m of re-phasing on the Capital Programme being moved from 2009/10 capital cash limits to future years. Cabinet also noted that there would be a further report on asylum to its next meeting.

14. Autumn Budget Statement

(Item 4 - Report by Mr Paul Carter, Leader of the Council, Mr John Simmonds, Cabinet Member for Finance, Mr Peter Gilroy, Chief Executive and Ms Lynda McMullan, Director of Finance)

(1) The "Autumn Budget Statement" sets out the early planning assumptions for the next three years revenue budget for the County Council. Despite at this stage not having all the necessary information from Government to hand, it was nonetheless essential for the County Council to begin planning next year's budget and Medium Term Plan if there was to be a meaningful debate with Policy Overview Committees during the course of November with final budget proposals being published in January 2010.

(2) Cabinet noted the key issues highlighted in the report and that Kent County Council would continue to develop and strengthen its policy-led budgeting in order to optimise the allocation of constrained resources to meet local priorities. Cabinet also endorsed the proposed Medium Term Planning key milestone dates as set out in Appendix 1 to the report.

15. Treasury Investments

(Item 5 - Report by Mr John Simmonds, Cabinet Member for Finance and Ms Lynda McMullan, Director of Finance)

(1) This report focussed on the management of treasury investments as part of Kent County Council's overall Treasury Strategy. The report detailed proposals for asset allocation, selection of counterparties, counterparty limits and the duration of deposits. These proposals had already been discussed and endorsed by the Treasury Advisory Group at its meeting on 3 September 2009.

(2) Mr Simmonds said it had always been envisaged that the policy operated by the County Council would be reviewed as the financial markets stabilised. The position now was such that a cautious move away from the sole use of the Debt Management Office could be envisaged using a very limited range of counterparties as detailed in the report. Mr Simmonds also spoke about the governance arrangements which the Council now had in place and that any changes to the existing strategy would be taken to Cabinet for decision following consideration by the Treasury Advisory Group.

(3) During the course of discussion, Members of the Cabinet said they welcomed the report and the strong measures that were in place in order to protect the County Council's current and future treasury investments.

(4) Cabinet:

(a) agreed to the use of cash deposits, call accounts and fixed deposits, with selected financial institutions and the Debt Management Office as set out in the report together with the agreed criteria set out in paragraph 10(2) of the Cabinet report;

(b) agreed the use of Abbey National, HSBC, HBOS/Lloyds TSB, Royal Bank of Scotland and Barclays and that these five institutions should have a maximum limit of £40m with deposits being for a period of no longer than six months. Cabinet also noted the new control environment and governance arrangements as detailed in the report and also the extension of the Arlingclose contract to cover the period in which the County Council would be seeking tenders for the contract of Treasury Advisory Services to the County Council.

16. Corporate Assessment Performance Improvement Plan

(Item 6 - Report by Paul Carter, Leader of the Council, Roger Gough, Cabinet Member for Corporate Support Services and Performance Management, and Robert Hardy, Director of Improvement and Engagement)

(1) Mr K G Lynes declared a personal and prejudicial interest in this item on the grounds that he had in the past undertaken peer review work on behalf of the Audit Commission. He therefore took no part in the discussion.

(2) This report identified a number of points of principle and practice and questioned whether the Audit Commission and its fellow inspectorates had the necessary skills to undertake meaningful assessments at either the organisational or area level. Kent County Council's formal response to the Corporate Assessment in October 2008 had included reservations about the process and the report expressed the hope that the process would now be halted. Rather than another lengthy exercise to find a role for the Inspectorates, the report proposed that Kent County Council should put forward a set of principles to shape what local Government does for itself to assess its effectiveness of all public services.

(3) Following discussion Cabinet resolved that unless the County Council received a positive response from the Audit Commission to the submission referred to in paragraph 3.14 of the Cabinet report, Cabinet would be asked to consider whether to continue to support the CAA process. If at some point it was decided that the County Council should not continue to give such support then Cabinet would need to seek the consent of the full Council to a policy of non co-operation with all aspects of the CAA.

17. Towards 2010 Annual Report

(Item 7 - Report by Mr Paul Carter, Leader of the County Council and Mr Peter Gilroy, Chief Executive)

(Mrs Sue Garton, County Performance and Evaluation Manager, was present for this item)

(1) This report submitted the current draft of the third *"Towards 2010"* Annual Report for comment and consideration prior to its submission to the County Council for approval at its meeting on 15 October 2009.

(2) RESOLVED that Cabinet note the progress made against the 63 *Towards 2010* targets and the arrangements for publishing the Annual Report which would be submitted to the County Council for approval at its meeting on 15 October 2009.

18. Draft Annual Performance Report 2008/09

(Item 8 - Report by Mr Roger Gough, Cabinet Member for Corporate Support Services and Performance Management; Mr Peter Gilroy, Chief Executive and Mr Robert Hardy, Director of Improvement and Engagement)

(1) This report provided Cabinet with an overview of the draft Annual Performance Report 2008/09 which had already been taken to each Policy Overview Committee during the course of the September round of meetings and had received a positive response from Members.

(2) RESOLVED that Cabinet agree the contents of the KCC Annual Performance Report.

19. Government Consultation on 'Shaping the Future of Care Together' - The Green Paper on Care and Support

(Item 9 - Report by Mr Graham Gibbens, Cabinet Member for Adult Social Services and Mr Oliver Mills, Managing Director for Kent Adult Social Services)

(1) The Government published a Green Paper in July 2009 outlining a number of radical proposals for the reform of the Care and Support system in England. The outcome of the debate around what these Care and Support systems would look like in the future and how they would be funded would potentially have profound implications for Kent County Council.

(2) Mr Gibbens said that the Green Paper sought to address a number of issues around future demographic pressures and their ramifications for Care and Support. It was critical that the solution that was eventually decided upon met the needs and the growing expectations of the people of Kent and it was therefore vital that the County Council delivered a robust response to the Consultation in order to ensure that the people of Kent had a Care and Support system that would enable them to lead healthy and fulfilling lives.

(3) Following discussion Cabinet endorsed the contents of the report and the key points raised in the Draft Response to the Consultation which would now be submitted for consideration at the meeting of the County Council on 15 October 2009.

20. Review of Specialist Unit and Designated Provision in Mainstream Schools - Lead School Implementation

(Item 10 - 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)

(1) This report provided an update on the progress with the implementation of Lead School provision in Phase 1 and set out the cost implications for Lead Schools in Phase 2 areas.

(2) Following discussion Cabinet noted the progress of the Lead Schools Implementation and also progress of the evaluation process. Cabinet also noted the cost implications as identified in paragraphs 8 and 9 of the Cabinet report and

noted the change to the timetable, when Phase 2 schools would receive first year budget subject to the Phase 1 evaluation.

21. Regeneration Framework

(Item 11 - Report by Mr Kevin Lynes, Cabinet Member for Regeneration and Mr David Cockburn, Executive Director, Economic Development, Strategy and ICT)

(Mr Ross Gill, Economic Strategy and Policy Manager, was present for this item)

(1) This report summarised the outcomes from the consultation on the first draft of “Unlocking Kent’s Potential” KCC’s Regeneration Framework and sought Cabinet’s approval to the final draft. The report also detailed how the Regeneration Framework would be taken forward and set out the role of the Regeneration Board as the advisory body to the Cabinet Member for Regeneration.

(2) Mr Lynes said that regeneration was not just about economic growth but also about transformation in education and skills, housing and the transport systems and infrastructure that supported both the economy and residents. The County Council had a critical role to play in facilitating these issues but had to do that working closely with its partners both in the private, community and public sectors. The Framework would therefore act as a catalyst to developing a range of strategies and approaches for taking forward economic development and regeneration in Kent.

(3) Following discussion Cabinet noted the consultation process which had been undertaken in relation to the draft Regeneration Framework and approved the final draft Regeneration Framework, as presented to Cabinet. Cabinet also noted the establishment and Terms of Reference of a Regeneration Board which would act as an advisory body to the Cabinet Member for Regeneration with reports back to Cabinet being submitted on a regular basis.

22. Decisions from Cabinet Scrutiny Committee - 23 September 2009

(Item 12 - Report by Mr Alex King, Deputy Leader and Mr Peter Sass, Head of Democratic Services and Local Leadership)

(1) Cabinet agreed the responses to those matters detailed in the report and noted that these would be reported back to the Cabinet Scrutiny Committee.

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REPORT TO: **CABINET – 30 NOVEMBER 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,**
- **note and agree the changes to the capital programme,**
- **agree that £4.763m of re-phasing on the capital programme is moved to 2009-10 capital cash limits from future years**
- **note the latest financial health indicators and prudential indicators**

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1. INTRODUCTION

1.1 This is the second full monitoring report to Cabinet for 2009-10.

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 an underspend of £0.736m, which is an improvement of £3.072m since the last report to Cabinet in October. Management action is currently expected to increase the underspend to £1.725m.
- The current position on Asylum is a pressure of £3.808m, which is a small improvement of £0.161m since the last report. The September and October referrals were the lowest for over two years, which coincided with the French Government's actions to clear asylum seeker camps around Calais. The 2008-09 special circumstances payment has recently been confirmed by the UKBA (subject to audit) and, along with the intake grant, is in line with expectations. There are ongoing discussions regarding the 18+ care leavers grant for 2008-09 and an update will be given in future monitoring reports.
- We are forecasting that schools will draw down a further £6m of their reserves this year in response to the tighter balance control mechanism, where reserves above a certain level will be recovered. This is significantly lower than the schools' monitoring forecasts suggest but traditionally schools have tended to be over cautious with their forecasting.
- Within KASS, there are potentially a further 23 cases of Ordinary Residence that are being investigated and these could have a very significant impact on the financial position, although few, if any, are likely to be settled this financial year, as the legal process is lengthy. (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).
- The position forecast within the KASS portfolio assumes reductions in residential and nursing placements based on prior year trends. However, attrition rates have recently been lower than expected. If attrition remains below the expected level then this will increase the forecast spend in the current year.

- The recent national and international recruitment campaign for the new Children's Social Workers posts, funded from additional money made available in the 2009-12 MTP, has had limited success. The high level of vacancies in front-line staff is putting pressure on other children's social services, particularly respite care and preventative services, as the safety of children continues to be the highest priority. Recruitment to these posts is crucial to alleviate that pressure, and make social worker caseloads more manageable enabling the delivery of LAC commitments in a more pro-active and cost effective way. These pressures together with pressures on fostering, adoption and residential care are currently being offset by the high level of vacancy savings but it is still hoped that some of these posts will be filled by February; hence the underlying pressures will need to be addressed in the 2010-13 MTP process.
- The activity levels for in-house Fostering are cause for concern as they are very high compared to the affordable level and last year's outturn. This is largely due to the increase in 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 cost of supported lodgings which is lower than remaining in foster care. If this trend continues then it will need to be addressed in the 2010-13 MTP.
- The CFE position includes rebadging of £1.179m of Sure Start grant, arising from delays in the round 3 Children's Centres, against eligible spend. This is likely to be the last year that this option is available to us as the final round of centres is expected to be fully functional by the end of this financial year, hence the underlying pressure will need to be addressed in the MTP.
- The current forecast in EH&W includes a £2.6m saving as a result of reduced waste tonnage. If the reduction in waste tonnage continues at the same rate as we are currently experiencing, then there will be further underspend to come. £2.1m of this saving is being redirected into highways maintenance.
- A £6m settlement has been reached, without any admissions as to liability, regarding the original Turner project which was abandoned in 2006. The net proceeds from this will be repaid into reserves, so has no impact on the outturn in 2009-10.

1.3.2 **Capital:**

- The latest forecast capital position is a variance of +£11.877m mainly on schemes which we have brought forward and schemes where overspends have been previously reported.

2. OVERALL MONITORING POSITION

2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of £1.725m 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	-684,916	-968	0	-968
Kent Adult Social Services	+340,612	+754	-754	0
Environment, Highways & Waste	+151,887	-424	0	-424
Communities	+57,430	+33	-33	0
Localism & Partnerships	+7,597	+127	0	+127
Corporate Support & Performance Mgmt	+9,807	+75	-202	-127
Finance	+108,021	-160	0	-160
Public Health & Innovation	+790	0	0	0
Regen & Economic Development	+8,092	-173	0	-173
TOTAL (excl Schools)	**-680**	**-736**	**-989**	**-1,725**
Asylum	0	+3,808	0	+3,808
TOTAL (excl Schools)	**-680**	**+3,072**	**-989**	**+2,083**
Schools	+894,734	+6,000	0	+6,000
TOTAL	**+894,054**	**+9,072**	**-989**	**+8,083**

2.2 **Capital (excluding PFI & budgets delegated to schools)**

This report reflects the current monitoring position against the revised programme, where a pressure of +£7.455m and re-phasing of +£4.422m of expenditure from future years is forecast, giving a total variance in 2009-10 of +£11.877m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

Directorate cash limits have been adjusted since the last full monitoring report to include:

- the transfer of Supporting People from KASS portfolio to Communities portfolio;
- the virement of £0.1m from Finance portfolio to Communities portfolio to fund our contribution towards the construction programme at Maidstone Museum as agreed at September Cabinet;
- 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.

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	**-684,916**	**-968**	-968					
Kent Adult Social Services	**+340,612**	**+754**		+754				
Environ, Highways & Waste	**+151,887**	**-424**			-424			
Communities	**+57,430**	**+33**				+33		
Localism & Partnerships	**+7,597**	**+127**					+127	
Corporate Support & Performance Mgmt	**+9,807**	**+75**					+75	0
Finance	**+108,021**	**-160**					0	-160
Public Health & Innovation	**+790**	**0**					0	
Regen & Economic Dev	**+8,092**	**-173**					-173	
SUB TOTAL (excl Schools)	**-680**	**-736**	-968	+754	-424	+33	+29	-160
Asylum	**0**	**+3,808**	+3,808					
TOTAL (excl Schools)	**-680**	**+3,072**	+2,840	+754	-424	+33	+29	-160
Schools	**+894,734**	**+6,000**	+6,000					
TOTAL	**+894,054**	**+9,072**	+8,840	+754	-424	+33	+29	-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	+393,610	-1,078,526	**-684,916**	+370	-1,338	**-968**
Kent Adult Social Services	+441,612	-101,000	**+340,612**	+4,820	-4,066	**+754**
Environ, Highways & Waste	+168,565	-16,678	**+151,887**	-246	-178	**-424**
Communities	+143,912	-86,482	**+57,430**	+409	-376	**+33**
Localism & Partnerships	+8,206	-609	**+7,597**	+195	-68	**+127**
Corporate Support & Performance Mgmt	+50,323	-40,516	**+9,807**	+3,601	-3,526	**+75**
Finance	+127,089	-19,068	**+108,021**	+4,925	-5,085	**-160**
Public Health & Innovation	+1,410	-620	**+790**	-54	+54	**0**
Regen & Economic Dev	+10,365	-2,273	**+8,092**	-133	-40	**-173**
SUB TOTAL (excl Schools)	+1,345,092	-1,345,772	**-680**	+13,887	-14,623	**-736**
Asylum	+14,129	-14,129	**0**	0	+3,808	**+3,808**
TOTAL (excl Schools)	+1,359,221	-1,359,901	**-680**	+13,887	-10,815	**+3,072**
Schools	+975,701	-80,967	**+894,734**	+6,000	0	**+6,000**
TOTAL	+2,334,922	-1,440,868	**+894,054**	+19,887	-10,815	**+9,072**

A reconciliation of the above gross and income cash limits to the position reported to Cabinet in September 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	Schools delegated budgets - expected draw down from reserves	+6,000	FIN	Original Turner Contemporary settlement	-6,000
FIN	Transfer to reserves of net proceeds from Turner settlement	+6,000	CMY	Drawdown from Supporting People reserve	-2,690
CFE	Asylum - shortfall in Home Office income (income)	+3,808	EHW	Reduced waste tonnage	-2,600
CMY	Supporting People	+2,690	CFE	Assessment & Related - staffing vacancies (gross)	-2,585
EHW	KHS - revenue contribution to capital in order to reduce backlog of capital maintenance	+2,100	FIN	2009-10 write down of discount saving from 2008-09 debt restructuring	-1,971
FIN	Contribution to economic downturn reserve of 2009-10 write down of discount saving from 2008-09 debt restructuring	+1,971	FIN	Treasury savings - lower debt charges and savings on interest on cash balances budget	-1,660
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+1,853	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-1,400
FIN	Contribution to economic downturn reserve to provide contingency for the impact of the recession	+1,500	CSPM	Information Systems income from additional pay as you go activity	-1,389
FIN	Pressure on Insurance Fund	+1,400	KASS	Older People Domiciliary gross - reduction in hours in independent care	-1,332
CSPM	Information Systems costs of additional pay as you go activity	+1,389	CFE	ASK - Early Years - badging of unspent sure start grant to free up base budget (gross)	-1,179
KASS	LD Residential gross - activity in excess of affordable level in independent sector placements	+1,356	KASS	Older People Residential income resulting from higher unit cost	-1,029
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,086	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-964
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector placements	+919	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for agreed maintenance	-806
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+916	CFE	Mainstream Home to School Transport - contract renegotiations & fewer pupils travelling (gross)	-714
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments	+766	KASS	Older People Domiciliary gross - in house activity below affordable level	-696

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+715	CFE	Independent Sector Residential Care - additional income received from health and KASS (income)	-685
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	KASS	Older People Nursing income resulting from higher unit cost	-628
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+693	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
CFE	Other Preventative Services - pressure on section 17 payments (gross)	+675	KASS	Older People Nursing income - additional income due to higher RNCC activity	-413
CSPM	Legal services cost of additional work (offset by increased income)	+664	CSPM	Information Systems income from EIS additional services/projects	-400
KASS	LD Direct Payments Gross - activity higher than affordable level	+653	KASS	Older People Residential gross - Preserved Rights increased attrition	-391
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+653	KASS	LD Supported Accommodation income - additional income resulting from unit costs and additional Health funding	-390
EHW	KHS - White lining refresh	+600	CFE	Leaving Care/16+ service - section 24/leaving care payments (gross)	-382
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+576	KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-338
CFE	Personnel & Development - pensions pressure resulting from previous years early retirements (gross)	+565	CFE	Fostering Service - county fostering team vacancies (gross)	-308
CFE	Independent Sector Residential Care - additional placements (gross)	+565	CFE	Other Preventative Services - disability day care services rebadge of sure start eligible expenditure (gross)	-308
KASS	All Adults Assessment & Related Gross - staffing pressures	+465	KASS	Older People Nursing income resulting from additional activity	-308
CFE	Adoption Service - increase in special guardianship orders (gross)	+436	CMY	Central Budgets: contribution from CFE & recharges to services within Communities of dilapidations cost	-300
KASS	Older People Nursing gross - additional spend due to higher RNCC activity	+413	CFE	Fostering Service - reduction in no of Related Fostering related payments (gross)	-271
CSPM	Information Systems costs of EIS additional services/projects	+400	CSPM	Property - Additional income from PAYG activity	-262
KASS	Older People Residential gross - in house provision staffing	+357	KASS	Assessment & Related - Over-recovery of income from additional health contributions	-260
CFE	Awards - home to college transport prices and demand (gross)	+339	CMY	Adult Education: Support staff savings.	-252
KASS	Older People Nursing gross - attrition in preserved rights lower than expected	+326	CFE	Independent Sector Residential Care - reduction in no of secure accommodation placements (gross)	-236
CMY	Central budgets: Unexpected dilapidation claim.	+300	CFE	Other Preventative Services - delays in implementing community based programmes	-230
KASS	Older People Residential gross - pressure relating to change in unit cost in independent sector placements	+299	KASS	PD Other Services - underspend on independent sector day-care	-221
CSPM	Property Group - Additional costs of increased PAYG activity	+260	CFE	Other Preventative Services - additional contributions received from health (income)	-218
EHW	KHS - dilapidation charge on Beer Cart Lane premises	+250	CFE	Residential Care Not Looked After Children - reduction in placements (gross)	-217

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	KHS - Sign cleaning programme	+250	KASS	LD Residential income - additional income resulting from additional activity	-211
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117	+230	KASS	MH Assessment & Related gross - vacancy management and difficulty recruiting qualified staff	-206
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+209	CFE	Fostering Service - delays in expansion of therapeutic fostering scheme (gross)	-200
EHW	KHS - vegetation control	+200	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
CFE	SEN Transport - expensive travel arrangements (gross)	+200	KASS	OP Other Services gross - release of the balance of the Managing Director's contingency	-200
KASS	LD Residential gross - in house provision staffing	+195	KASS	OP Other Services gross - lower than anticipated demand for Fast-track Occupational Therapy equipment and Enablement	-200
KASS	LD Supported Accommodation gross - backdated cost relating to Ordinary Residence	+189	CFE	Leaving Care/16+ service - fewer independent sector residential care placements (gross)	-186
CSPM	MTP saving 'In year management action'	+175	EHW	Env Grp - Additional external income and re-phasing of Land Use survey	-185
CMY	Libraries: contribution towards directorate wide savings targets & other centrally held costs	+175	KASS	MH Residential gross - Preserved rights decreased activity due to higher attrition	-183
KASS	LD Residential gross - contribution to provision	+170	KASS	LD Residential gross - Preserved rights decreased activity due to higher attrition	-182
KASS	PD Domiciliary gross - activity in excess of affordable level	+158	CFE	Local Children's Services Partnerships - various minor underspends (gross)	-170
CSPM	Personnel - increased costs including new telephony system for Employee Services	+153	CMY	Libraries: staff savings to mitigate reduced income from AV issues & merchandising.	-161
CSPM	Personnel - increased trainer costs in Learning & Development	+152	CSPM	Personnel - Increased external income in Employee Services, partly from shared HR with DCs at East Kent	-153
CMY	Coroners: Mortuary, Histology, Pathology, long inquest and Toxicology fees that are not governed by CMY	+152	CSPM	Personnel - increased income from Learning & Development courses	-152
KASS	MH Residential gross - unit cost in excess of affordable level	+146	CFE	Additional Educational Needs & Resources - staff vacancies and delays in recruitment to new posts (gross)	-151
CMY	Libraries: Reduced Libraries' Audio Visual income due to declining demand & alternative sources of supply & shortfall in merchandising income	+144	KASS	Strat Bus Supp income - additional training income from Universities	-140
CSPM	Policy & PIE- Staffing costs to strengthen performance management & corporate assurance across KCC	+141	KASS	LD Supported Accommodation gross - activity below affordable level	-137
CFE	CSS Business Support - admin costs of Social Work Pilot project	+135	CFE	CSS Business Support - Social Work Pilot project (income)	-135
CFE	ASK - Professional Development - children's trust development team staffing costs (gross)	+130	KASS	PD Residential income - addit activity/higher contribution	-131
KASS	LD Domiciliary gross - pressure against Independent Living Scheme	+126	R&ED	staff vacancies within Regeneration	-130
L&P	Committee Manager post to March 2010 plus maternity covers.	+117	EHW	Resources - staff vacancies	-120

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Adoption Service - delay in achieving MTP savings within the county adoption team (gross)	+112	EHW	Waste recycling income	-113
CFE	ASK Primary - staffing budget for hands on support and infrastructure team	+105	KASS	PD Residential gross - Preserved Rights increased attrition	-106
			CFE	CSS Business Support - CSS training due to delays in recruitment	-105
			CMY	Libraries: one off rates rebates	-100
			CFE	Specialist Teaching Service - low take-up of personal educational allowances for looked after children (gross)	-100
		+48,422			**-38,690**

3.4 **Key issues and risks**

3.4.1.1 **Children, Families & Education portfolio:** Forecast (excl. schools & Asylum) **-£0.968m**

Pressures continue within this portfolio mainly on the children's social services budgets for fostering and adoption, fostering related payments within the 16+ service and other preventative services. Other pressures include increased pension costs from early retirements in previous years; 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 existing travel arrangements. However, these pressures are more than offset by savings mainly as a result of difficulties in recruiting to social worker posts, the rebadging of eligible expenditure against underspending on the sure start grant arising from delays in the round 3 Children's Centres and savings on mainstream home to school transport from contract renegotiation and a reduction in pupils travelling. All of these pressures and savings are detailed in Annex 1.

3.4.1.2 **Children, Families & Education portfolio - Asylum:** Forecast **+£3.808m**

This forecast fully reflects the new 2009-10 grant rules. These make no reference to a separate special circumstances payment, as this has effectively been incorporated into the revised weekly rate. The majority (£3.523m) 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. The balance of the shortfall (£0.285m) results from underfunded inflation in relation to the under 18's budget.

A meeting was held in September with the UK Borders Agency (UKBA) to discuss long term funding issues including the possibility of moving away from the current grant claim process to a contractual arrangement with UKBA from 1 April 2010 and a working group with UKBA, KCC and the London Boroughs of Hillingdon and Croydon is being set up to discuss this further.

Referrals in September and October were the lowest for over two years. This coincided with the French Government's actions to clear asylum seeker camps around Calais. It is unclear whether this situation is a short term measure or likely to continue.

3.4.1.3 **Schools Delegated:** Forecast **+£6m**

We are forecasting a drawdown of school reserves of around £6m due to the likely impact of the tighter balance control mechanism. The monitoring returns from schools indicate a higher figure but from past experience this is likely to be overstated.

3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£0.754m**

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 residential care, although there is an increase in demand for services for people with dementia. The forecast has increased this month, largely due to two recent cases of learning disabled clients becoming 'ordinarily resident' in Kent which has added costs of approximately £0.3m, although one of these cases is subject to legal review. Further details are provided in Annex 2.

3.4.3 **Environment, Highways & Waste portfolio:** Forecast **-£0.424m**
There is underspending on waste management due to lower waste tonnage than budgeted and savings resulting from agreed downtime for maintenance at the Allington waste to energy plant, but part of this underspending is being used to help reduce the backlog of capital maintenance on highways, as approved by Cabinet on 14th September. There is also pressure on the signs and lines, vegetation control and dilapidations budgets within Kent Highways Services. Further details are provided in Annex 3.

3.4.4 **Communities portfolio:** Forecast **+£0.033m**
The main issue faced by this portfolio is the continuing pressure 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. This is currently being largely offset by underspending within the Arts Unit and a saving from vacancy management of support staff within Adult Education. 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 provided 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 **+£0.127m**
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 **+£0.075m**
This pressure is largely due to permanent and temporary appointments 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 offset by increased income within Legal Services due to both increased internal and external demand.

3.4.5.3 **Regeneration & Economic Development portfolio**: Forecast **-£0.173m**
This saving mainly arises because a number of staff vacancies were frozen pending the arrival of the new director. A series of reviews are underway to enable the director to align the unit to the 'Regeneration Framework' aspirations, and to meet MTP savings and the projected loss of LABGI funding in 2011-12.
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 and a saving on the interest on cash balances budget, are partially offset by a contribution to reserves 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. A pressure on the Insurance Fund is to be covered by a transfer from the Insurance Reserve and the net proceeds from the Turner settlement are to be repaid to reserves.
Further details are provided in Annex 6

3.4.7 Almost £1m of management action across three of the directorates 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 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 in 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 12th October, 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 12th October	417,984	*447,155*
2	Re-phasing as agreed at Cabinet on 12th October		
	Children, Families & Education (CFE)	460	*-3,945*
	Kent Adult Social Services	-499	*499*
	Environment, Highways & Waste	-895	*-3,237*
	Communities	-2,408	*1,786*
	Corporate Support Services & Performance Management	-4,081	*1,245*
3	Highway maintenance - reduction in grant funding - EH&W portfolio	-210	
4	Major Scheme - Preliminary Design fees - additional grant funding - EH&W portfolio	250	
5	East Kent Access phase 2 - additional grant funding - EH&W portfolio	850	
6	Victoria Way phase 1 - reduction in grant funding - EH&W portfolio		*-277*
7	SusCon - grant funded project now not lead by KCC - CFE portfolio	-1,500	*-1,500*
8	Integrated Childrens System - additional grant received - CFE portfolio	218	
9	Primary Capital Programme - grant funded transferred to Crockenhill (modernisation of assets) - CFE portfolio		*-540*
10	Crockenhill (modernisation of assets) - grant funded transferred from Primary Capital Programme - CFE portfolio		*540*
11	Trinity Foyer - banked capital receipt claimed - KASS portfolio	60	
12	Gateway Multi-Channel Service Delivery - additional other external funding received - CSS&PM portfolio	300	
		410,529	***441,726***
13	PFI	54,983	*27,101*
		465,512	*468,827*

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

Portfolio	Budget	Variance	Directorate				
			CFE	KASS	E,H&W	CMY	CED
	£k	£k	£k	£k	£k	£k	£k
CFE	**+217,558**	**+8,527**	+8,527				
KASS	**+6,092**	**-631**		-631			
E,H&W	**+102,122**	**+5,019**			+5,019		
Communities	**+21,800**	**-759**				-759	
Regen & ED	**+6,988**	**-24**					-24
Corporate Support & PM	**+18,664**	**-255**					-255
Localism & Partnerships	**+584**	**0**					0
TOTAL (excl Schools)	**+373,808**	**+11,877**	+8,527	-631	+5,019	-759	-279
Schools	**+36,721**	**0**	0				
TOTAL	**+410,529**	**+11,877**	+8,527	-631	+5,019	-759	-279

Real Variance		**+7,455**	+6,098	-25	+1,448	+21	-87
Re-phasing (detailed below)		**+4,422**	+2,429	-606	+3,571	-780	-192
		2009-10	**2010-11**	**2011-12**	**Future yrs**		**Total**
Re-phasing		+4,422	+4,184	-7,458	-1,148		0

4.2.1 Table 3 shows that there is an overspend of £7.455m on the capital programme for 2009-10 and +£4.422m of re-phasing of expenditure from later years.

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	104,180	2,408	7,210	9,618	
Approval to Spend	165,799	5,948	-2,452	3,496	
Approval to Plan	103,829	-901	-336	-1,237	
Preliminary Stage	0	0	0	0	
Total	373,808	7,455	4,422	11,877	
	2009-10	**2010-11**	**2011-12**	**future years**	**total**
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	7,210	-5,228	-982	-1,000	0
Approval to Spend	-2,452	9,135	-1,249	-5,434	0
Approval to Plan	-336	277	-5,227	5,286	0
Preliminary Stage	0	0	0	0	0
Total	4,422	4,184	-7,458	-1,148	0

4.3.1 Table 4 shows that of the +£11.877m forecast capital variance (excluding devolved capital to schools), -£1.237m 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 +£13.114m 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 +£2.986m.

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

	Capital Variance £m
Supported Borrowing	-0.387
Prudential	+3.480
Prudential/Revenue (directorate funded)	-0.105
PEF2	-0.002
Grant	-0.504
External Funding - Other	-0.070
External Funding - Developer contributions	-0.516
Revenue & Renewals	+1.399
Capital Receipts	-0.184
General Capital Receipts	0.000
(generated by Property Enterprise Fund)	
Transfer of Land in payment	-1.230
Special Schools Review funding to find	+5.978
Other funding to find	+4.018
TOTAL	**+11.877**

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						
EHW	Highways Major Maintenance	phasing	+5,000			
EHW	Highways Major Maintenance	real	+3,582			
CFE	BSF Unit Costs	phasing	+3,500			
EHW	East Kent Access phase 2	phasing		+2,403		
CFE	Milestone School	real		+1,114		
CFE	Meadowfield School	real		+851		
CFE	Bower Grove School	real		+717		
CFE	The Bridge Development	real	+501			
CFE	Orchard/Dunkirk	real		+500		
CFE	Grange Park	real		+401		
CFE	Ifield School (NWK College)	real		+365		
CFE	Ridgeview School	real			+350	
CFE	The Wyvern School (Clockhouse)	real		+350		
CMY	Ramsgate Library	real		+333		
EHW	Victoria Way	phasing			+308	
CFE	Rowhill School	real		+288		
			+12,583	**+7,322**	**+658**	**+0**
		Real	+4,083	+4,919	+350	+0
		Phasing	+8,500	+2,403	+308	+0
Underspends/Projects behind schedule						
EHW	Sittingbourne Road	phasing		-2,444		
EHW	Integrated Transport Scheme	real	-1,482			
EHW	Kent Natural Burial Ground	real			-700	
EHW	Energy and Water	phasing		-572		
CFE	Primary Pathfinder - The Manor	phasing		-547		
CFE	Service Redesign	real	-500			
CFE	Dartford Grammar Girls	phasing	-361			
CMY	Gravesend Library	phasing			-342	
CFE	Corporate Property Team	real	-338			
EHW	Ashford Ring Road	phasing		-330		
EHW	County Park Access and Development	phasing	-325			
CMY	Tunbridge Wells Library	real			-298	
KASS	Modernisation of Assets	phasing	-270			
			-3,276	**-3,893**	**-1,340**	**0**
		Real	-2,320	+0	-998	+0
		Phasing	-956	-3,893	-342	+0
			+9,307	**+3,429**	**-682**	**+0**
		Real	+1,763	+4,919	-648	+0
		Phasing	+7,544	-1,490	-34	+0

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

4.5.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. Table 3 shows that there is currently a £7.455m real variance forecast. The main areas of under and overspending in 2009-10 are listed below together with their resourcing implications:-

- Special Schools Review +£7.040m (+£5.304m in 2009/10, +£1.421 in 2010/11 and +£0.315m in 2011/12).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, all of which has been previously identified and reported, will be considered as part of the MTP workings for 2010/11.

- Highway Major Maintenance +£3,582m (in 2009/10). It was agreed by the Cabinet to use the Integrated Transport underspend to fund the maintenance programme (+£1.482m). In addition to this, an extra £2.1m of waste under spend was agreed to be spent on the carriageway resurfacing programme to reduce the backlog.

- The Bridge +£0.527m (+£0.501m in 2009/10 and +£0.026m in 2010/11). The increase in costs were due to a major value engineering exercise which resulted in significant enhancements to the design. There has also been a contractual delay and an extension of time claim has been submitted. It's important to note that this development is cross directorate and not purely a CFE scheme.

- Ramsgate Library Betterment +0.333m (in 2009/10). Overspend 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, however, the contractor is now in administration and the final costs cannot be confirmed. This extra cost will be funded from savings on the Tunbridge Wells project.

- Integrated Transport -£1,482m (in 2009/10). It was agreed by the cabinet to use the IT underspend to fund the maintenance programme.

- Kent Natural Burial Ground -£1.287m (-£0.7m in 2009/10 and -£0.587m in 2010/11). This project has not yet started and will be fully re-considered as part of the 2010-13 MTP process.

- Service Redesign - £0.500m (all in 2009/10). The original programme has re-phased whilst possible alternative co-location opportunities are explored to facilitate integrated working. This revised approach is forecast to deliver a saving of £0.500m.

- Corporate Property Project Management Fees -£1.334m (-£0.338m in 2009/10, -£0.249m in 2010/11, -£0.249m in 2011/12 and -£0.498m in Later Years). 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. The revised levels of expenditure have been reflected in the 2010/11 MTP submission.

- Tunbridge Wells Library -£0.298m (in 2009/10), Savings expected with the necessary works trimmed back to meet DDA requirements for the library and AEC. Tunbridge Wells BC is also making a contribution of £0.109m, with the overall saving (£0.407m) to be used to fund the over spend at Ramsgate Library.

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: -

- Highway Major Maintenance re-phasing +£5.0m. Kent Highway Service is now in a position to carry out additional work in this financial year. It has been agreed to bring forward some of the next year's programme of works.
- Building Schools for the Future Unit Costs – rephasing of +£3.5m. The original budget for the Unit was sufficient to create the Local Education Partnership (LEP) and deliver the early BSF wave. However, KCC is now involved in the delivery of Waves 3 and 4 together with the planning for Wave 5, the preparation for a second LEP to cover the rest of the county and the delivery of some eleven academies, in total some £1 billion worth of investment. In advance of the MTFP, funding has been brought forward to deliver what is currently required to maintain progress.
- East Kent Access Road phase 2 rephasing of +£2.40m. This scheme is designed to deliver improved economic performance for East Kent. The revised scheme cost is estimated to be £87m. The DfT has agreed to provide funding of £82.1m (that includes £0.850m contribution to preparatory costs) and the balance will be funded from the Council. The Full Approval for the scheme was given by DfT and the contract was formally awarded in August. The contractor's revised works programme and spend profile shows the expenditure is expected to be advanced by £2.4m in 2009-10 over the pre awarded prediction. There will be no change in the completion date of the scheme.
- Sittingbourne Northern Relief Road re-phasing -£2.4m. This scheme is designed to help deliver regeneration of Sittingbourne by supporting existing and future commercial and housing development. This scheme was expected to start in September but there was a delay in receiving DfT and HCA funding approvals. The contract was awarded in September with the formal start of work in November. Due to this delay, there is likely to be an under spend of £2.4m in 2009-10.

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 and those projects that have been brought forward from the original timetable, positively support our 'backing Kent business' campaign.

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 **Resourcing issues**

4.9.1 There will always be an element of risk relating to funding streams which support the capital programme until all of that funding is "in the bank". The current economic situation continues to intensify this risk, with the continuing downturn in the property market, the number of new housing developments reducing and developers pulling out of new developments, all of which have a significant impact on our Section 106 contributions. This has largely been addressed in the capital programme approved at County Council on 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.

4.10 **Capital Project Re-phasing**

The table below summarises the proposed re-phasing this month, 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	217,558	182,030	56,334	130,247	586,169
Re-phasing	2,460	-435	-982	-1,043	0
Revised cash limits	**220,018**	**181,595**	**55,352**	**129,204**	**586,169**
KASS					
Amended total cash limits	6,092	20,331	16,080	12,651	55,154
Re-phasing	-396	396	0	0	0
Revised cash limits	**5,696**	**20,727**	**16,080**	**12,651**	**55,154**
E,H&W					
Amended total cash limits	102,122	162,419	124,985	355,790	745,316
Re-phasing	3,588	2,965	-6,482	-71	0
Revised cash limits	**105,710**	**165,384**	**118,503**	**355,719**	**745,316**
Communities					
Amended total cash limits	21,800	21,750	4,320	5,670	53,540
Re-phasing	-784	791	-7	0	0
Revised cash limits	**21,016**	**22,541**	**4,313**	**5,670**	**53,540**
Regen & ED					
Amended total cash limits	6,988	7,268	4,730	6,222	25,208
Re-phasing					
Revised cash limits	**6,988**	**7,268**	**4,730**	**6,222**	**25,208**
Corporate Support & PM					
Amended total cash limits	18,664	20,738	18,999	14,943	73,344
Re-phasing	-105	105	0	0	0
Revised cash limits	**18,559**	**20,843**	**18,999**	**14,943**	**73,344**
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	**4,763**	**3,822**	**-7,471**	**-1,114**	**0**
Other re-phased Projects below £100k					
re-phasing	-341	+362	+13	-34	0
TOTAL RE-PHASING	**+4,422**	**+4,184**	**-7,458**	**-1,148**	**0**

Table 8 – details individual projects which have further re-phased

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
CFE					
Primary Pathfinder Project - The Manor					
Original budget	+5,687	+95			+5,782
Amended cash limits	-1,077	+1,050	+27		0
additional re-phasing	-547	+548	-1		0
Revised project phasing	**+4,063**	**+1,693**	**+26**	**0**	**+5,782**
Basic Needs - Dartford Grammer School					
Original budget	+2,198				+2,198
Amended cash limits	-437	+437			0
additional re-phasing	-361	+361			0
Revised project phasing	**+1,400**	**+798**	**0**	**0**	**+2,198**
Service Redesign					
Original budget	+751				+751
Amended cash limits	-101	+101			0
additional re-phasing	+101	-101			0
Revised project phasing	**+751**	**0**	**0**	**0**	**+751**
E,H&W					
Sittingbourne Northern Relief Road					
Original budget	+10,058	+15,235	+6,860		+32,153
Amended cash limits	+1,593	-1,535	-2,819	+2,761	0
additional re-phasing	-2,444	+720	+1,724		0
Revised project phasing	**+9,207**	**+14,420**	**+5,765**	**+2,761**	**+32,153**
East Kent Access phase 2					
Original budget	+22,243	+27,745	+21,574	+11,936	+83,498
Amended cash limits	-10,696	+10,150	+4,122	-3,576	0
additional re-phasing	+2,403	+6,095	-3,064	-5,434	0
Revised project phasing	**+13,950**	**+43,990**	**+22,632**	**+2,926**	**+83,498**
Kent Thameside Strategic Transport					
Original budget	+3,166	+7,011	+15,741	+125,194	+151,112
Amended cash limits	-2,449	-5,276	-867	+8,592	0
additional re-phasing	-17	-42	-5,131	+5,190	0
Revised project phasing	**+700**	**+1,693**	**+9,743**	**+138,976**	**+151,112**
Ashford - Drovers Roundabout					
Original budget	+4,946	+9,934			+14,880
Amended cash limits	-3,227	+3,227			0
additional re-phasing	-129	+129			0
Revised project phasing	**+1,590**	**+13,290**	**0**	**0**	**+14,880**
Ashford - Victoria Way					
Original budget	+7,205	+8,876	+132		+16,213
Amended cash limits	-3,476	+3,476			0
additional re-phasing	+308	-176	-132		0
Revised project phasing	**+4,037**	**+12,176**	**0**	**0**	**+16,213**

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Communities					
Ashford Gateway Plus					
Original budget	+4,661	+355			+5,016
Amended cash limits	-4,022	+4,022			0
additional re-phasing	-242	+242			0
Revised project phasing	**+397**	**+4,619**	**0**	**0**	**+5,016**
Gravesend Library					
Original budget	+1,700	+763			+2,463
Amended cash limits	-1,000	+362	+638		0
additional re-phasing	-342	+349	-7		0
Revised project phasing	**+358**	**+1,474**	**+631**	**0**	**+2,463**
KASS					
Modernisation of Assets					
Original budget	+1,171	+406	+533	+1,119	+3,229
Amended cash limits	-143	+143	0	0	0
additional re-phasing	-270	+270			0
Revised project phasing	**+758**	**+819**	**+533**	**+1,119**	**+3,229**
CED					
Web Platform					
Original budget	+1,125				+1,125
Amended cash limits	-250	+250	0	0	0
additional re-phasing	-105	+105			0
Revised project phasing	**+770**	**+355**	**0**	**0**	**+1,125**

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 forms part of the quarterly core monitoring process in line with its Category 1 classification. The format in which this information will be presented in future reports has yet to be discussed by Resource Directors who maintain the register on behalf of COG and Members.

6.2 Insurance is one of the main methods used to transfer risk. A report on insurance activity within KCC was submitted to the Governance & Audit Committee in September. This report contained an overview of claims made against the Authority, insurance arrangements and introduced new performance indicators. It was agreed that a report on insurance activity will now be presented to the Committee annually.

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	89.0	102.0
General Fund balance	25.8	25.8
Schools Reserves *	57.2	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 £13.0m 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 as reflected in the annex reports.

7.1.3 The first monitoring returns from schools detailing their six monthly monitoring were received during October. Early indications suggest a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6m by the end of the financial year although this is substantially less than the schools' forecasts suggest. At the end of this financial year all schools will be subject to the balance control mechanism where reserves in excess of their original budget allocation of 5% for secondary or 8% for primary schools will be recovered, except funding relating to reorganisation, an approved capital project or late allocation of government grants passed on by the local authority.

8. RECOMMENDATIONS

Cabinet is asked to:

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

8.2 **Note** and **agree** the changes to the capital programme, as detailed in sections 4.1 and 4.4.

8.3 **Agree** that £4.763m of re-phasing on the capital programme is moved to 2009-10 capital cash limits from future years. Further details are included in section 4.10 above.

8.4 **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

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

Portfolio	CASH LIMIT Gross	Income	Net	
	£k	£k	£k	
TOTAL per Sept report	+2,308,012	-1,413,958	**+894,054**	
Subsequent changes:				
				Changes to grant/income allocations:
CFE	1,835	-1,835	0	Increase in standards fund targeted support for primary strategy
CFE	297	-297	0	Increase in sure start grant buddying programme
CFE	787	-787	0	Standards fund extended schools subsidy
CFE	11	-11	0	DIUS grant for development of 14-19 prospectus & common application process
CFE	6,537	-6,537	0	2008-09 Standards fund rollovers
CFE	1,292	-1,292	0	Adjustments to LSC grant
CFE	11,853	-11,853	0	Notification of final DSG allocation
CFE	316	-316	0	Increase in standards fund school development grant
CFE	265	-265	0	Standards fund targeted improvement grant
CFE	19	-19	0	Increase in standards fund targeted support for secondary strategy
CFE	37	-37	0	Increase in standards fund early years free entitlement extension to 15 hours a week
CFE	-3	3	0	Reduction in standards fund music grant
CFE	450	-450	0	Standards fund KS4 engagement prog.
CFE	106	-106	0	Succession planning project from NCSL
CFE	134	-134	0	Income from the LSC for teenage parents
CFE	106	-106	0	Income from the children's fund
CFE	101	-101	0	LCSPs and children's social services children's fund income
CFE	51	-51	0	2008-09 Targeted mental health in schools roll forward
EHW	65	-65	0	Env Group - Heritage lottery funding for Countryside Access
EHW	189	-189	0	Env Group - NHS funding for Countryside Access
EHW	75	-75	0	Env Group - Countryside Management funding for Countryside Access
EHW	50	-50	0	Env Group - Oxford CC funding for Greener Kent
EHW	35	-35	0	Env Group - Environment Agency funding for Greener Kent
CMY	100	-100	0	KDAAT: Additional income from Public health to fund Alcohol Detached Project
CMY	61	-61	0	KDAAT: Additional income from Kenwood Trust to support Social Pyscho Intervention
CMY	145	-145	0	KDAAT: Additional ring-fenced funds to support Drug intervention initiatives
CMY	111	-111	0	Youth - Unbudgeted one-off income for Contactpoint from DCSF
CMY	152	-152	0	Youth - Unbudgeted one-off income for ToGoGo project from CFE
CMY	107	-107	0	Youth - Unbudgeted one-off income for Outdoor Education from DCSF and client contributions

Portfolio	CASH LIMIT Gross	Income	Net	
	£k	£k	£k	
CMY	252	-252	0	Youth - Unbudgeted one-off income for Youth Opportunities Fund from DCSF
CMY	211	-211	0	Sports Unit - Additional income from partner agencies to fund new projects, with associated spend on contracts with private/public sectors (Active Sports Programme)
CMY	431	-431	0	YOS: Youth Justice Board grant to support Integrated re-settlement service & the Summer Arts project
CMY	190	-190	0	Community Safety : additional income from internal clients to support the Future jobs fund, with associated spend on staff and running costs.
CMY	108	-108	0	Key Training - new income for Rescue to Redundancy & ESF contracts.
L&P	250	-250	0	Kent Partnerships - funding for Total Place pilot from Wigan Council
CS&PM	35	-35	0	PIE - Contribution from CFE to support Bulk buying project
CS&PM	51	-51	0	PIE - Income from CLG to support Pic n mix project
				Technical Adjustments:
CFE	-1,728	1,728	0	Correction of expected income for personnel & development (inc. cessation of the schools' supply insurance scheme)
CFE	-38	38	0	Correction of expected income for additional educational needs
CFE	851	-851	0	Correction of expected funding for Kent safe schools (internal & external sources)
CFE	415	-415	0	Correction of expected income for attendance & behaviour (inc. recoupment income, contributions from health)
CFE	-20	20	0	Correction of expected income for business management
CFE	-59	59	0	Correction of expected income for finance
CFE	2,129	-2,129	0	Income budgets for pupil referral and alternative curriculum units (to support commissioning arrangements with LCSPs)
CFE	15	-15	0	Outdoor education additional income from schools
CFE	2	-2	0	Minor correction to Income budget for meadows nursery
CFE	-180	180	0	Incorrect income budget for ASK Primary
CFE	-364	364	0	Correction to client services income budgets (inc milk subsidy, cleaning & refuse contract)
CFE	-100	100	0	Correction to the income budget for the wrong scheme pensions payments
CFE	93	-93	0	Recharge of management information staffing salaries to other units
CMY	-107	107	0	KDAAT: Partnership Support Grant incorrectly budgeted as a specific grant but already included within ABG
CMY	22	-22	0	Central Budgets - correction of treatment in budget of publicity savings recharge to AE & KEY.

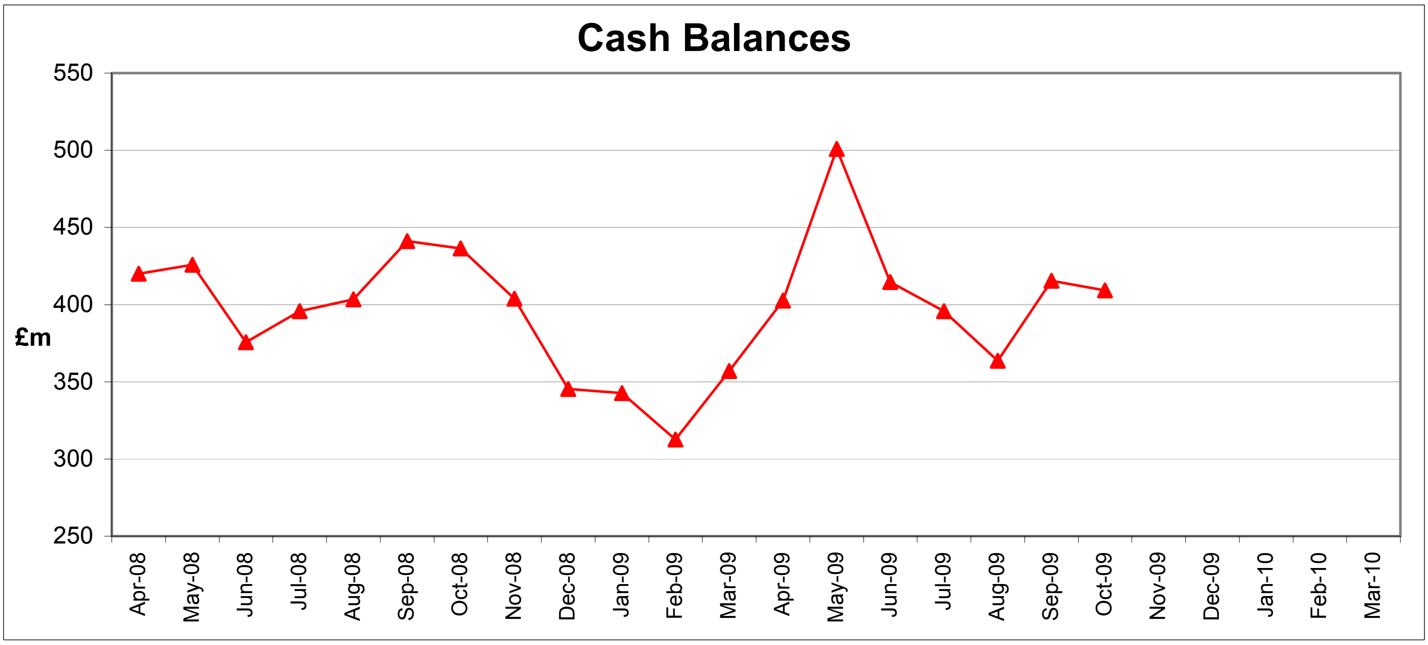
	CASH LIMIT			
Portfolio	**Gross**	**Income**	**Net**	
	£k	£k	£k	
CMY	20	-20	0	Central Budgets - correction of treatment in budget of essential user savings recharge to AE & KEY.
CS&PM	28	-28	0	P&D - roll fwd overspend for Home computing Initiative, previously shown as reduction to gross but should have been increased income
CS&PM	-231	231	0	Drawdown from reserves incorrectly budgeted as income instead of a credit to expenditure
CS&PM	-650	650	0	ISG correction to gross & income budgets
Revised Budget	2,334,922	-1,440,868	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 (£67.5m), Kent Fire and Rescue balances (£16.4m), balances of schools in the corporate scheme (£70.2m), 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	363.6	415.4	409.1					



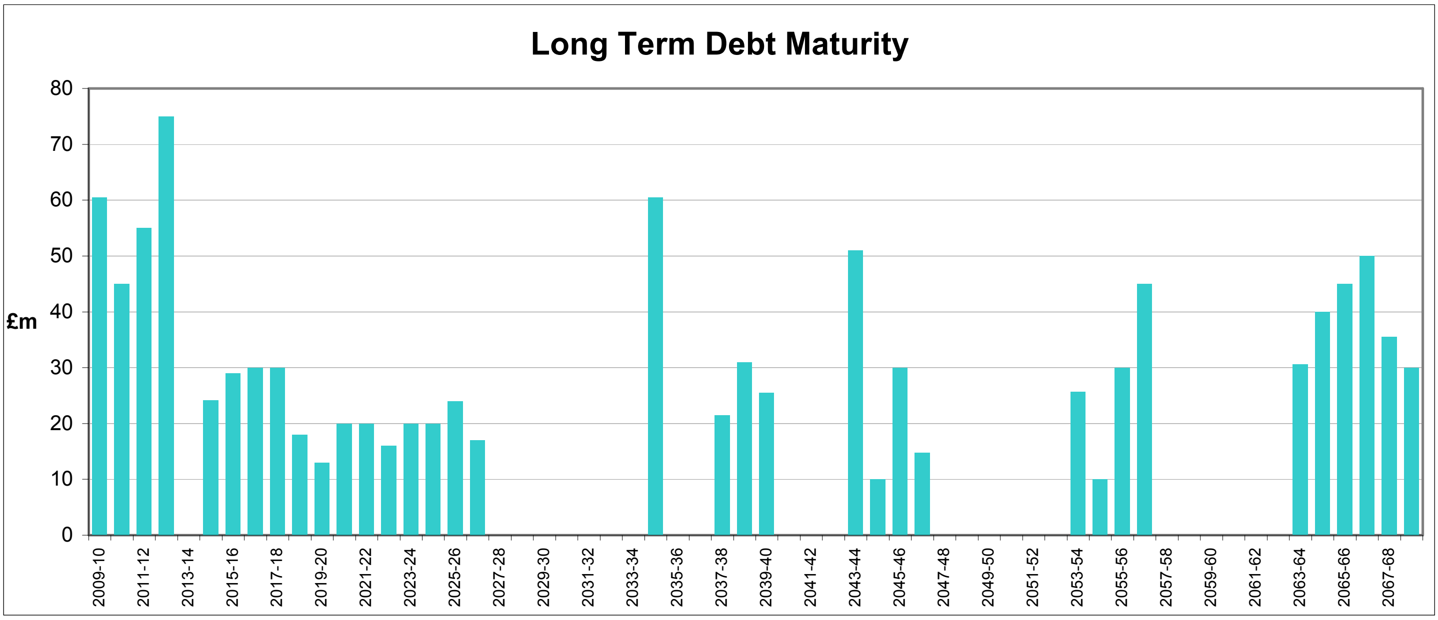
2. LONG TERM DEBT MATURITY

The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £49.9m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£2.6m), Magistrates Courts (£1.4m) and the Probation Service (£0.24m). These bodies make regular payments of principal and interest to KCC to service this debt. The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

The total debt fall out for 2009-10 is £60.505m, however £0.030m relating to small annuity and equal instalment of principal loans has already been repaid during this year from cash balances, hence the figure in the table of £60.475m represents the remaining debt still to be repaid in this financial year.

The overall total debt has increased by £60.47m since the last report due to a loan taken in October as early refinancing for debt maturing on 21 January 2010.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2009-10	60.475	*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**	**1,102.839**
2020-21	20.001	*2033-34*	0.000	*2046-47*	14.800	*2059-60*	0.000		
2021-22	20.001	*2034-35*	60.470	*2047-48*	0.000	*2060-61*	0.000		



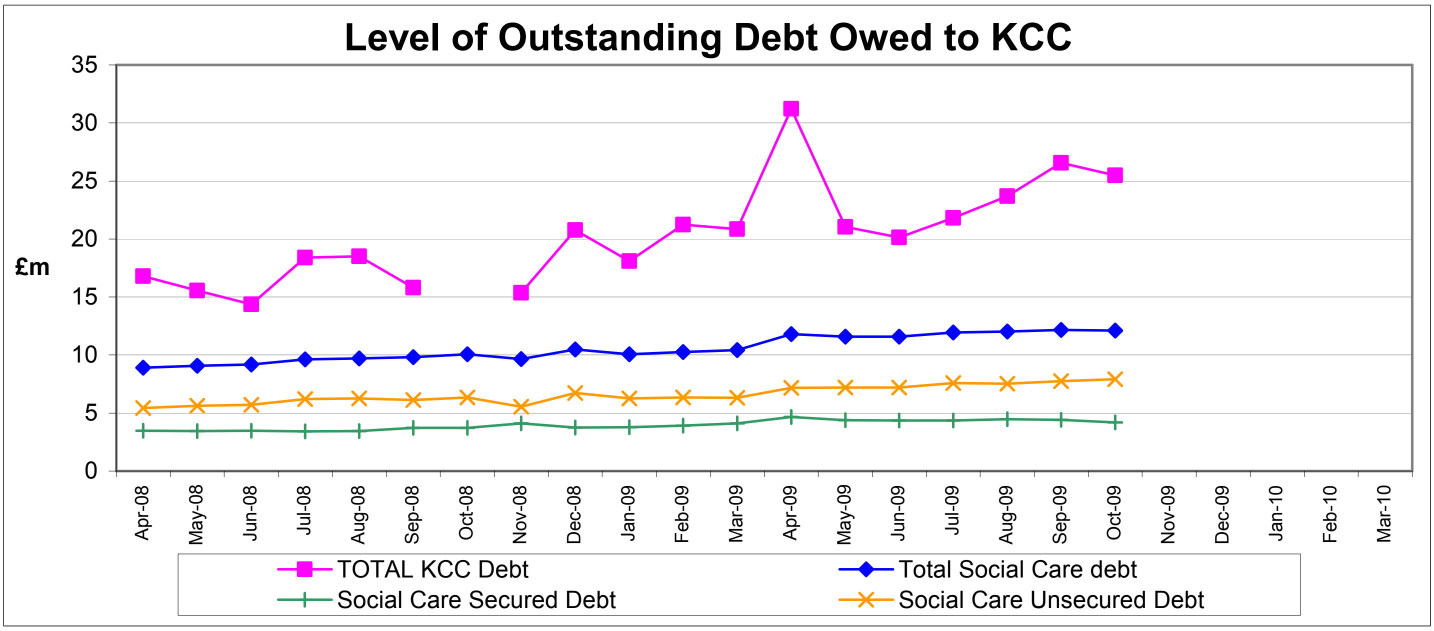
3. OUTSTANDING DEBT OWED TO KCC

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**

	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 09	4.657	7.161	11.818	6.056	**17.874**	13.353	**31.227**
May 09	4.387	7.206	11.593	1.078	**12.671**	8.383	**21.054**
June 09	4.369	7.209	11.578	1.221	**12.799**	7.323	**20.122**
July 09	4.366	7.587	11.953	1.909	**13.862**	7.951	**21.813**
Aug 09	4.481	7.533	12.014	1.545	**13.559**	10.126	**23.685**
Sept 09	4.420	7.738	12.158	2.024	**14.182**	12.391	**26.573**
Oct 09	4.185	7.910	12.095	2.922	**15.017**	10.477	**25.494**
Nov 09							
Dec 09							
Jan 10							
Feb 10							
March 10							

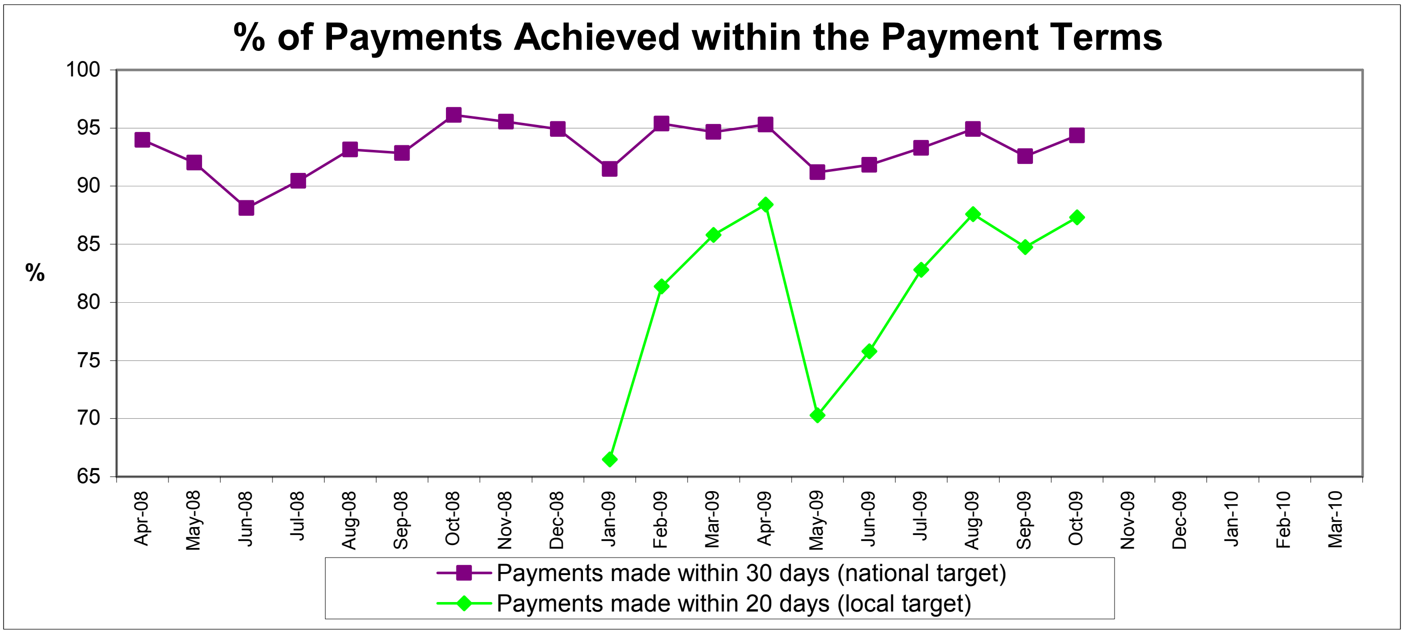
* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point; hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system



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	95.3	88.4
May	92.0	N/A	91.2	70.3
June	88.1	N/A	91.8	75.8
July	90.5	N/A	93.3	82.8
August	93.1	N/A	94.9	87.6
September	92.8	N/A	92.6	84.8
October	96.1	N/A	94.4	87.3
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 October 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	£422.406m	(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 £m	2009-10 Original Estimate £m	2009-10 Forecast as at October 09 £m
Capital Financing Requirement	1,167.532	1,285.728	1,272,577
Annual increase in underlying need to borrow	96.442	106.475	105,045

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	11.29%

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 £m	Position as at October 09 £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 £m	Position as at October 09 £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 October 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 OCTOBER 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 last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. 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	967,837	-80,517	887,320	6,000		6,000	Expected drawdown from schools reserves
- Schools Unallocated	7,864	-450	7,414			0	
TOTAL DELEGATED	975,701	-80,967	894,734	6,000	0	6,000	
Non Delegated Budget:							
- Finance	4,080	-1,122	2,958	-6	0	-6	
- Awards	5,117	-797	4,320	399	0	399	Home to college transport - cost realignment affecting adult fares and increased number of SEN and part-time students; staffing & equipment.
- Personnel & Development	15,297	-1,350	13,947	470	-4	466	Pressure on pensions. Underspends on CRB checks & school crossing patrols.
- Capital Strategy Unit	1,641	-182	1,459	678	-7	671	Maintenance of non-operational buildings. Underspend on tree safety surveys.
- BSF/PFI/Academy Unit	432	0	432	38	0	38	
- Client Services	6,322	-4,449	1,873	29	209	238	Under-recovery of income expected from cleaning & refuse collection contracts.
- Business Management	1,760	-123	1,637	-74	-80	-154	Staff vacancies and office moves underspend plus additional income.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- ICT	1,950	-693	1,257	70	-92	-22	
- Health & Safety	613	-300	313	9	0	9	
- Strategic Management	1,538	-24	1,514	0	0	0	
- Extended Services	4,182	-77	4,105	20	0	20	
- Kent Music	877	0	877	0	0	0	
- 14 - 24 Unit	2,679	-161	2,518	68	-18		
- School Organisation	3,030	-90	2,940	-5	-10	-15	
- Mainstream HTST	15,238	-484	14,754	-714	44	-670	Renegotiation of contracts & fewer numbers travelling based on latest forecast from Passenger Transport Unit (PTU).
- Local Children's Service Partnerships	61,767	-2,946	58,821	-170	-17	-187	Combined minor underspend on various budgets by LCSPs
- AEN & Resources	16,573	-5,540	11,033	-151	15	-136	Staffing vacancies
- SEN HTST	17,605	0	17,605	200	0	200	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	-45	0	-45	
- Policy & Performance (Vulnerable Children)	4,654	-411	4,243	-29	-19	-48	
- Directorate & Democratic Services	1,255	0	1,255	-17	-30	-47	
- Project Management (Strategy, Policy & Performance)	118	0	118	-31	0	-31	
- Advisory Service Kent (ASK) - Secondary	3,213	-160	3,053	68	-2	66	
- ASK - Primary	6,264	-410	5,854	216	-42	174	Hands on support and infrastructure team plus other minor pressures
- ASK - Early Years	8,341	-12	8,329	-1,179	0	-1,179	Implementation of management action - rebadge of expected children centres underspend
- ASK - Improvement Partnerships	2,635	-566	2,069	6	10	16	
- ASK - Professional Development	3,759	-1,862	1,897	191	-1	190	Children's trust development team plus other minor pressures.
- Early Years & Childcare	5,711	-142	5,569	52	-75	-23	
- Management Information	34,524	-128	34,396	0	0	0	
- Educational Psychology Service	3,695	-1	3,694	-2	2	0	
- Attendance & Behaviour	10,353	-3,871	6,482	82	0	82	
- Minority Community Achievement	1,664	-98	1,566	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Specialist Teaching Service	4,054	-636	3,418	-100	0	-100	Lower than expected take-up of personal educational allowances for looked after children
- Joint Commissioning Service	13,378	0	13,378	0	0	0	
- Commissioning - General	743	-614	129	0	0	0	
- Residential Care provided by KCC	2,691	-40	2,651	75	-44	31	
- Independent Sector Residential Care	6,690	-928	5,762	329	-685	-356	Additional placements partially offset by secure accommodation underspend, Additional income from KASS and health.
- Residential Care - not looked after children	594	0	594	-217	0	-217	Fewer placements.
- Family Group Conferencing	1,302	-246	1,056	-49	-3	-52	
- Fostering Service	23,743	-226	23,517	1,075	-30	1,045	Pressures on Independent fostering allowances partially offset by underspends on fostering related & fostering team.
- Adoption Service	6,882	-50	6,832	492	21	513	Pressure on special guardianship orders and county adoption team partially offset by underspends on adoption payments.
- Direct Payments	2,244	-10	2,234	35	-3	32	
- Teenage Pregnancy	616	0	616	0	0	0	
- 16+ Service	6,699	0	6,699	944	-3	941	Pressure on fostering budgets offset by underspends on section 24/leaving care payments & independent sector residential care budgets
- Other Preventativie Services	7,972	-266	7,706	162	-220	-58	Pressure on section 17 payments offset by underspends on independent sector day care. Additional income from health.
- Childrens Social Services Business Support	8,921	-1,466	7,455	-20	-198	-218	Additional income received for the Social Work Project and other various sources
- Assessment & Related	34,571	-1,499	33,072	-2,585	0	-2,585	Difficulties in recruiting to vacancies and new posts

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Grant income & contingency	4,223	-1,045,849	-1,041,626	-24	-56	-80	underspend to offset pressure on school appeals (below)
- Support Services purchased from CED	8,432	0	8,432	80	0	80	School Appeals
TOTAL NON DELEGATED	393,610	-1,078,526	-684,916	370	-1,338	-968	
Total CFE portfolio excl Asylum	**1,369,311**	**-1,159,493**	**209,818**	**6,370**	**-1,338**	**5,032**	
Assumed Mgmt Action						**0**	
CFE portfolio (excl Asylum) after mgmt action	**1,369,311**	**-1,159,493**	**209,818**	**6,370**	**-1,338**	**5,032**	
Asylum Seekers	14,129	-14,129	0	0	3,808	3,808	Shortfall in 18+ Home Office income & underfunded inflation
Total CFE portfolio incl. Asylum after mgmt action	**1,383,440**	**-1,173,622**	**209,818**	**6,370**	**2,470**	**8,840**	

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 £399k, of which £339k relates to Home to College Transport. This is due to a number of factors: an increase in the cost of adult train fares following the renegotiation of mainstream and college transport contracts; the number of SEN students requiring transport; and a rise in the number of students attending part-time and hence requiring multiple taxi trips which has been elevated further by higher industry costs (such as fuel). 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 gross pressure of £470k. This is due to a £565k pressure on pensions offset by underspends on police checks (£60k) and school crossing patrols (£35k). The pressure on the pensions budget results from early retirements in previous years.

1.1.3.3 Capital Strategy Unit (Gross)
The Capital Strategy Unit is forecasting a £678k gross pressure due to the costs associated with the boarding up and maintenance of unused school buildings, resulting in £700k pressure, which is expected to continue until the property market recovers. This is offset by an expected £22k underspend on tree safety surveys.

1.1.3.4 Client Services (Income)
Client Services is forecasting a £209k 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 Business Management (Net)
Business Management is forecasting a net underspend of £154k, of which £74k is due to a combination of staff vacancies and fewer number of office moves, whilst additional income of £80k is due to the re-imbursement of PA support from other units.

1.1.3.6 Mainstream Home to School Transport (Gross)

The service is forecasting a gross £714k underspend, an increase of £400k since the last monitoring report, following the confirmation of the September pupil numbers. Fewer children are travelling with an average reduction of 3-4% in the first 6 months of the year compared to the same period last year (see section 2.1). The underspend has further been increased following a change in the way rail tickets are purchased generating savings on under 16 fares. This is partially offset by £44k under-recovery of income.

1.1.3.7 Local Children's Services Partnerships (Gross)

The Local Children's Services Partnerships (LCSPs) are forecasting a combined gross underspend of £170k made up of a number of minor underspends across the 23 LCSPs on budgets such as extended schools, childrens fund, HOS and AEN inclusion.

1.1.3.8 Additional Educational Needs and Resources (Gross)

The unit is forecasting a gross underspend of £151k due to staff vacancies and a delay in the recruitment to new posts agreed as part of the MTP for the partnership with parents service.

1.1.3.9 SEN Transport (Gross)

Following confirmation of the September pupil numbers, the forecast pressure on this service has reduced by £270k to a £200k pressure. Expensive travel arrangements, along with a 4% rise in the number travelling in the first 6 months of the year compared to the same period last year (see section 2.1), has contributed to this pressure although this has been reduced following the review of a number of contracts by the Passenger Transport Unit resulting in a 7% reduction in the number of vehicles required from September 2009.

1.1.3.10 Advisory Service Kent – Primary (Gross)

The Primary ASK unit is forecasting a gross pressure of £216k, of which £105k is due to a pressure on the staffing budget for the hands on support and infrastructure team, although plans are in place to manage this in 2010/11 onwards. The balance relates to a number of smaller pressures on school improvement partners, advisory headteachers and other minor budgets.

1.1.3.11 Advisory Service Kent – Early Years (Gross)

The reported underspend of £1,179k results from the implementation of the proposed management action in the previous full monitoring report. The anticipated savings from the Sure Start grant, arising from delays in the round 3 Children's Centres, has been badged against eligible spend in ASK Early Years in order to free up base budget.

1.1.3.12 Advisory Service Kent – Professional Development (Gross)

The unit is forecasting a pressure of £191k, of which £130k relates to staffing within the Children's Trust Development Team with the balance relating to other minor budgets. The pressures on this budget are expected to be dealt with through a restructure and should not be an issue in 2010/11.

1.1.3.13 Specialist Teaching Service (Gross)

The Specialist Teaching Service is forecasting an underspend of £100k resulting from lower then expected take-up of personal educational allowances for looked after children. The unit has recently raised awareness of this funding with Children Social Service District managers and it is hoped that take-up will increase towards the end of year. The expected increased take-up has been reflected in this forecast.

1.1.3.14 Independent Sector Residential Care (Gross and Income)

The service is forecasting a gross pressure of £329k, an increase of £1,210k since the last report. This is offset by additional income of £685k from health and Kent Adult Social Services towards the costs of new placements.

The previously reported gross underspend on this budget has been eradicated following nine new placements between July and September, including three at high cost, and a pressure of £565k is now forecast. This is partially offset by a forecast underspend on secure accommodation of £236k where no children have been placed for the first six months of the year. 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.

1.1.3.15 Residential Care – Not Looked After Children (Gross)

This service is forecasting an underspend of £217k resulting from fewer than expected placements in 2009/10 including the unexpected movement of one child to a neighbouring local authority. There is a general decrease in the need to place children with specialist needs in residential care placements following the introduction of other services, such as direct payments which help support parents to enable children to remain at home.

1.1.3.16 Fostering Service (Gross)

The fostering service is currently forecasting a gross pressure of £1,075k. This is largely due to a £1,853k pressure on independent fostering allowances (IFAs) and the kinship service (£48k), offset by underspends on the in-house fostering service (£47k), the county fostering service (£508k), and Related Fostering payments (£271k).

The IFA service is used for more complex cases which our in-house foster carers may not have the capacity, necessary skills or experience 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 £508k underspend in the county fostering team is largely due to delays in recruiting to a number of vacancies and new posts funded from the LAC pledge (£308k). It was hoped these posts would be filled by January 2010, however due to difficulties in recruiting, it is now expected this will not occur until February 2010 at the earliest. However, if further delays occur, the underspend may increase further. The balance of the underspend (£200k) is due to delays in the expansion of the therapeutic fostering scheme funded as part of the Medium Term Plan. However it is expected this scheme will be fully operational by the end of the financial year.

The £271k underspend on Related Fostering is due to a growing trend of carers moving away from fostering to special guardianship (now shown under the 1.1.3.17 adoption service heading below).

1.1.3.17 Adoption Service (Gross)

The adoption service is forecasting a gross pressure of £492k, which is mainly within the Special Guardianship service who are estimating a pressure of £436k; there is a further pressure on the County Adoption Service of £112k and an underspend of £56k on adoption payments.

The Special Guardianship service has been moved here from the Fostering Service this year. This service is forecasting a pressure of £436k. 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).

The pressure on the Adoption Service (£112k) results from a delay in the achievement of medium term planning savings but this is expected to be fully implemented from 2010/11.

1.1.3.18 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 £944k gross pressure, of which £766k and £715k relate to in-house fostering and independent fostering allowances respectively, and £41k to kinships payments and related foster care payments, partially offset by projected underspends on independent sector residential care of £186k due to fewer than anticipated placements; section 24 and leaving care payments of £382k and a minor underspend of £10k on 16+ team.

The pressure on both the 16+ in-house fostering service and independent fostering allowances has increased significantly this year compared to previous years, 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 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. In previous years, the pressure on this budget has been masked within the fostering and residential care lines. With more children choosing to stay in foster care post age 16, there is less pressure on the section 24/leaving care budget, used to fund 16+ preventative services and supported lodgings, resulting in £382k forecast underspend.

However, the overall pressure on this service has improved by £235k since the previous report, largely due to an increase of children in the last three months choosing to move to supported lodgings. However, it is not known at this stage whether this trend will continue and further updates will be given in future monitoring reports.

1.1.3.19 Other Preventative Services (Gross and Income)

These services are forecasting a £162k pressure offset by a £220k over-recovery of income, of which £218k is from Health.

The Section 17 payments budget is forecasting a pressure of £675k. These payments form part of a community support package which helps families to care 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 £308k 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, and delays in the implementation of some of our community-based programmes (£230k). The balance of £25k relates to a small pressure on the link placement scheme.

1.1.3.20 Children Social Services Business Support (Income)

The services in this line are forecasting an over-recovery of income of £198k. 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.

The service has a minor gross underspend of £20k resulting from a pressure of £135k associated with the Social Work Pilot Project and other minor pressures of £38k offset by savings on the facilities budget due to the relocation of various children social services teams (£88k) and £105k gross underspend on children social services training budget associated with the delays recruiting to vacancies and new posts in the fostering team and assessment and related service, as reported in sections 1.1.3.16 and 1.1.3.21.

1.1.3.21 Assessment and Related (Gross)

The current forecast underspend of £2,585k is due to a high level of staff vacancies. This is a result of difficulties in recruiting to vacancies and new posts funded from the additional money made available as part of the MTP. Children's Social Services were hoping to have filled these posts by January 2010, however this is now unlikely and the current forecast assumes these posts will be filled by February 2010. The recent recruitment campaigns, both nationally and internationally have had limited success, therefore it is possible this underspend may increase further before the end of the financial year. Historically it has been difficult to recruit Children's Social Workers and this is a problem nationally.

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 is crucial to alleviate that pressure, and make social worker caseloads more manageable, enabling the delivery of LAC commitments in a more pro-active and cost effective way.

1.1.3.22 **Asylum:**

The Asylum service is forecasting a net shortfall in income of £3,808k. This forecast fully reflects the new 2009-10 grant rules which make no reference to a separate special circumstances payment, as this has effectively been incorporated into the revised weekly rate. 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 £3,523k, 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 was held in September with the UK Borders Agency (UKBA) where long term funding issues were discussed including the possibility of moving away from the current grant claim process to a contractual arrangement with UKBA from 1st April 2010. UKBA is currently setting up a working group with Kent and the London Boroughs of Hillingdon and Croydon to discuss further.

The balance of the shortfall (£285k) results from underfunded inflation following confirmation of the 2009-10 grants rules in relation to the under 18s budget.

In the first quarter we received 107 referrals, in the second 140, an increase of 30%, however in September there were only 26 referrals and in October 27 referrals, the lowest monthly totals for over two years. This decrease has coincided with the French Government's actions to clear asylum seeker camps around Calais. It is unclear whether this situation is a short-term measure or likely to continue over a longer period, and we will continue to monitor the situation closely and provide an update in the next exception report.

The 2008-09 special circumstances payment has recently been confirmed by the UKBA (subject to audit) and, along with the intake grant, is in line with expectations. There are ongoing discussions regarding the 18+ care leavers grant for 2008-09 and an update will be given in future monitoring reports.

Other Issues

1.1.3.23 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 at the end of December. A further update will be given in the exception report to Cabinet on 1st February. 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.

1.1.3.24 **Delegated Schools Budgets**

The first monitoring returns from schools detailing their six monthly monitoring were received during October. Early indications suggest a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6million by the end of the financial year although this is substantially less than the schools' forecast suggest. At the end of this financial year all schools will be subject to the balance control mechanism where reserves in excess of their original budget allocation of 5% for secondary or 8% for primary schools will be recovered, except funding relating to reorganisation, an approved capital project or late allocation of government grants passed on by the local authority.

The Schools Funding Forum is due to determine how best to distribute the recovery of reserves resulting from this year's balance control process, along with the accumulated schools unallocated dedicated schools grant, by the end of November and an update will be provided in the next report.

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
CFE	Schools delegated budgets - expected draw down from reserves	+6,000	CFE	Assessment & Related - staffing vacancies (gross)	-2,585
CFE	Asylum - shortfall in Home Office income (income)	+3,808	CFE	ASK - Early Years - badging of unspent sure start grant to free up base budget (gross)	-1,179
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+1,853	CFE	Mainstream Home to School Transport - contract renegotiations & fewer pupils travelling (gross)	-714
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments (gross)	+766	CFE	Independent Sector Residential Care - additional income received from health and KASS (income)	-685
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+715	CFE	Leaving Care/16+ service - section 24/leaving care payments (gross)	-382
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	Fostering Service - county fostering team vacancies (gross)	-308
CFE	Other Preventative Services - pressure on section 17 payments (gross)	+675	CFE	Other Preventative Services - disability day care services rebadge of sure start eligible expenditure (gross)	-308
CFE	Personnel & Development - pensions pressure resulting from previous years early retirements (gross)	+565	CFE	Fostering Service - reduction in no of Related Fostering related payments (gross)	-271
CFE	Independent Sector Residential Care - additional placements (gross)	+565	CFE	Independent Sector Residential Care - reduction in no of secure accommodation placements (gross)	-236
CFE	Adoption Service - increase in special guardianship orders (gross)	+436	CFE	Other Preventative Services - delays in implementing community based programmes	-230
CFE	Awards - home to college transport prices and demand (gross)	+339	CFE	Other Preventative Services - additional contributions received from health (income)	-218
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+209	CFE	Residential Care Not Looked After Children - reduction in placements (gross)	-217
CFE	SEN Transport - expensive travel arrangements (gross)	+200	CFE	Fostering Service - delays in expansion of therapeutic fostering scheme (gross)	-200
CFE	CSS Business Support - admin costs of Social Work Pilot project	+135	CFE	Leaving Care/16+ service - fewer independent sector residential care placements (gross)	-186
CFE	ASK - Professional Development - children's trust development team staffing costs (gross)	+130	CFE	Local Children's Services Partnerships - various minor underspends (gross)	-170
CFE	Adoption Service - delay in achieving MTP savings within the county adoption team (gross)	+112	CFE	Additional Educational Needs & Resources - staff vacancies and delays in recruitment to new posts (gross)	-151
CFE	ASK Primary - staffing budget for hands on support and infrastructure team (gross)	+105	CFE	CSS Business Support - Social Work Pilot project (income)	-135
			CFE	CSS Business Support - CSS training due to delays in recruitment	-105
			CFE	Specialist Teaching Service - low take-up of personal educational allowances for looked after children (gross)	-100
		+17,313			**-8,380**

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

The rebadging of £1.179m of Sure Start grant, arising from delays in the round 3 Children's Centres, against eligible spend in ASK Early Years has already been reflected in the forecasts in order to free up base budget. This is likely to be the last year that this option is available to us as the final round of centres is expected to be fully functional by the end of this financial year.

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]*

Overall the portfolio is forecasting an underspend of £968k excluding the pressure on Asylum. This will be required to fund one-off costs which are likely to fall into 2010-11. Following the delay of one month in the formal consultation of the directorate restructure, additional one-off funding will be required to pay for the delay in the implementation of staffing savings. For staff on teachers terms and conditions, a one month delay will result in three months of additional salary costs due to the termly nature of employment contracts. It is impossible to estimate how much funding will be required at this early stage in the restructure, however further work will be undertaken in the coming months to quantify the requirement so that an estimate may be reported at the earliest opportunity.

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 12th October 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.

	Previous Years £'000s	2009-10 £'000s	2010-11 £'000s	2011-12 £'000s	Future Years £'000s	TOTAL £'000s
Children, Families & Education						
Budget	229,492	218,380	187,475	59,642	136,873	831,862
Adjustments:						
- re-phasing agreed at Oct Cabinet		460	-3,945	765	2,720	0
- Integrated Childrens Systems		218				218
- SusCon		-1,500	-1,500			-3,000
- Non Delegated Capital PRU's				-98	-196	-294
- Primary Capital Programme				-3,975	-9,150	-13,125
-						0
Revised Budget	229,492	217,558	182,030	56,334	130,247	815,661
Variance		+8,527	+946	-687	-1,119	+7,667
split:						
- real variance		+6,098	+1,368	+277	-76	+7,667
- re-phasing		+2,429	-422	-964	-1,043	0
Devolved Capital to Schools						
Budget	916	36,721	26,690	27,291	54,582	146,200
- Devolved Formula Capital				-9,236	-18,472	-27,708
- Extended School				-481	-962	-1,443
-						
Revised Budget	916	36,721	26,690	17,574	35,148	117,049
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	254,279	208,720	73,908	165,395	932,710
Variance	0	8,527	946	-687	-1,119	7,667

Real Variance	**0**	**6,098**	**1,368**	**277**	**-76**	**7,667**
Re-phasing	**0**	**2,429**	**-422**	**-964**	**-1,043**	**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

Portfolio	Project	Real/ Phasing	Project Status Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CFE	BSF Unit Costs	Phasing	+3,500			
CFE	Milestone School	Real		+1,114		
CFE	Meadowfield School	Real		+851		
CFE	Bower Grove School	Real		+717		
CFE	The Bridge	Real	+501			
CFE	Orchard/Dunkirk	Real		+500		
CFE	Grange Park	Real		+401		
CFE	Ifield School (NWK College)	Real		+365		
CFE	Ridgeview School	Real			+350	
CFE	The Wyvern School (Clockhouse)	Real		+350		
CFE	Rowhill School	Real		+288		
			+4,001	**+4,586**	**+350**	**+0**
Underspends/Projects behind schedule						
CFE	The Manor	Phasing		-547		
CFE	Dartford Grammar Girls	Phasing	-361			
CFE	Corporate Property recharge	Real	-338			
CFE	Service Redesign	Real			-500	
			-699	**-547**	**-500**	**-0**
			+3,302	**+4,039**	**-150**	**+0**

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

1.2.4.1 **Building Schools for the Future Unit Costs – rephasing of +£3.5m**

The original budget for the Unit was sufficient to create the Local Education Partnership (LEP) and deliver the early BSF wave. KCC is now however involved in the delivery of Waves 3 and 4 together with the planning for Wave 5, the preparation for a second LEP to cover the rest of the county and the delivery of some eleven academies. In total some £1 billion worth of investment.

In advance of the approval of a new budget for the Unit as part of the MTFP, funding has been brought forward to deliver what is currently required to maintain progress.

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	4,350	2,668	3,000	2,600	5,200	17,818
Forecast	4,350	6,168	1,500	1,600	4,200	17,818
Variance	**0**	**3,500**	**-1,500**	**-1,000**	**-1,000**	**0**
FUNDING						
Budget:						
Grant	3,000	0	0	0	0	3,000
Prudential	-1,665	789	1,336	-2,564	-4,331	-6,435
PEF2	5,950	0		0	2,600	8,550
Supported Borrowing	-2,935	1,879	1,625	5,039	6,806	12,414
Revenue	0	0	39	125	125	289
TOTAL	4,350	2,668	3,000	2,600	5,200	17,818
Forecast:						
Grant	3,000	0	0	0	0	3,000
Prudential	-1,665	789	1,336	-2,564	-4,331	-6,435
PEF2	5,950	0		0	2,600	8,550
Supported Borrowing	-2,935	1,879	1,625	5,039	6,806	12,414
Revenue	0	0	39	125	125	289
Unidentified	0	3,500	-1,500	-1,000	-1,000	0
TOTAL	4,350	6,168	1,500	1,600	4,200	17,818
Variance	**0**	**+3,500**	**-1,500**	**-1,000**	**-1,000**	**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 £7.667 million (m). The split of the real variance across the years of the MTP is +£6.098m in 2009/10, +£1.368m in 2010/11, +£0.277m in 2011/12 and -£0.076m in future years.

After taking into account additional resources of circa +£2.073m, most of which relates to additional developer contributions attributed to the John Wesley basic need scheme, the overspend across all years reduces to +£5.594m which is an increase of +£0.117m since last month. The funding shortfall both in 2009/10 and across all future years, most of which has previously been reported, will be resolved as part of the MTP for 2010/13.

The +£7.667m overspend relates to the following :

Special Schools Review +£7.040m (+£5.304m in 2009/10, +£1.421m in 2010/11 and +£0.315m in 2011/12).

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, all of which has been previously identified and reported, will be resolved as part of the MTP for 2010/13. The major variances to cash limit in this programme are:

1. **Grange Park School +£1.294m** (£+0.401m in 2009/10, £+0.886m in 2010/11 and £+0.007 in 2011/12) - 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.

2. **Milestone School +£1.127m** (£+1.114m in 2009/10, £+0.013m in 2010/11) - 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. The increase of +£0.634m since the July quarterly report relates to the addition to the programme of additional education mobiles.

3. **Meadowfield +£0.886m** (£+0.851m in 2009/10, £+0.035m in 2010/11) - 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.

4. **Bower Grove School +£0.717m** (all in 2009/10) – 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. There was also a need to infill a basement area at the school (which was previously unknown), extra ceiling and dining hall works and contractor claim payments.

5. **Ifield School (6th Form Unit) +£0.365m** (all in 2009/10) – the increase relates to the final payment to North West Kent College for the provision of village based 6th Form tuition facilities. The figure has increased from the July quarterly return to take account of furniture provision and stamp duty payment.

6. **Rowhill School +£0.288m** (all in 2009/10) – additional costs resulting from delays to outdoor progress and the discovery of unknown underground cabling/pipework. Efforts are being made to offset this pressure.

7. **The Wyvern School Nursery +£0.250m** (all in 2011/12)
   This additional spend relates to provision of a nursery unit at the Wyvern School. The nursery unit build will be undertaken as part of the multi million pound Multi Agency Specialist Hub project at the School.

8. **Valence School +£0.178m** (all in 2009/10) – 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.

9. **Portal House +£0.174m** (£+0.058m in 2009/10, £+0.058m in 2010/11 and £+0.058 in 2011/12)
   This relates to the hiring of mobile accommodation (3 years at £58K a year) to accommodate the increasing number of pupils in advance of the delivery of the new school as part of Building Schools for the future.

10. **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. Three of the Schools are:

(a) **Ridgeview School +£0.750m** (£+0.350m in 2009/10, £+0.400m in 2010/11).
This increased spend relates to the need to purchase and install mobiles to accommodate additional pupils and improve the state of existing facilities, including dealing with immediate Health and Safety issues, pending Member decision concerning the replacement School

(b) **The Wyvern School (Clockhouse and Buxford) +£0.350m** (all in 2009/10) - reduced from the previously reported figure of £+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.

(c) **Orchard School (Dunkirk) +£0.500m** (all in 2009/10) - 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.

Overall this leaves a residual balance of +£0.161m on a number of more minor Special Schools Review projects.

Corporate Property Project Management Fees -£1.334m (-£0.338m in 2009/10, -£0.249m in 2010/11, -£0.249m in 2011/12 and -£0.498m in Later Years)
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. The revised levels of expenditure have been reflected in the 2010/11 MTP submission.

Capital Strategy Unit +£0.680m (+£0.080m in 2009/10, +£0.150m in 2010/11, +£0.150m in 2011/12 and +£0.300m in Later Years). Our forecast has been increased to take account of the current level of staffing costs and an anticipation that legal charges will be at a similar level as those in 2008/09. The revised levels of expenditure have been reflected in the 2010/11 MTP submission.

Development Opportunities +£0.515m (all in 2009/10).
The major increases in costs in this programme relate to Dartford Campus (+£0.206m), Greenfields (+£0.125m) and St James the Great (+£0.089m). **Dartford Campus** – costs have increased on post completion works to phase 2 of the build, the addition to the programme of an acoustic fence and previous forecasts of global fees have proved to be inaccurate. **Greenfields** - There has been an increase in forecast costs due to the ongoing issues with poor workmanship by a contractor who has been dismissed from the project and a replacement taken on. There may be the facility to get some recompense from the original contractor if legal action is considered to be appropriate. **St James the Great** – increases have resulted from mechanical and engineering issues and an extension of time claim.

The Bridge +£0.527m (+£0.501m in 2009/10 and +£0.026m in 2010/11).
The increase in costs were due to a major value engineering exercise which resulted in significant enhancements to the design. There has also been a contractual delay and an extension of time claim has been submitted. Its important to note that this development is cross directorate and not purely a CFE scheme.

Service Redesign - £0.500m (all in 2009/10).
The original programme has re-phased whilst possible alternative co-location opportunities are explored to facilitate integrated working. This revised approach is forecast to deliver a saving of £0.500m.

Management and Modernisation of Assets (Children's Services) +£0.290m (+£0.046m in 2009/10, +£0.061m in 2010/11, +£0.061m in 2011/12 and +£0.122m in later years).
The extra costs relate to the addition to the programme of a Health and Safety programme. The additional costs will be fully funded from revenue contributions.

Primary Pathfinder Programme +£0.361m. (+£0.162m in 2009/10 and +£0.199m in 2010/11)
The increase in costs on this project relate to two projects : The Manor +£0.199m and Oakfield PS +£0.162m. **The Manor** – within the approved estimate for this project there was an expectation that a £0.200m saving could be achieved against the original estimated cost by using mobile accommodation during the build. In hindsight this expectation was over optimistic and the saving has been impossible to achieve. **Oakfield** – to complete the new build element of the project additional labour costs were required to ensure beneficial occupation for September 2009. With regard to the refurbishment element of the project it has been necessary to undertake remedial action on serious structural defects and maintenance issues.
The funding for the overspend on this programme will be found from the Primary Capital Programme.

Primary Capital Programme -£0.361m (-£0.162m in 2009/10 and -£0.199m in 2010/11)
Savings identified to meet overspends identified on the Primary Pathfinder programme.

Modernisation Programme +£0.177m (all in 2009/10)
The main reason for the increase in costs relates to the Park Farm project where the forecast spend has been increased from £1.263m to £1.400m to reflect the agreed contribution to Folkestone Academy as part of the All Age Academy.

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

Kings Farm Family Centre +0.046m (all in 2009/10)
Our consultants at the time the project was approved gave us an estimate for the project of £95K. The consultants were then removed from the approved lists, so we had to go back out to new consultants for new costs.

PFI Compensation Events +£0.046m (all in 2009/10)
During the life of a PFI scheme we are likely to be faced with a number of compensation claims. These primarily relate to circumstances where as part of the contract finalisation it was decided it would be financially beneficial to Kent for us to retain the risk and fund in event of an issue rather than paying the risk premium the contractor was seeking. We currently have two incidents at The North School where we have met such claims – the filling of an air raid shelter and the removal of asbestos.

Overall this leaves a residual balance of +£0.033m on a number of more minor projects.

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 in relation to the architect, 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

The programme is 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	0	69,607
Actual / Forecast	21,602	43,204	4,801	0	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 establishment of the first Local Education Partnership (Kent LEP1 Ltd), including the PFI Agreement for the construction of the three PFI schools, were signed on 24th October 2008. The three PFI schools are nearly a year into their construction programme and although they remain marginally ahead of schedule, the current projections are that the schools will be handed over on the planned service availability date. It is anticipated that the costs will remain in line with the breakdown 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.

There is the risk of having to meet compensation claims (see earlier).

1.2.8 **Project Re-Phasing**

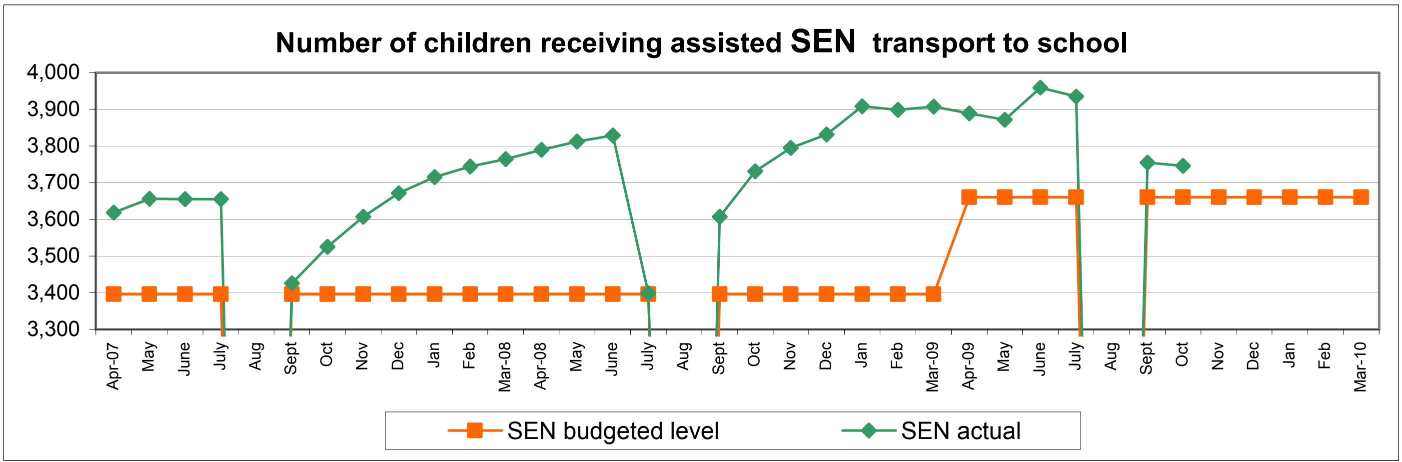
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

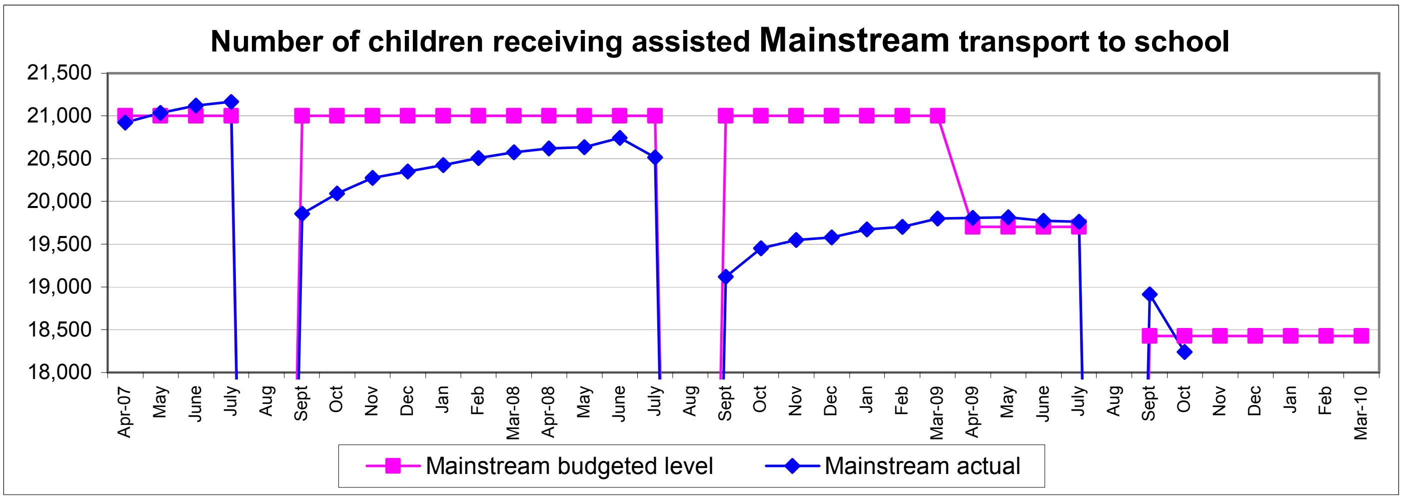
	2009-10	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Dartford Grammar for Girls (Basic Need)					
Amended total cash limits	+1,761	+437	0	0	+2,198
re-phasing	-361	+361	0	0	0
Revised project phasing	**+1,400**	**+798**	**0**	**0**	**+2,198**
Building Schools for the Future Unit Costs					
Amended total cash limits	+2,668	+3,000	+2,600	+5,200	+13,468
re-phasing	+3,500	-1,500	-1,000	-1,000	0
Revised project phasing	**+6,168**	**+1,500**	**+1,600**	**+4,200**	**+13,468**
The Manor School (Primary Pathfinder Programme)					
Amended total cash limits	+4,610	+1,145	+27	0	+5,782
re-phasing	-547	+548	-1		0
Revised project phasing	**+4,063**	**+1,693**	**+26**	**0**	**+5,782**
Five Acre Wood - New School (Special Schools Review Programme)					
Amended total cash limits	+195	+19	0	+2,385	+2,599
re-phasing	-126	+150	+19	-43	0
Revised project phasing	**+69**	**+169**	**+19**	**+2,342**	**+2,599**
Crockenhill PS (Modernisation Programme)					
Amended total cash limits	+835	0	0	0	+835
re-phasing	-107	+107	0	0	0
Revised project phasing	**+728**	**+107**	**0**	**0**	**+835**
Service Redesign					
Amended total cash limits	+650	+101	0	0	+751
re-phasing	+101	-101			0
Revised project phasing	**+751**	**0**	**0**	**0**	**+751**
Total re-phasing >£100k	**+2,460**	**-435**	**-982**	**-1,043**	0
Other re-phased Projects below £100k					
re-phasing	-31	+13	+18	0	0
Revised phasing	**-31**	**+13**	**+18**	**0**	**0**
TOTAL RE-PHASING	**+2,429**	**-422**	**-964**	**-1,043**	**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	0	0
Sept	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118	3,660	3,755	18,425	18,914
Oct	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450	3,660	3,746	18,425	18,239
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	



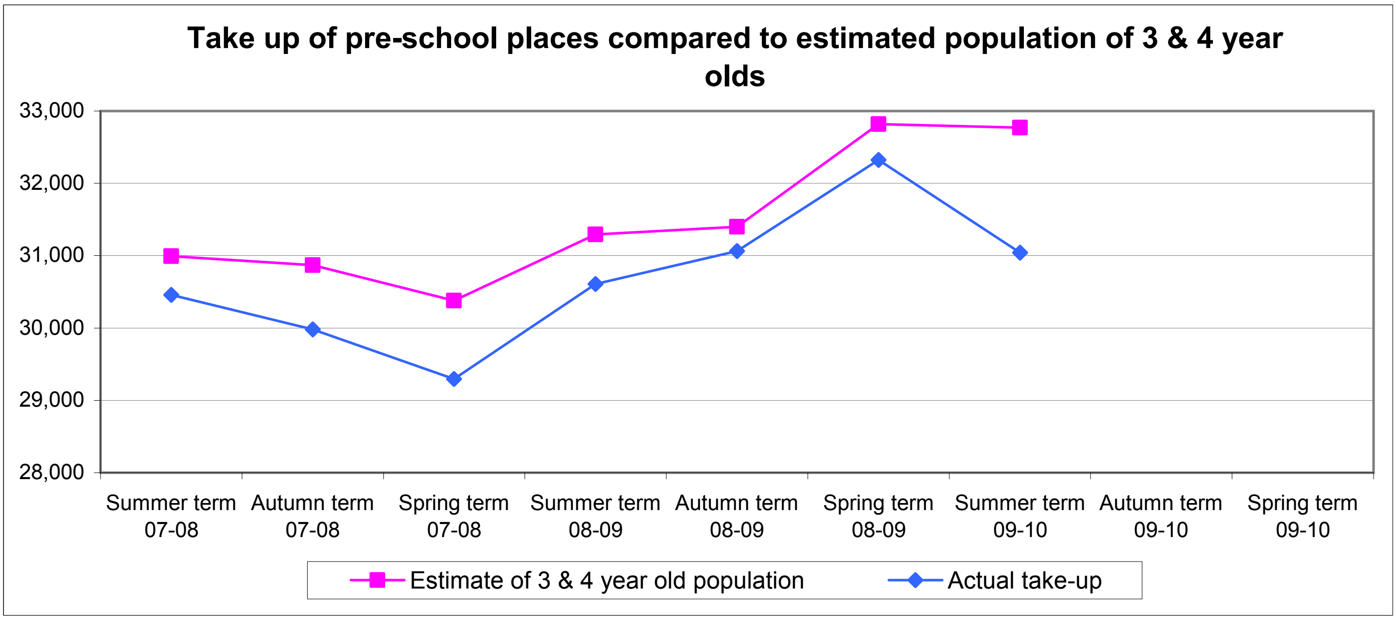


Comments:

- **SEN HTST** – The number of children requiring SEN transport continues to be higher than budgeted levels, and the resulting £200k pressure on this budget is detailed in section 1.1.3.9.
- **Mainstream HTST** – The October monitoring suggests the number of children requiring mainstream transport is now lower than the budgeted level. In addition, as explained in section 1.1.3.6, savings have been generated through the contract renegotiation which means we can now afford more travellers than the budgeted level suggests. Overall therefore we are currently forecasting an underspend of £670k.

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:

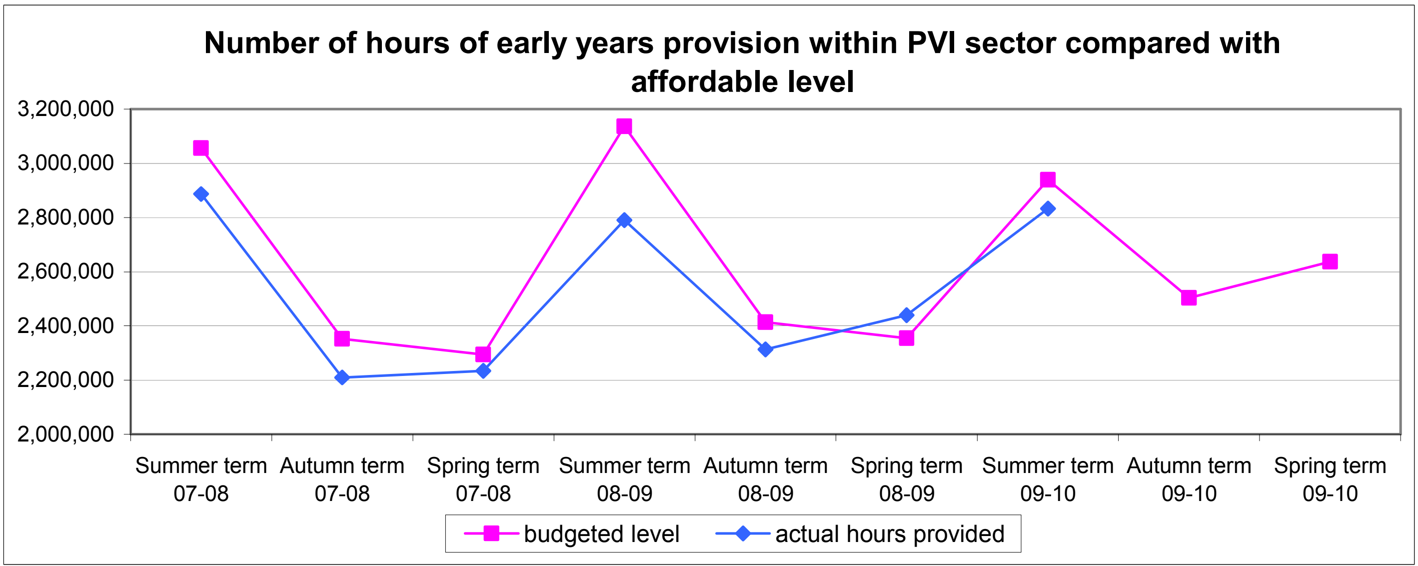
- This graph shows that currently 95% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or five sessions per week for 38 weeks. This activity indicator is based on headcount and provides a snapshot position 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 1.1.3.23 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 to be carried forward to the next financial year to be spent by 31st August 2010.
- 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.

- The graph will be updated in the next full monitoring report when data on the take up of places in the autumn term is available

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 1.1.3.23 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 increased even though the percentage take-up reported in 2.2.1 reduced, this is because the actual level of take-up in PVI providers increased and there are more days in the summer term than the spring term.
- The graph will be updated in the next full monitoring report when data on the take up of places in the autumn term is available.

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	£57,184k
Number of deficit schools	9	15	15	13	20
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,616k

Comments:

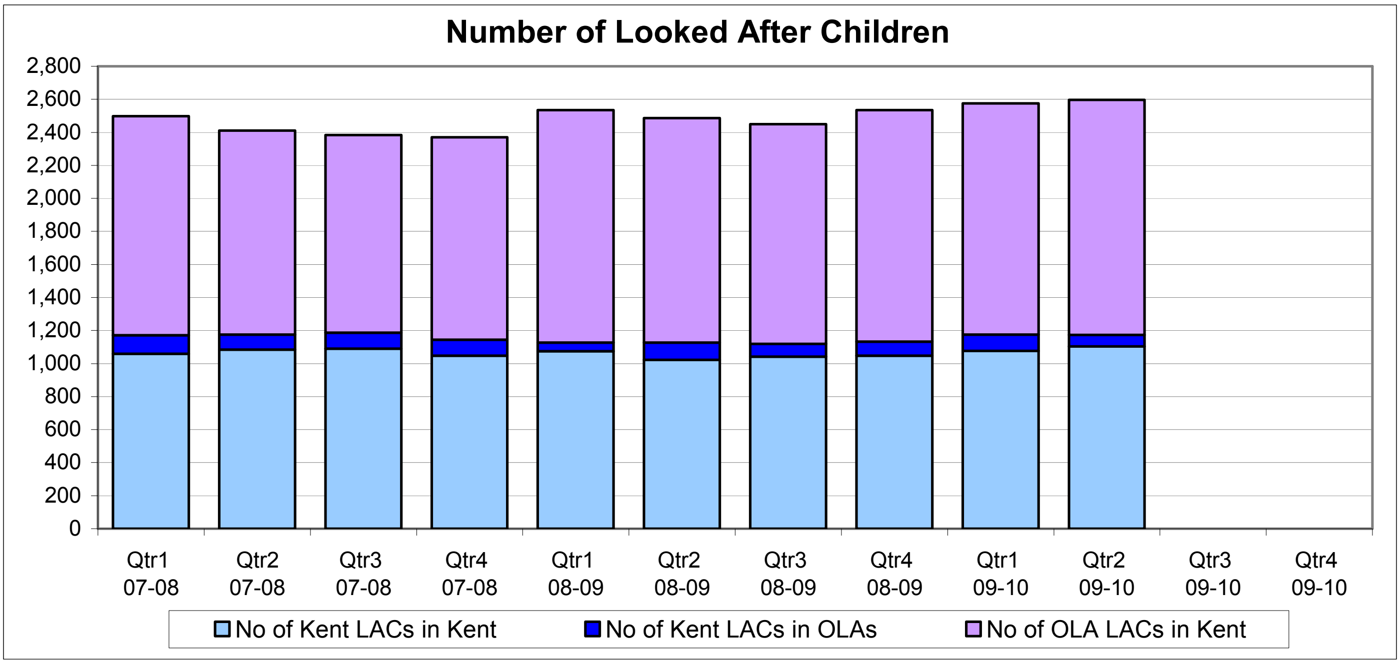
- The information on deficit schools for 2009-10 has been obtained from the schools budget submissions. The directorate receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.

- The number and value of deficits for 2009-10 is based on the last schools monitoring return. 3 of the 20 schools forecasting a deficit balance closed in August 2009. 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	1,104	70	**1,174**	1,423	**2,597**
Oct – Dec					
Jan – Mar					

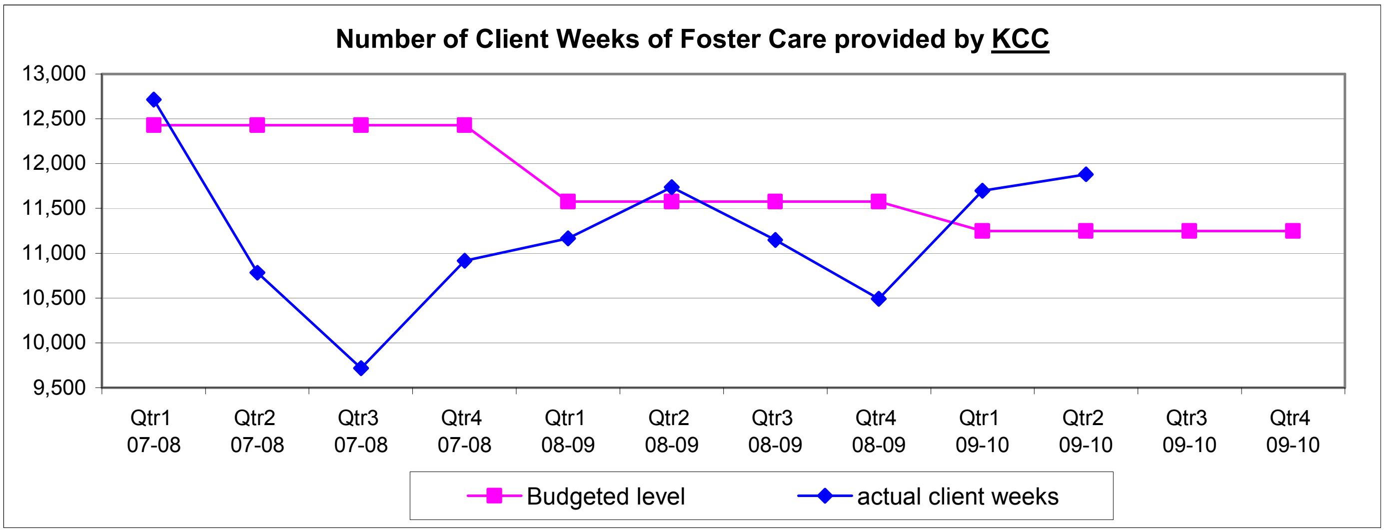


Comments:

- 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 represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of looked after children has increased by 42 since the beginning of the year, there could have been more during the period.
- The increase in Kent looked after children has placed additional pressure on the fostering service and 16+ services budget (see section 1.1.3.16 and 1.1.3.18)

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	11,695
Jul – Sep	12,427	10,781	11,576	11,735	11,249	11,880
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**	**23,575**



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.

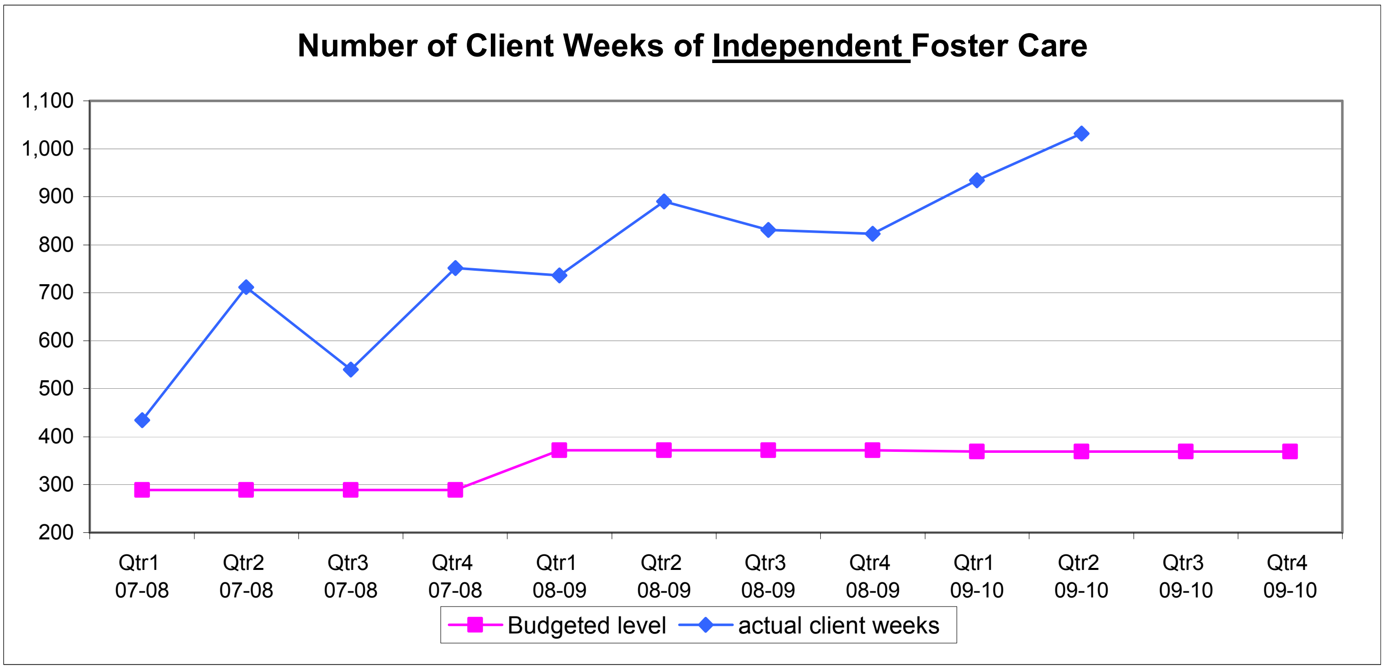
- Please note a correction has been made to the actual number of client weeks for 2009-10 quarter 1, which was previously incorrectly stated at 12,499.

- The overall net pressure on in-house fostering is expected to be approximately £719k, combining both 16+ and fostering service forecasts (sections 1.1.3.16 & 1.1.3.18) and corresponds with forecast activity levels. It should be noted that activity levels for in-house foster care placements are volatile and further information on the apparent trend will be given in future monitoring reports. This pressure is largely attributed to the 16+ age group. However, in the previous quarter, we reported an increase in the number of short term 'respite' placements within the under 16 age group but following the correction of the quarter 1 activity data we are now investigating the significance of this issue, which may have less of an impact on the forecast than previously reported. An update will be given in the January full monitoring report.

- 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	1,032
Oct - Dec	289	540	372	831	369	
Jan - Mar	289	752	372	823	369	
	1,154	**2,439**	**1,487**	**3,281**	**1,475**	**1,967**



Comments:

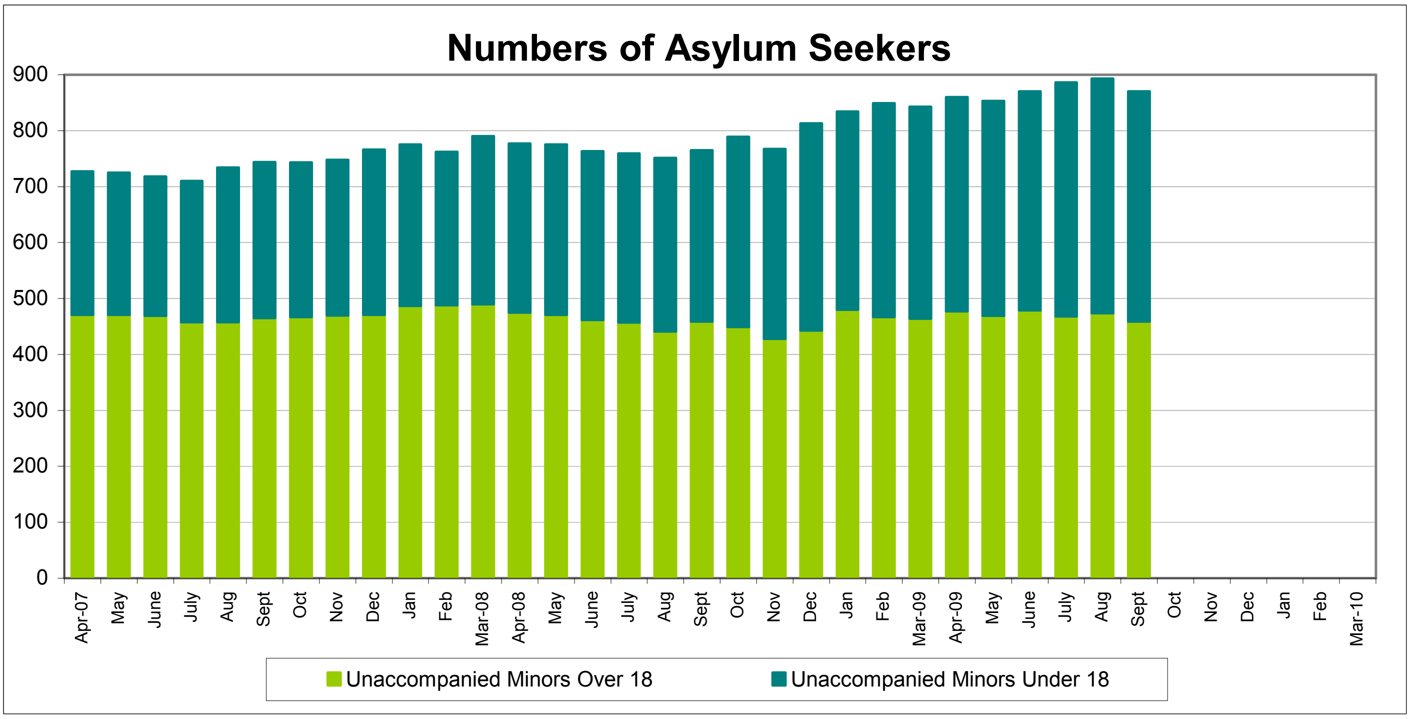
- The actual number of client weeks is based on the numbers of known clients at a particular point in time.

- 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 continues to grow in the second quarter of 2009-10 with a 25% increase in the number of weeks purchased in the quarter compared with the final quarter of 2008-09. The projected overspend on independent sector fostering payments is £2,568k combining both 16+ and fostering service forecasts (sections 1.1.3.16 & 1.1.3.18), which is an increase of £729k 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	**853**
June	249	469	**718**	301	462	**763**	391	479	**870**
July	252	458	**710**	302	457	**759**	418	468	**886**
August	276	458	**734**	310	441	**751**	419	474	**893**
September	279	465	**744**	306	459	**765**	411	459	**870**
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**			



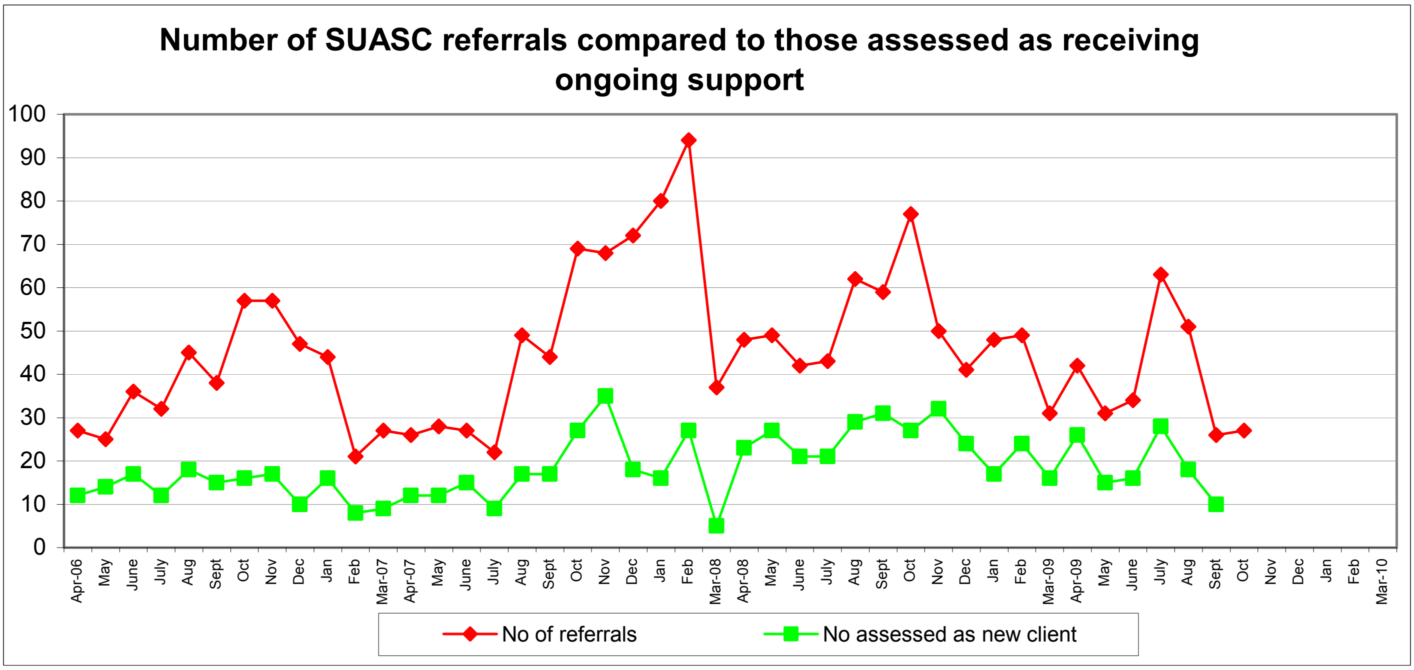
Comment:

- 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 number of under 18s supported has consistently increased each month, rising 7% since the start of the year. In addition the age profile of the children has reduced, with significantly higher numbers being placed in foster care.

- The data recorded above will include some referrals for which the assessments are not yet complete. 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	16	47%
July	32	12	38%	22	9	41%	43	21	49%	63	28	44%
August	45	18	40%	49	17	35%	62	29	47%	51	18	35%
Sept	38	15	39%	44	17	39%	59	31	53%	26	10	38%
Oct	57	16	28%	69	27	39%	77	27	35%	27		
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%**	**274**	**113**	**46%**



Comments:

- It is unclear at this stage whether the high number of referrals will continue in the future as the number of referrals in September fell below the budgeted level of 30 referrals a month for the first time in over two years. This decrease has coincided with the French Government's action to clear asylum seeker camps around Calais and it is unclear whether the impact of this is likely to be short-term or continued over a longer period.

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

- Please note, the number of 'assessed as a new clients' in June has been reduced from 17 to 16 following the reassessment of a client's age.

KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY
OCTOBER 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 last full monitoring report to reflect a number of technical adjustments to budget including the transfer of Supporting People to Communities.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in appendix 2 to the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Adult Services portfolio							
Older People:							
- Residential Care	88,635	-31,724	56,911	139	-862	-723	Reducing clients but price pressures due to complexity; agency staff cover for in-house service; additional income
- Nursing Care	43,647	-19,507	24,140	1,588	-1,567	21	Demographic and placement pressures offset with additional income
- Domiciliary Care	47,233	-10,317	36,916	-950	-97	-1,047	Activity below affordable level but price pressures due to complexity
- Direct Payments	4,638	-436	4,202	97	-84	13	
- Other Services	21,607	-4,645	16,962	-508	-3	-511	Release of Contingency to offset overall pressure; lower demand for Fast-track equipment and Enablement
Total Older People	205,760	-66,629	139,131	366	-2,613	-2,247	
People with a Learning Difficulty:							
- Residential Care	64,909	-12,119	52,790	2,176	-348	1,828	Demographic and placement pressures
- Domiciliary Care	6,704	-650	6,054	194	-53	141	more clients accessing Independent Living Scheme
- Direct Payments	5,465	-84	5,381	725	-83	642	increased demand & unit cost
- Supported Accommodation	9,582	-1,151	8,431	723	-389	334	Demographic and placement pressures
- Other Services	20,164	-1,924	18,240	-526	-98	-624	Release of Managing Director's Contingency to offset overall pressure
Total People with a LD	106,824	-15,928	90,896	3,292	-971	2,321	

Table 1

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
People with a Physical Disability							
- Residential Care	12,254	-1,987	10,267	846	-15	831	Demographic and placement pressures
- Domiciliary Care	7,317	-439	6,878	257	-10	247	Demographic pressures
- Direct Payments	6,697	-250	6,447	61	7	68	
- Supported Accommodation	394	-8	386	-95	-2	-97	
- Other Services	6,530	-1,237	5,293	-572	14	-558	Release of Contingency to offset overall pressure; underspend on daycare with a switch to Direct Payments
Total People with a PD	33,192	-3,921	29,271	497	-6	491	
All Adults Assessment & Related	37,367	-1,917	35,450	465	-260	205	Staffing Pressure partially offset by additional income from Health
Mental Health Service							
- Residential Care	6,456	-974	5,482	610	334	944	Forecast activity in excess of affordable level; increased proportion of S117 clients
- Domiciliary Care	627		627	78	0	78	
- Direct Payments	602		602	-338	0	-338	Less than expected activity
- Supported Accommodation	435	0	435	96	-87	9	
- Assessment & Related	9,982	-876	9,106	-206	-74	-280	Vacancy management plus difficulties in recruiting
- Other Services	6,736	-904	5,832	-92	-98	-190	
Total Mental Health Service	24,838	-2,754	22,084	148	75	223	
Gypsy & Traveller Unit	630	-289	341	39	-46	-7	
People with no recourse to Public Funds	100		100	0	0	0	
Strategic Management	1,339		1,339	64	-14	50	
Strategic Business Support	24,261	-1,971	22,290	-44	-231	-275	Additional training income
Support Services purchased from CED	7,301		7,301	-7	0	-7	reduced charge for KPSN
Specific Grants		-7,591	-7,591	0	0	0	
Total Adult Services controllable	**441,612**	**-101,000**	**340,612**	**4,820**	**-4,066**	**754**	
Assumed Management Action				**-754**		**-754**	
Forecast after Mgmt Action				**4,066**	**-4,066**	**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 £2,247k. Although Older people services overall are underspending due to a continuing decline in domiciliary and residential care, there is an increase in demand for services for people with dementia. It should also be noted that the forecast assumes reductions in residential and nursing placements based on prior year trends. However, recently, attrition rates have been lower than expected. If attrition remains below the expected level then this would impact on the forecast. The forecast also assumes a significant over-recovery in client income and a separate piece of work is underway to understand the reasons for this.

a. <u>Residential Care</u>
This line is reporting a gross overspend of £139k as the number of clients in permanent care has recently begun to show an increase. As at September there were 2,796 clients against 2,733 in June, although it remains below the 2,832 reported in March. The forecast position is 157,379 weeks of care against an affordable level of 157,572, which is a difference of 193 weeks. Using the forecast unit cost of £385.42, this reduced level of activity generates an underspend of £74k. In addition the forecast unit cost is £1.90 higher than the affordable which results in a pressure of £299k and reflects the increasing number of clients with dementia as placements are more expensive. Although the slight reduction in activity also means a reduced level of income of £30k, the actual income per week is £156.66 against an expected level of £150.13. This gives an over-recovery in income of £1,029k.

The forecast number of client weeks of service provided to Preserved Rights clients is 982 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 £391k with a further reduction of £49k because the unit cost is slightly below the affordable level. The reduction in activity also results in an under-recovery in income of £88k.

In-house residential provision is showing a pressure of £357k 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 £1,588k on gross expenditure and client numbers have increased to 1,353 in September from 1,332 in March and 1,340 in June. The forecast is assuming 1,961 weeks more than budget at a cost of £919k. The unit cost is currently forecast to be marginally less than budget, £468.88 instead of £468.95, which reduces the pressure by £5k. The additional activity has resulted in increased income of £308k. Also the actual income per week is £157.18 against an expected level of £148.81. This gives an over-recovery in income of £628k.

Preserved Rights attrition is currently below that assumed within the budget which adds £326k.

There is currently an overspend of £413k against Registered Nursing Care Contributions with an identical over-recovery of income and is based on the latest estimates of client activity.

c. <u>Domiciliary Care</u>
This service remains the most volatile and difficult to forecast and currently this line is forecasting an underspend against gross of £950k. The continuing trend in the number of clients remains uncertain and although the number receiving a domiciliary care package from the independent sector remains below last year's level, this stabilised in the first quarter of 2009-10 and there has even been a steady increase since May. However the budget still allows for significantly more hours than is being delivered and the current forecast under-delivery is over 86,000 hours, giving a saving of £1,332k. The forecast unit cost is also £0.427 per hour more expensive than affordable generating an additional cost of £1,086k. 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 significant underspend of £696k relating to the in-house domiciliary service as the number of clients remains well below that afforded within the budget.

d. Other Services
This line is showing a gross underspend of £508k following the release of £200k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. Demand for Fast-track Occupational Therapy equipment and Enablement has also been below the level anticipated in the budget and when combined make up approximately £200k of the underspend. There are also small variances, both over and under, against the remaining services, including payments to voluntary organisations, day-care, and meals.

1.1.3.2 **People with a Learning Difficulty:**

Overall the position for this client group is a net pressure of £2,321k. 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. Two recent cases have added approximately £300k to the forecast, although one of these is subject to legal review. There are potentially a further 23 cases that are being investigated and these could have a very significant impact on the financial position. Any costs relating to these 23 cases are not currently included within the forecast as we are still contesting and any legal judgements are unlikely to be made before the end of the year. The issue of ordinary residence is being discussed nationally through the Association of Directors of Adult Social Services as the current system penalises those authorities, such as Kent, who have historically been a net importer of residential clients. An exercise is also underway with CFE to identify children with a disability from other local authorities who are currently fostered in Kent as over time some of these could end up as ordinarily resident when they reach adulthood.

a. Residential Care
The overall forecast for residential care, including preserved rights clients, is an overspend on gross of £2,176k partially offset by an over recovery of income of £348k, giving a net pressure of £1,828k. Details of the individual pressures and savings contributing to this position are provided below.

Although the number of clients had reduced from 640 in March to 632 in June it has now increased to 642 in September. The forecast assumes 1,202 weeks more than is affordable at a cost of £1,356k, and 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 £1,127.79 which is £17.64 higher than the affordable level which adds £576k to the forecast. The additional client weeks add £211k of income.

The forecast number of client weeks of service provided to Preserved Rights clients is 231 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 £182k although the unit cost is slightly higher than the affordable level which adds £58k back into the position.

As with Older People, in house residential provision is showing a pressure of £195k 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. Domiciliary Care
This line is showing a gross overspend of £194k. The forecast for services provided through the independent sector assumes 5,331 hours more than is affordable, which with a cost per hour of £12.64 means a pressure of £67k. There has also been an increase in the number of clients accessing independent living services, especially a number with wide ranging and profound disabilities, with the result that this line is currently forecasting an overspend of £126k.

c. Direct Payments
Client numbers have increased from 459 in March, 502 in June and 557 in September which is above the affordable level of 546 clients. This forecast assumes 2,966 more weeks than the budget which is causing a pressure of £653k on gross expenditure. The actual unit cost is £2.88 more than budgeted which is adding £72k to the position. The additional activity has added £83k of income.

d. Supported Accommodation
The current position is a net pressure of £334k with the number of clients having increased from 233 in March to 276 in June although the growth in clients has now begun to slow with the September figure showing 284. The forecast weeks based on these clients shows 234 weeks less than affordable as the budget was based on a slightly higher figure; this generates a saving of £137k. However the unit cost of £583.26 is also £38.95 per week higher than is affordable and this increases the pressure by £653k. It should be noted that the unit cost is skewed by a number of placements transferred from Health under S256 arrangements as these clients cost over £1,200 per week. A combination of higher than expected average contribution per week plus the impact of S256 placements funded by Health generates an additional £390k of income.

There is also £189k of costs backdated for the two previous financial years relating to a client who, following a recent case has been awarded Ordinary Residence in Kent. The cost of this client for 2009/10 is included within the overall position outlined above.

e. Other Services
This line is showing a gross underspend of £526k 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 £491k. 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 £846k.

Although the number of clients had reduced from 222 in March to 213 in June, as at September this had increased to 229 and the forecast assumes 1,047 weeks more than is affordable at a cost of £916k. The actual unit cost is £874.31 which is £1.55 lower than the affordable which reduces the pressure by £18k. The additional client weeks add £131k of income to the position.

The forecast number of client weeks of service provided to Preserved Rights clients is 135 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 £106k although the unit cost is slightly higher than the affordable level which adds £11k back into the position. The reduced activity also means an under-recovery in income of £65k.

b. Domiciliary Care
This line is showing a gross overspend of £257k. The forecast for services provided through the independent sector assumes 11,984 hours more than is affordable, which with a cost per hour of £13.21 gives a pressure of £158k. The actual unit cost is also slightly higher than the affordable level which increases the pressure by £99k.

c. Other Services
This line is showing a gross underspend of £572k following the release of £200k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. There is also an underspend of £221k against independent sector day-care as a number of clients are now receiving their daycare via a direct payment. There are also small underspends against the remaining services, including payments to voluntary organisations and occupational therapy.

1.1.3.4 **All Adults Assessment & Related:**

There is a pressure against gross expenditure of £465k with an over-recovery in income of £260k relating to additional contributions from Health. As part of the restructure of the Directorate a very detailed exercise across all staffing lines was recently completed which revealed this pressure. The primary reason for the pressure is a shortfall in the 2009/10 saving relating to the review of management and support structures as the saving was based on a profile of when staff would leave. With such a profile there was always the risk that staff would leave later than anticipated and this has proved to be the case. This saving will be delivered, but not to the original timescale.

1.1.3.5 **Mental Health:**

Overall the position for this client group is a net pressure of £223k.

a. Residential Care
The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £610k. In the case of non-preserved rights clients 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 1,264 weeks more than is affordable at a cost of £693k. The actual unit cost is £548.55 which is £16.66 higher than the affordable which adds £146k 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 £230k to the pressure.

The forecast for Preserved Rights clients reflects an underspend of £183k because of increased attrition which is over and above that assumed in the budget. The reduced activity also means an under-recovery in income of £62k.

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 £338k.

c. Assessment & Related
An underspend of £206k on gross expenditure is being forecast which in part results from vacancy management but also from difficulties in recruiting qualified social work staff. Savings also accrue from difficulties experienced in recruiting to senior positions for joint health/social care posts.

1.1.3.6 **Strategic Business Support:**

The current forecast is a small underspend on gross of £44k but a more significant over-recovery in income of £231k, of which £140k relates to income from Universities relating to the Practice Placement Scheme.

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	LD Residential gross - activity in excess of affordable level in independent sector placements	+1,356	KASS	Older People Domiciliary gross - reduction in hours in independent care	-1,332
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,086	KASS	Older People Residential income resulting from higher unit cost	-1,029
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector placements	+919	KASS	Older People Domiciliary gross - in house activity below affordable level	-696
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+916	KASS	Older People Nursing income resulting from higher unit cost	-628
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+693	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
KASS	LD Direct Payments Gross - activity higher than affordable level	+653	KASS	Older People Nursing income - additional income due to higher RNCC activity	-413
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+653	KASS	Older People Residential gross - Preserved Rights increased attrition	-391
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+576	KASS	LD Supported Accommodation income - additional income resulting from unit costs and additional Health funding	-390
KASS	All Adults Assessment & Related Gross - staffing pressures	+465	KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-338
KASS	Older People Nursing gross - additional spend due to higher RNCC activity	+413	KASS	Older People Nursing income resulting from additional activity	-308
KASS	Older People Residential gross - in house provision staffing	+357	KASS	Assessment & Related - Over-recovery of income from additional health cotributions	-260
KASS	Older People Nursing gross - attrition in preserved rights lower than expected	+326	KASS	PD Other Services - underspend on independent sector day-care	-221
KASS	Older People Residential gross - pressure relating to change in unit cost in independent sector placements	+299	KASS	LD Residential income - additional income resulting from additional activity	-211
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117	+230	KASS	MH Assessment & Related gross - vacancy management and difficulty recruiting qualified staff	-206
KASS	LD Residential gross - in house provision staffing	+195	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
KASS	LD Supported Accommodation gross - backdated cost relating to Ordinary Residence	+189	KASS	OP Other Services gross - release of the balance of the Managing Director's contingency	-200

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Residential gross - contribution to provision	+170	KASS	OP Other Services gross - lower than anticipated demand for Fast-track Occupational Therapy equipment and Enablement	-200
KASS	PD Domiciliary gross - activity in excess of affordable level	+158	KASS	MH Residential gross - Preserved rights decreased activity due to higher attrition	-183
KASS	MH Residential gross - unit cost in excess of affordable level	+146	KASS	LD Residential gross - Preserved rights decreased activity due to higher attrition	-182
KASS	LD Domiciliary gross - pressure against Independent Living Scheme	+126	KASS	Strat Bus Supp income - additional training income from Universities	-140
			KASS	LD Supported Accommodation gross - activity below affordable level	-137
			KASS	PD Residential income - addit activity/higher contribution	-131
			KASS	PD Residential gross - Preserved Rights increased attrition	-106
		+9,926			**-8,502**

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

The forecast pressure of £754k assumes that most of the savings identified within the MTP will be achieved, however, as indicated in paragraph 1.1.3.4, it is unlikely that the Directorate will be able to deliver the whole saving in 2009-10 relating to the review of management and support structures. Despite this, the Directorate remains confident that other savings, through the application of "Guidelines for Good Management Practice", will be found to ensure that a balanced budget is achieved by the end of the year.

1.1.5 **Implications for MTP**:

The 2010-13 MTP will assume 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 £754k pressure by the end of the year. However this pressure assumes reductions in the number of residential and nursing placements in line with expected trends and makes no allowance for additional costs of clients who may become "ordinarily resident" in Kent.

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 12th October 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	2,867	6,531	19,832	16,080	12,651	57,961
Additions:						
- re-phasing agreed at Oct Cabinet		-499	499			0
- trinity foyer		60				60
Revised Budget	2,867	6,092	20,331	16,080	12,651	58,021
Variance		-631	631	0		0
split:						
- real variance		-25	+25	0	0	0
- re-phasing		-606	+606	0	0	0
Real Variance	**0**	**-25**	**+25**	**0**	**0**	**0**
Re-phasing	**0**	**-606**	**+606**	**0**	**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	Modernisation of Assets	phasing	-270			
			-270	**+0**	**+0**	**+0**
			-270	**+0**	**+0**	**+0**

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

None

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

Edenbridge -£0.025m (in 2010/11) 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 £'m	2010/11 £'m	2011/12 £'m	Future Years £'m	Total £'m
Budget	0.000	1.021	2.675	0.000	3.696
Forecast	0.000	1.021	2.675	0.000	3.696
Variance	0.000	0.000	0.000	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 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 £3.696m of developer contributions to fund their current commitments.

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 assets 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 assets 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

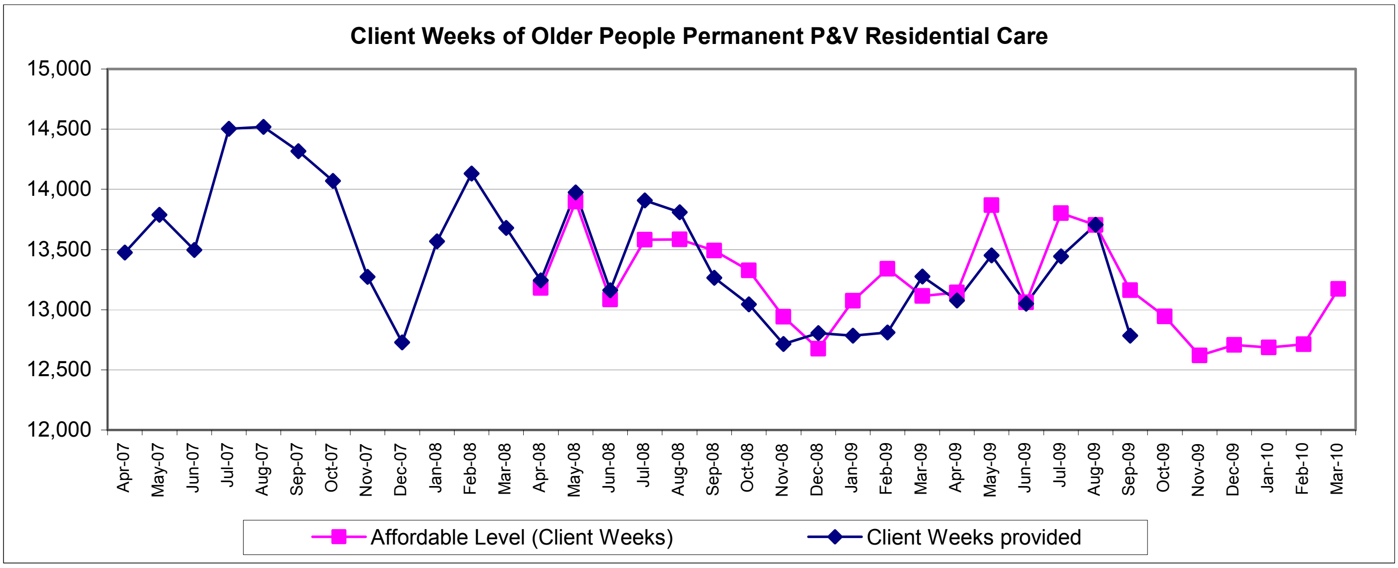
Cash limits are changed for projects that have rephased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+1,028	+549	+533	+1,119	+3,229
re-phasing	-270	+270			0
Revised project phasing	**+758**	**+819**	**+533**	**+1,119**	**+3,229**
Public Access					
Amended total cash limits	+476	+289	+297	+305	+1,367
re-phasing	-126	+126			0
Revised project phasing	**+350**	**+415**	**+297**	**+305**	**+1,367**
Total re-phasing >£100k	**-396**	**+396**	**0**	**0**	**0**
Other re-phased Projects below £100k	**-210**	**+210**			
TOTAL RE-PHASING	**-606**	**+606**	**0**	**0**	**0**

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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	13,050
July		14,502	13,581	13,909	13,802	13,443
August		14,520	13,585	13,809	13,703	13,707
September		14,316	13,491	13,264	13,162	12,784
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**	**79,511**

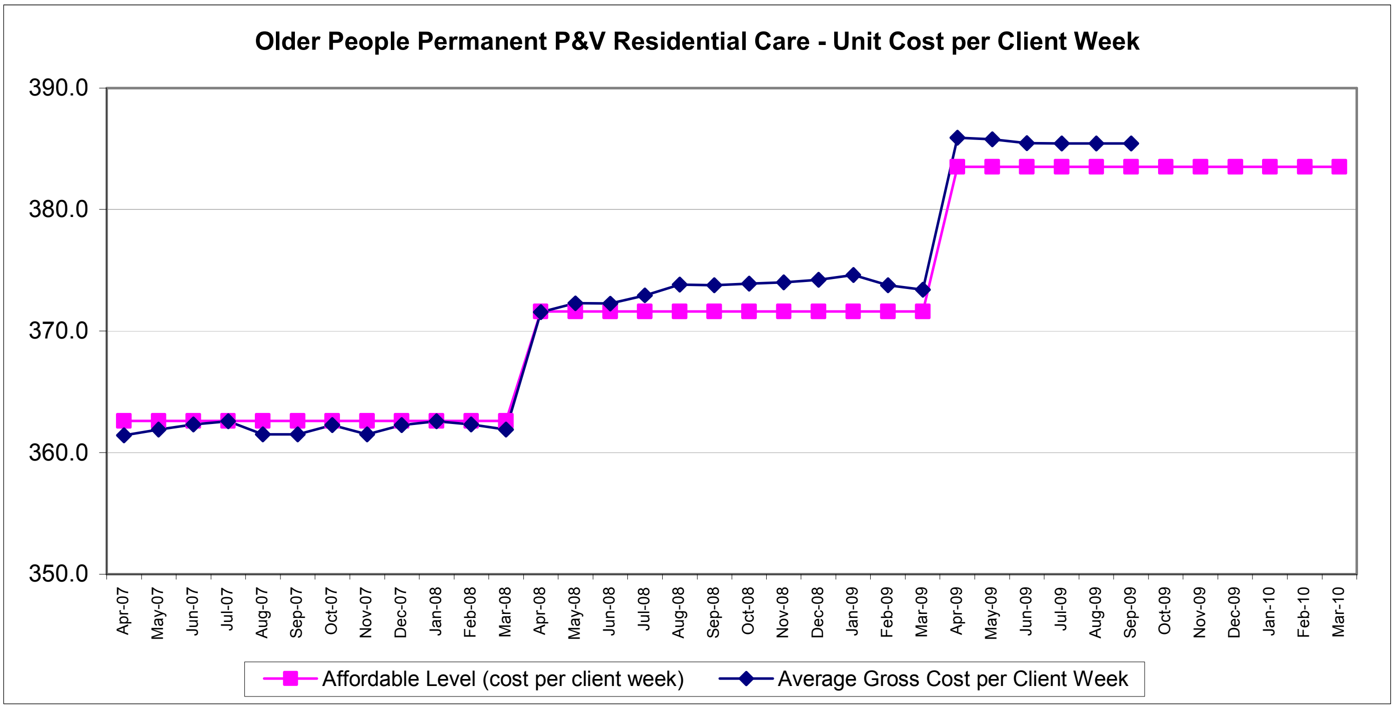


Comments:

- 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 September, the number was 2,796. Although the September position is lower than the March position, there continues to be a pressure relating to older people with dementia.
- The forecast position is 157,379 weeks of care against an affordable level of 157,572, which is a difference of -193 weeks. Using the actual unit cost of £385.42, this reduced level of activity generates an underspend of £74k as highlighted in section 1.1.3.1.a.
- To the end of September 79,511 weeks of care have been delivered against an affordable level of 80,735, a difference of -1,224 weeks. It should be noted that the actual weeks for June have been revised to take account of changes to Swift (client activity system) on the basis of ongoing data quality validation and changing client circumstances. Lower placements at the beginning of the year (there were 2,733 clients as at the end of June) means that the mid year position is lower than the affordable level. However, the forecast includes the increase in placements since then and this will impact on the end of year position, closing this gap.

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	385.43
August	362.60	361.50	371.60	373.84	383.52	385.44
September	362.60	361.50	371.60	373.78	383.52	385.42
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	

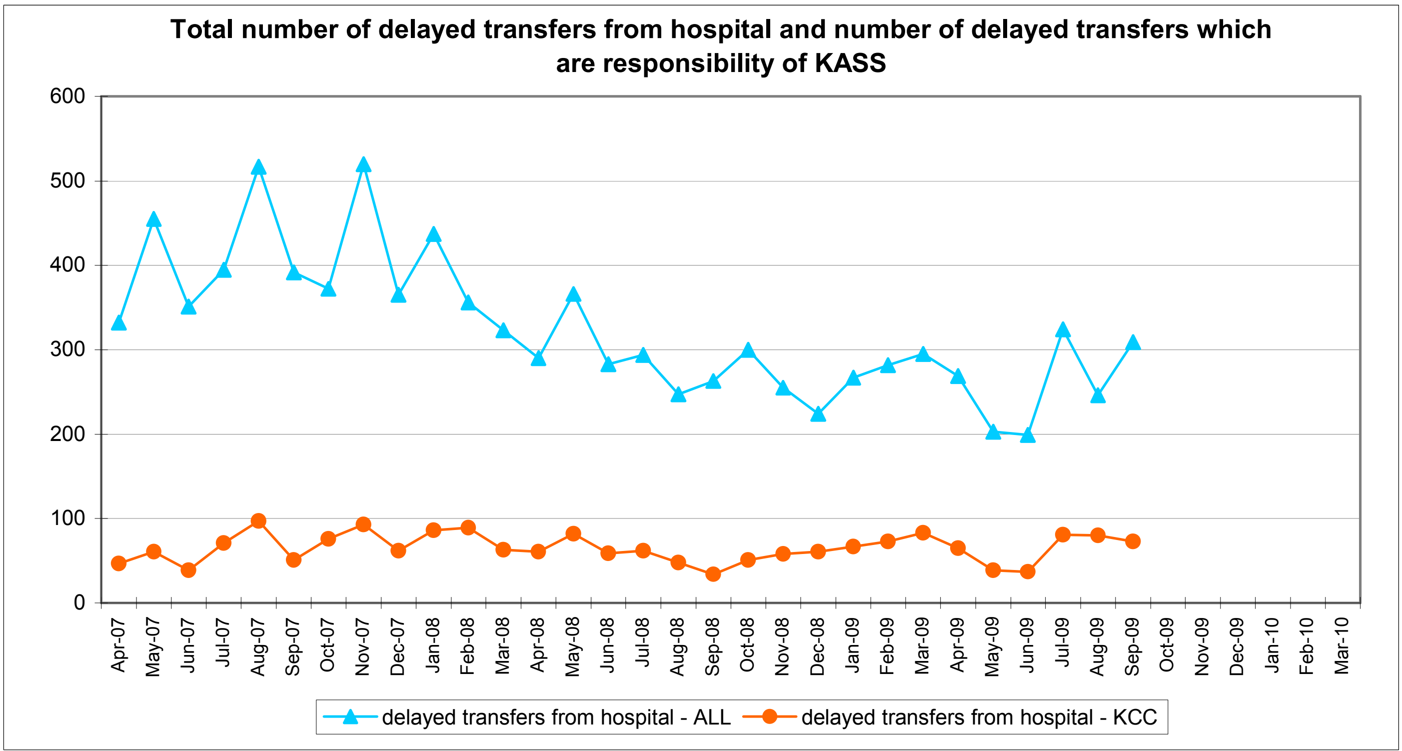


Comments:

- 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 £385.42 is higher than the affordable cost of £383.52 and this difference of +£1.90 adds £299k 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	269	65
May	455	61	366	82	203	39
June	351	39	283	59	199	37
July	395	71	294	62	324	81
August	517	97	247	48	246	80
September	392	51	263	34	309	73
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		



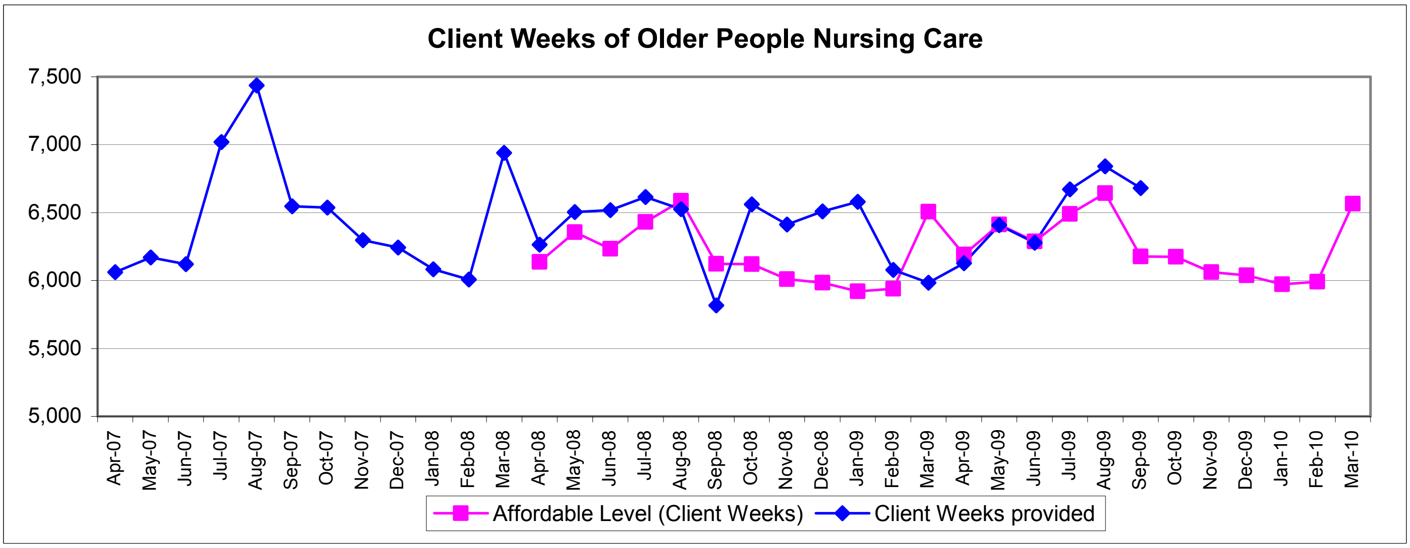
Comments:

- 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.

- This activity information is obtained from a national database based on data provided by the PCTs. The data previously reported for April 2009 has been amended to reflect later information provided by PCTs to the national database.

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	6,279
July		7,020	6,432	6,616	6,489	6,671
August		7,436	6,586	6,525	6,644	6,841
September		6,546	6,124	5,816	6,178	6,680
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**	**39,006**



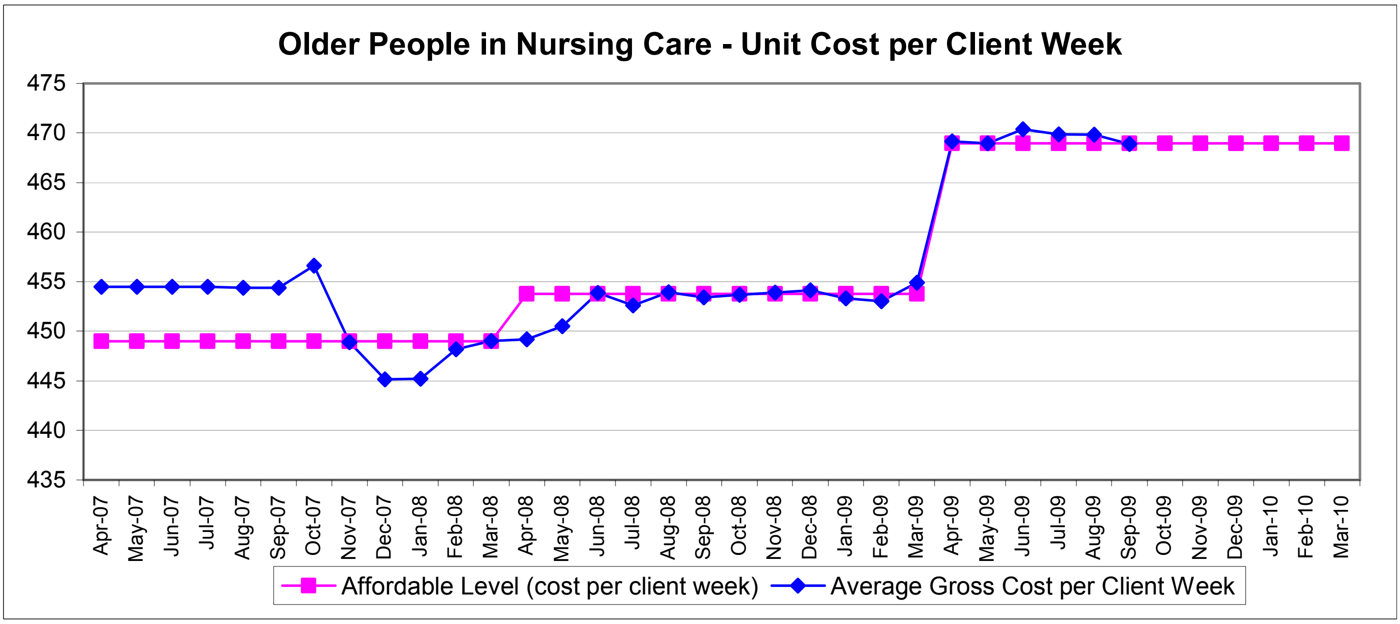
Comment:

- 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 September, it had increased slightly to 1,353. This increase is attributable to people with dementia.
- To the end of September 39,006 weeks of care have been delivered against an affordable level of 38,203 a difference of +803 weeks. It should be noted that the actual weeks for June have been revised to take account of changes to Swift (client activity system) on the basis of ongoing data quality validation and changing client circumstances.
- The forecast position is 76,969 weeks of care against an affordable level of 75,008, a difference of +1,961 weeks. Using the actual unit cost of £468.88, this additional activity adds £919k to the forecast as highlighted in section 1.1.3.1.b.
- Permanent placements have been slightly higher in the second quarter than in the first which means the difference between the forecast weeks and the affordable levels will be larger by year-end. In addition, non-permanent care has increased since the first quarter and this is included in the forecast.
- 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	469.84
August	448.98	454.40	453.77	453.93	468.95	469.82
September	448.98	454.40	453.77	453.42	468.95	468.88
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	



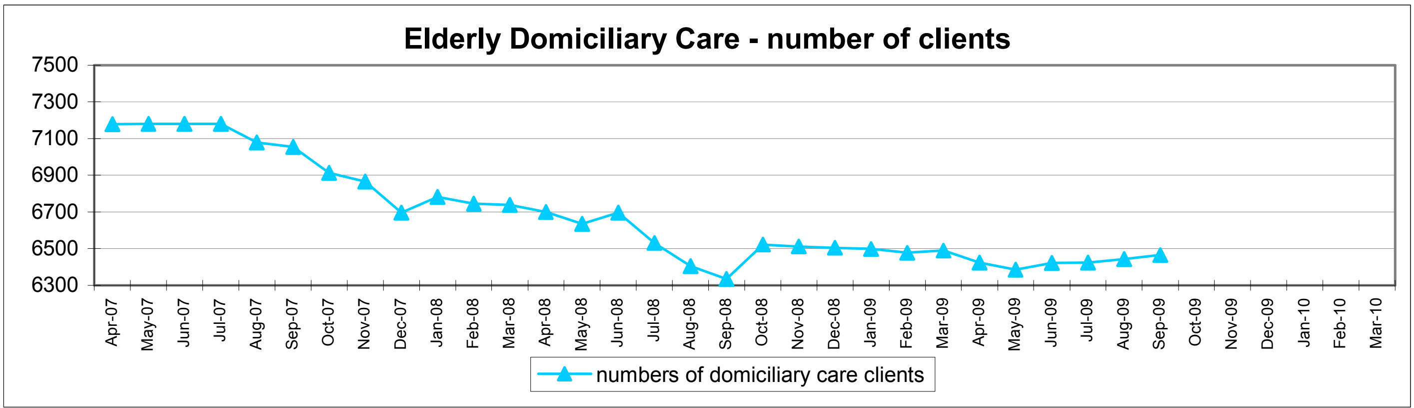
Comments:

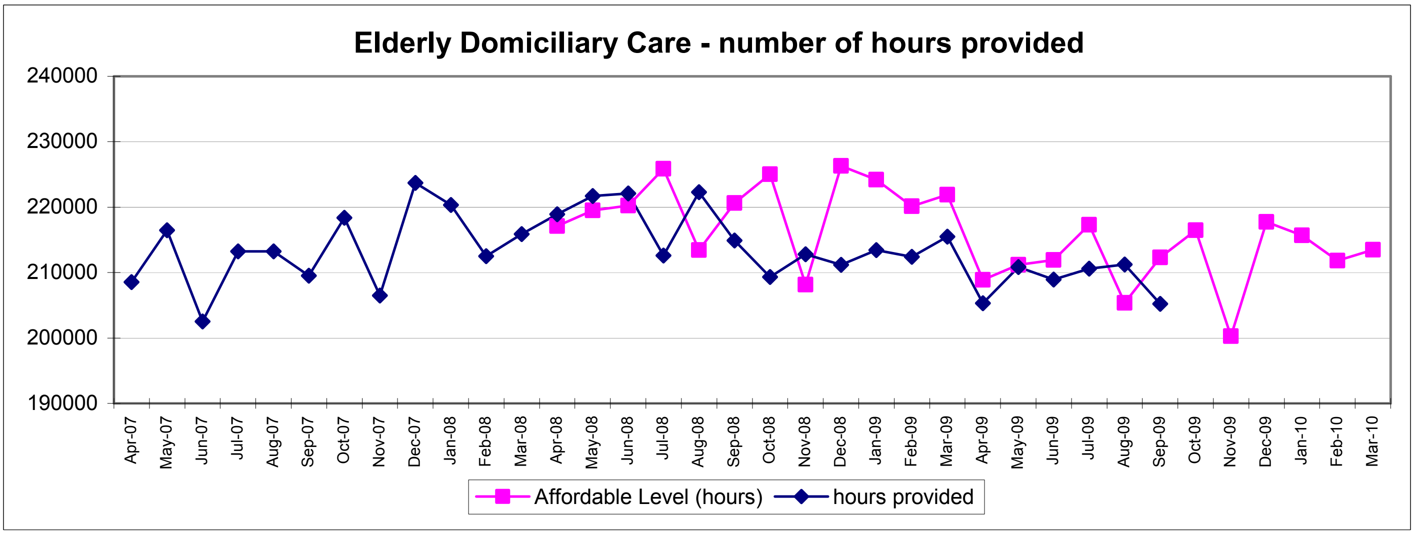
- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care

- The forecast unit cost of £468.88 is slightly lower than the affordable cost of £468.95 and this difference of -£0.07 reduces the pressure by £5k 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	210,591	6,424
August		213,246	7,079	213,436	222,273	6,404	205,354	211,214	6,443
September		209,504	7,054	220,644	214,904	6,335	212,289	205,238	6,465
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**	**1,252,144**	





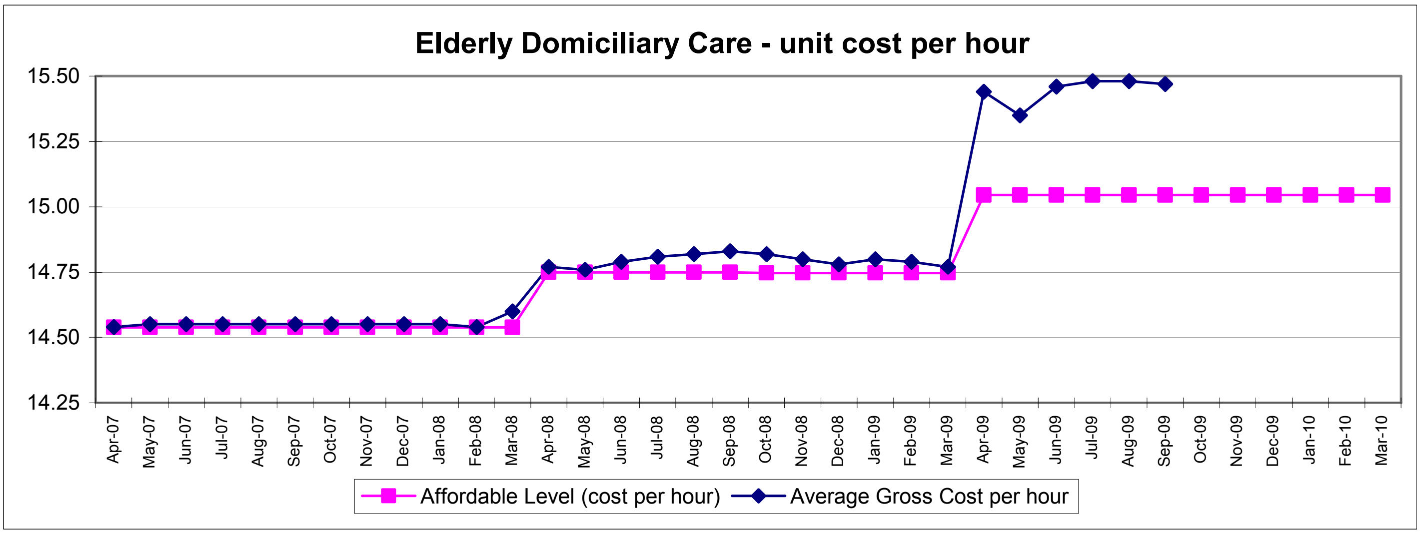
Comment:

- Figures exclude services commissioned from the Kent HomeCare Service.
- The current forecast is 2,456,273 hours of care set against an affordable level of 2,542,358, a difference of 86,085 hours. Using the forecast unit cost of £15.472, this reduction in activity indicates a £1,332k 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 significantly 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	15.48
August	14.50	14.55	14.75	14.82	15.045	15.48
September	14.50	14.55	14.75	14.83	15.045	15.47
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	

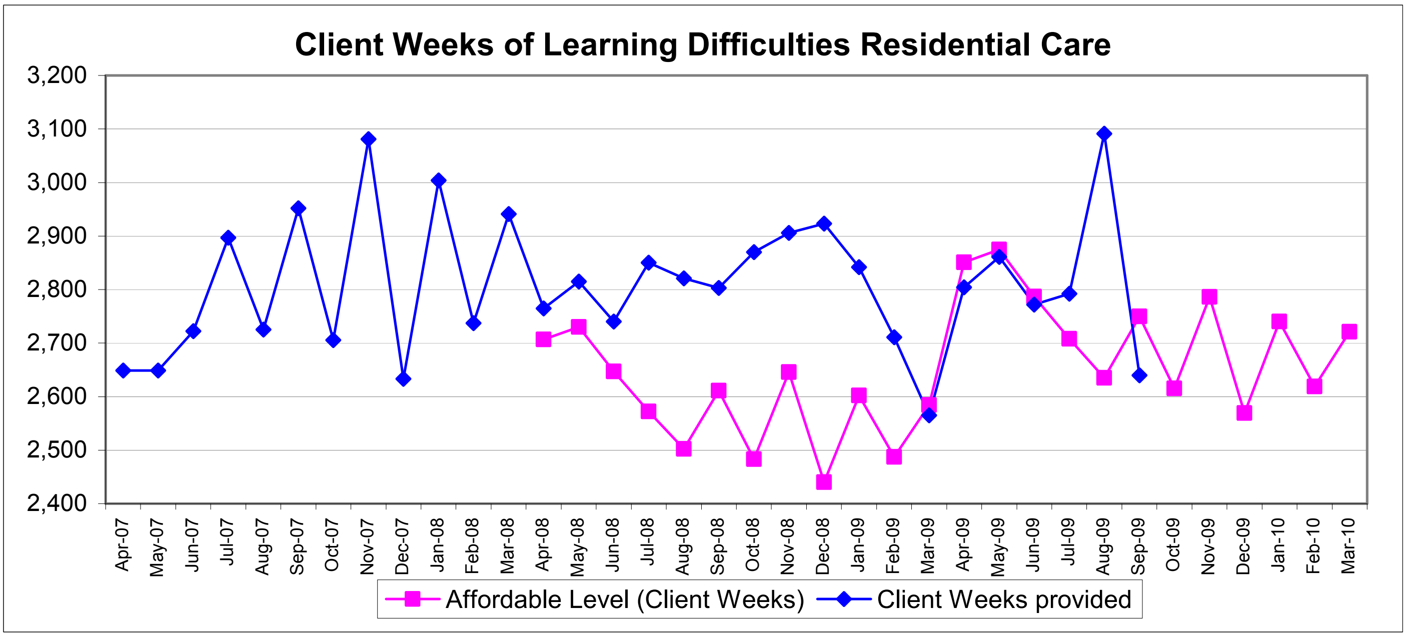


Comments:

- 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 £15.472 is higher than the affordable cost of £15.045 and this difference of £0.427 increases the pressure by £1,086k 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	2,792
August		2,725	2,502	2,821	2,635	3,091
September		2,952	2,611	2,803	2,750	2,640
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**	**16,960**



Comments:

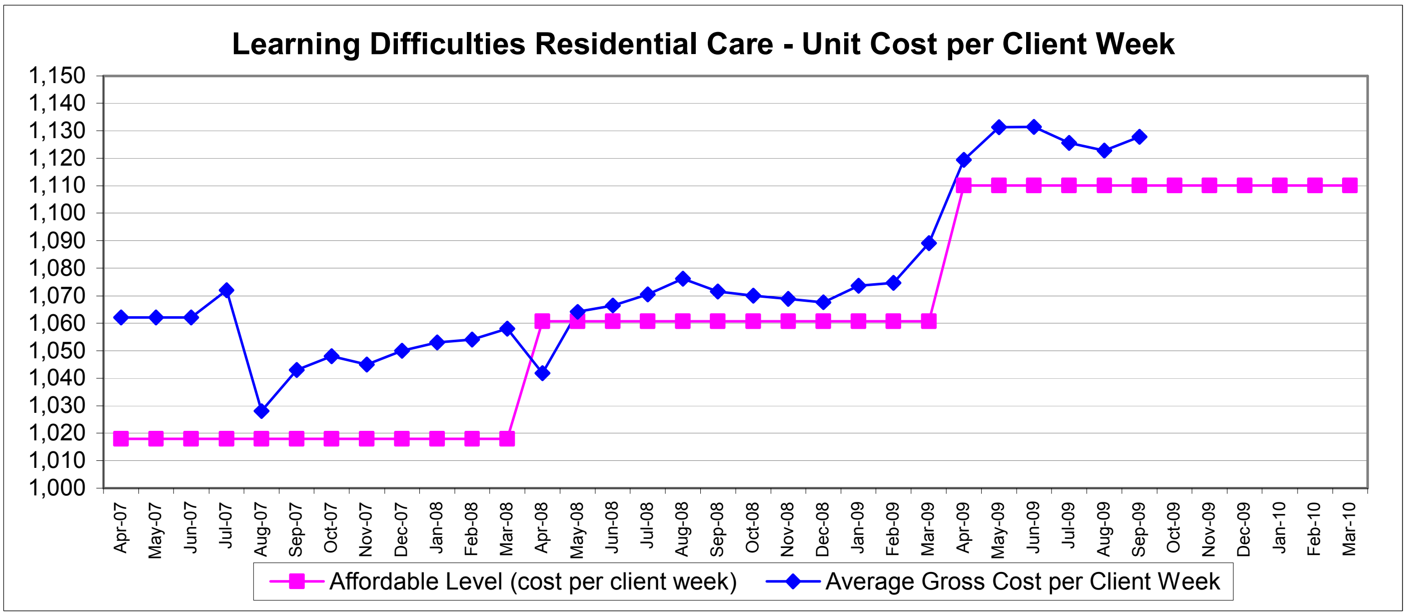
- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2007-08 was 633, at the end of 2008-09 it was 640 (with some much higher numbers during the year) and at the end of September, 642.

- The forecast position of 33,858 weeks of care is some 1,202 weeks over the affordable level, indicating a pressure of £1,356k using a unit cost of £1,127.79. 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 September 16,960 weeks of care have been delivered against an affordable level of 16,606 a difference of 354 weeks. The number of people in residential care has increased slightly in the last couple of months which means that the end of year forecast will be proportionately higher than the affordable levels.

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	1,125.65
August	1,018.00	1,028.00	1,060.70	1,076.27	1,110.15	1,122.81
September	1,018.00	1,043.00	1,060.70	1,071.59	1,110.15	1,127.79
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	



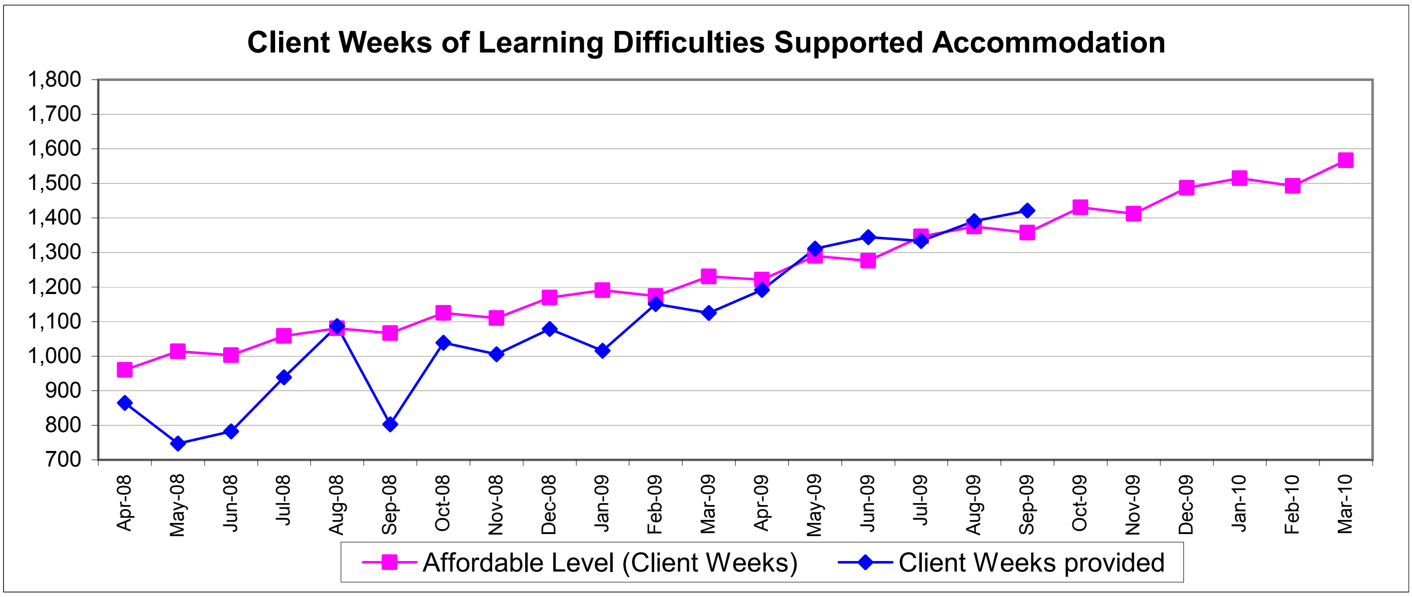
Comments:

- 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 £1,127.79 is higher than the affordable cost of £1,110.15 and this difference of £17.64 adds £576k 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	1,344
July			1,058	939	1,346	1,333
August			1,081	1,087	1,375	1,391
September			1,067	803	1,357	1,421
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**	**7,992**



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 September, the numbers had increased to 284.

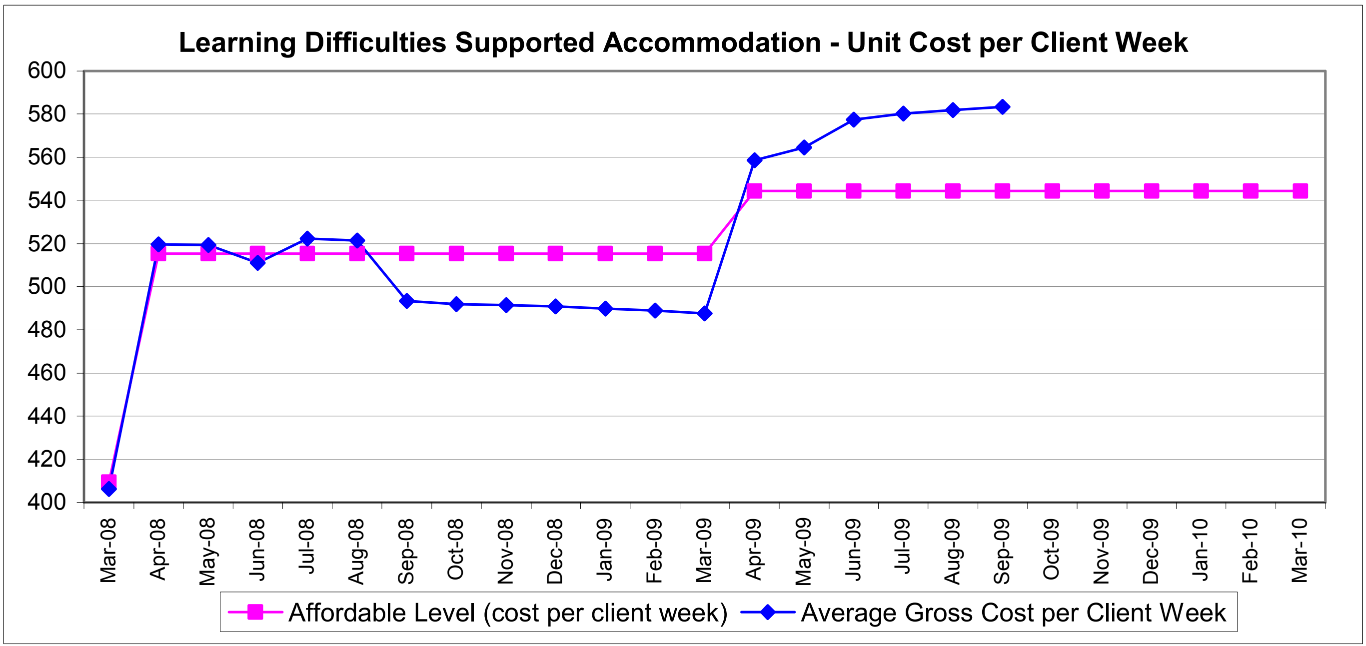
- The latest forecast position of 16,536 weeks against an affordable level of 16,770 weeks shows a difference of 234 weeks, which indicates a saving of £137k using a unit cost of £583.26.

- It should be noted that the actual weeks for June have been revised to take account of changes to Swift (client activity system) on the basis of ongoing data quality validation and changing client circumstances.

- 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	580.27
August			515.41	521.40	544.31	581.76
September			515.41	493.33	544.31	583.26
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	



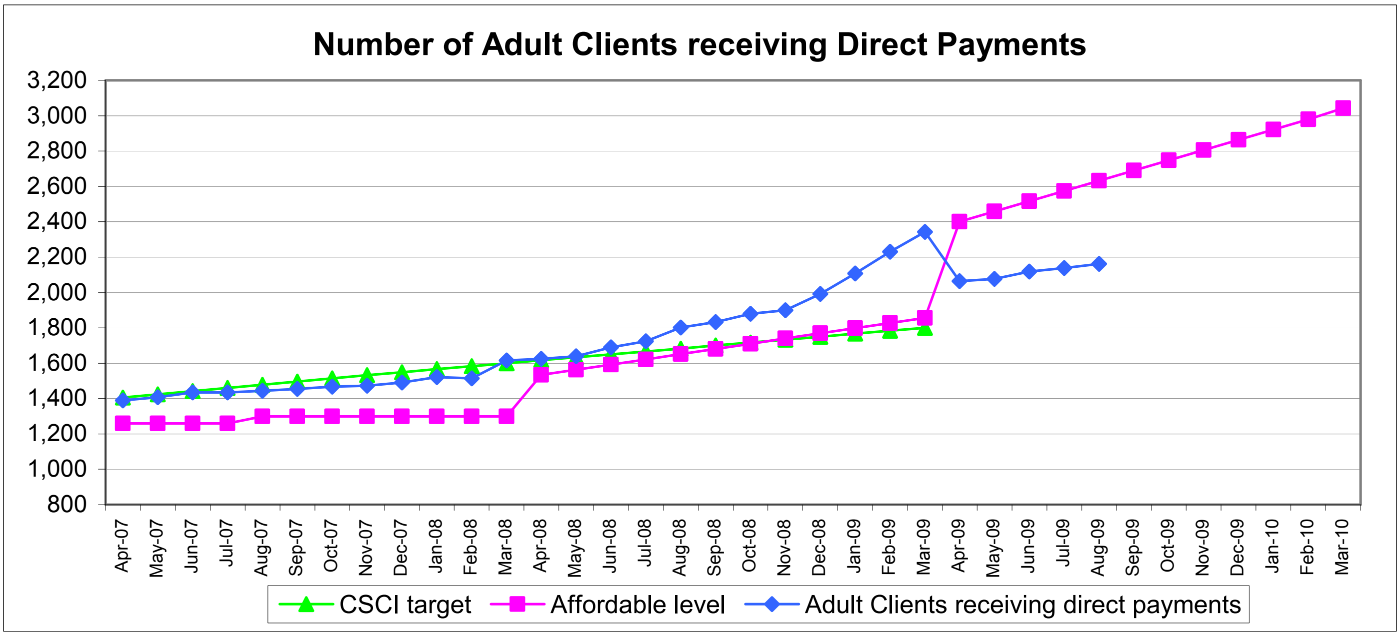
Comments:

- The forecast unit cost of £583.26 is higher than the affordable cost of £544.31 and this difference of £38.95 adds £653k to the position when multiplied by the affordable weeks as highlighted in section 1.1.3.2.d.

- 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	2,065
May	1,424	1,259	1,407	1,634	1,564	1,639	2,458	2,076
June	1,442	1,259	1,434	1,650	1,593	1,689	2,516	2,097
July	1,460	1,259	1,434	1,667	1,622	1,725	2,574	2,118
August	1,478	1,299	1,444	1,683	1,651	1,802	2,632	2,139
September	1,496	1,299	1,454	1,700	1,681	1,832	2,690	2,179
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:

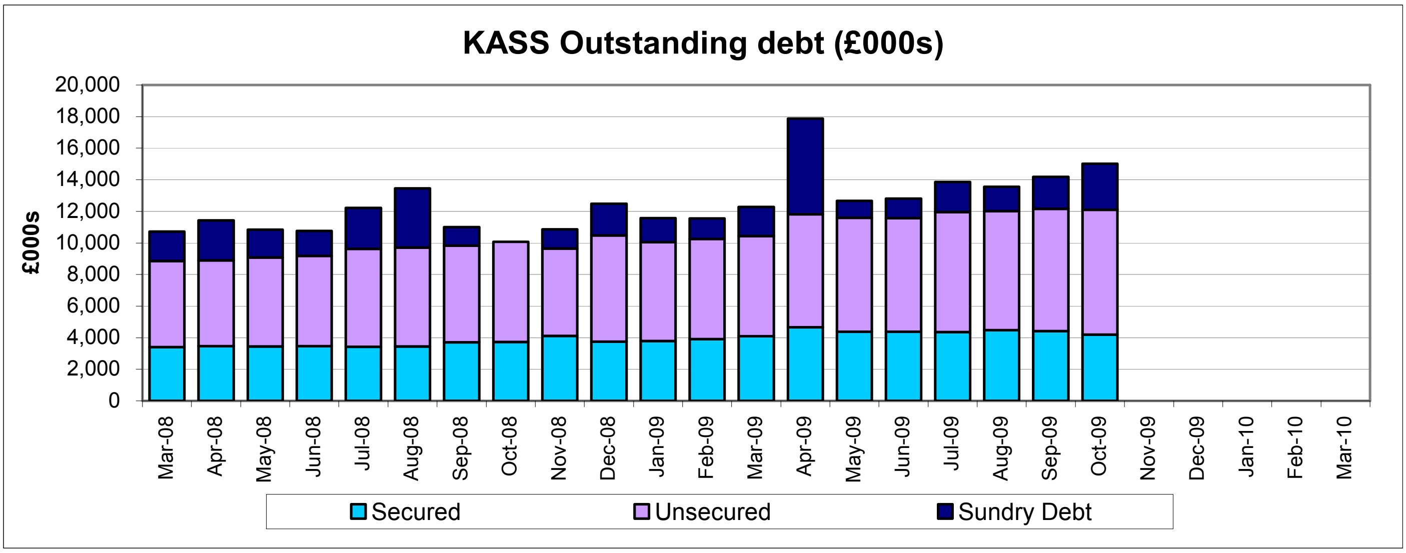
- From April 2008, the national measure for direct payments counted the permanent placements and the number of one-off payments within the year. The position reported for March 2009 represented the total activity for 2008-09 i.e. of the 2,342 adult clients reported as receiving a direct payment, 2,055 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 have gone back to again reporting only the permanent placements in line with the requirements for Core Monitoring. For purposes of comparison, the ongoing placements as at March were 2,055, as at September this had increased to 2,179. It should be noted that the actual clients previously reported for April, May and June included one-off payments and these have now been excluded so that only on-going clients are included. Also figures will have been revised to take account of changes to Swift (client activity system) on the basis of ongoing data quality validation and changing client circumstances.
- From 2009-10, we no longer have a CSCI target for direct payments.

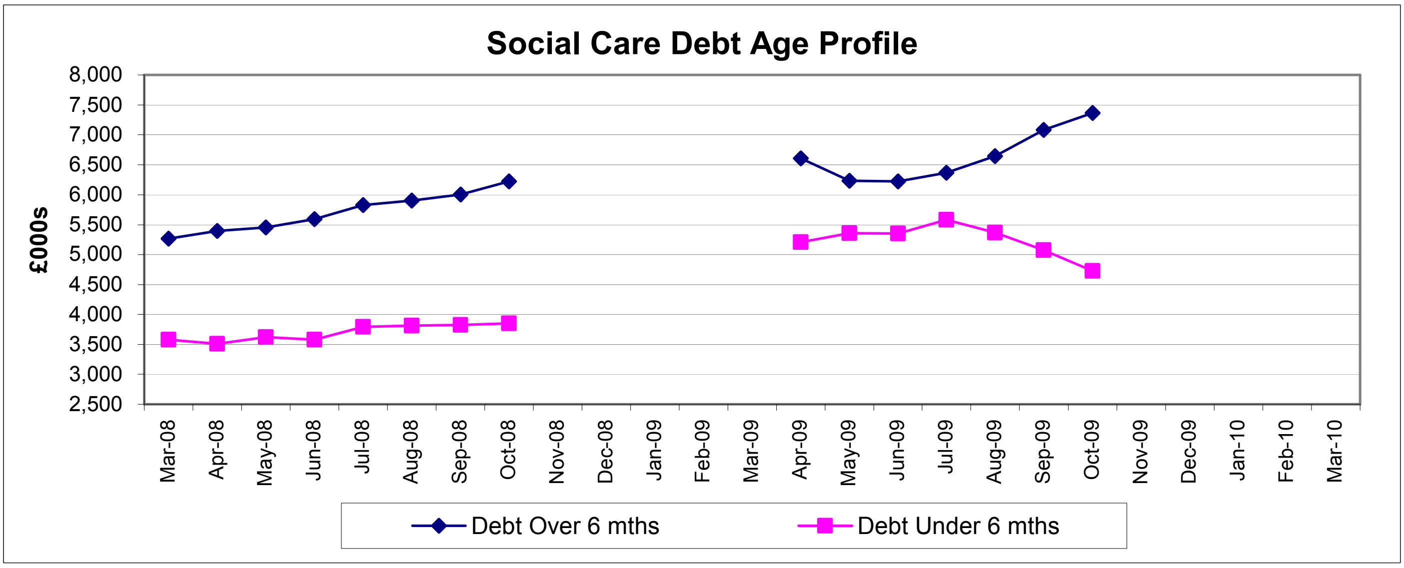
3. KASS OUTSTANDING DEBT

The outstanding debt as at October was £15.0m excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this is £12.1m 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) £000s**	**Sundry Debt £000s**	**Total Social Care Due Debt £000s**	**Debt Over 6 mths £000s**	**Debt Under 6 mths £000s**	**Secured £000s**	**Unsecured £000s**
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	**13,559**	**1,545**	12,014	6,643	5,371	4,481	7,533
Sep-09	**14,182**	**2,024**	12,158	7,080	5,078	4,420	7,738
Oct-09	**15,017**	**2,922**	12,095	7,367	4,728	4,185	7,910
Nov-09							
Dec-09							
Jan-10							
Feb-10							
Mar-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.





* 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 OCTOBER 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.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. 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	3,400	0	3,400	White lines +£0.6m, signs +£0.25m, resurfacing +£2.1m, dilapidations +£0.25m & vegetation control +£0.2m
Public Transport Contracts	18,273	-2,400	15,873	0	0	0	
Waste Management	69,827	-1,973	67,854	-3,406	-113	-3,519	Reduced tonnage -£2.6m, Allington WtE off-line -£0.806m & additional recycling income (mainly textiles) -£0.113m
Environmental Group	9,228	-4,692	4,536	-120	-65	-185	-£0.120m rephasing & -£0.065m additional external income for land use survey.
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	-120	0	-120	Vacancies
Support Services purchased from CED	1,871		1,871	0	0	0	
Total E, H & W	**168,565**	**-16,678**	**151,887**	**-246**	**-178**	**-424**	
Assumed Management Action							
Forecast after Mgmt Action				**-246**	**-178**	**-424**	

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 April to September are still 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. Our current estimate for the reduced tonnage is around 40,000 tonnes, which at an average of roughly £65 per tonne, produces a budget saving for 2009-10 of approximately £2.6m. If the reduction in tonnage continues at the same rate currently, then there will be further underspend to come.

1.1.3.2 Given the volatile nature of the waste volumes 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 agreed 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 £0.806m.

1.1.3.4 Recycling income is ahead of target, with textile sales providing the largest element. This is resulting in forecast over recovery of income of £0.113m.

Kent Highways Services (KHS):

1.1.3.5 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. Cabinet agreed therefore that KHS could make a £2.1m revenue contribution, (to be funded from the underspending on Waste Management), to bring forward these essential resurfacing works into 2009-10.

1.1.3.6 A complete refresh of white lines in 31 towns across Kent (Maidstone and Ashford are already complete) will cause KHS to overspend by about £600k, which will also now 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 As reported as likely in the last quarter's monitoring report, there are two further pressures. An overspend of £0.2m is forecast on Vegetation Control, and dilapidation charges against Beer Cart Lane premises have been settled at £0.25m (as highlighted in the last exception report to Cabinet in October).

Environmental Group:

1.1.3.9 There is an underspend on the land use survey, partly caused by a re-phasing of the project (£0.120m) and partly by receiving additional income for the project (£0.065m), which it is proposed to use before KCCs funding. This underspend is committed to the project and will be required in 2010-11 in order to fund the completion of the project.

Resources:

1.1.3.10 There are a number of staff vacancies in the Resources function, which will result in a projected underspend of £0.120m.

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 - revenue contribution to capital in order to reduce backlog of capital maintenance	+2,100	EHW	Reduced waste tonnage	-2,600
EHW	KHS - White lining refresh	+600	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for agreed maintenance	-806
EHW	KHS - Sign cleaning programme	+250	EHW	Env Grp - Additional external income and re-phasing of Land Use survey	-185
EHW	KHS - dilapidation charge on Beer Cart Lane premises	+250	EHW	Resources - staff vacancies	-120
EHW	KHS - vegetation control	+200	EHW	Waste recycling income	-113
		+3,400			**-3,824**

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**:

Environment land use survey has been re-phased and the funding will be required in 2010-11 in order to complete the survey (£120k). Some new external funding has also been secured which means that £65k of KCC funding will also not be needed now until the new year.

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

The current forecast underspend is £0.424m of which £0.185m relates to re-phasing of the environment land survey project into 2010-11, leaving an uncommitted residual balance of £0.239m. There are no detailed plans for this but it may be needed to address the continuing pressure on highways maintenance (especially if there is a bad winter).

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 12th October 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	99,780	102,127	165,933	121,995	354,648	844,483
Adjustments:						
- re-phasing agreed at Oct Cabinet		-895	-3,237	2,990	1,142	0
- East Kent Access phase 2		850				850
- Victoria Way			-277			-277
- Major scheme design		250				250
- Highway Major Maintenance		-210				-210
- Small Community projects	-5					-5
-	0					
Revised Budget	99,775	102,122	162,419	124,985	355,790	845,091
Variance		4,036	2,652	-6,953	-2,897	-3,162
split:						
- real variance		+1,448	-1,511	-5,498	+2,399	-3,162
- re-phasing		+2,588	+4,163	-1,455	-5,296	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

portfolio	Project	real/ phasing	Project Status Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
EHW	Highway Major Maintenance	phasing	5,000			
EHW	Highway Major Maintenance	real	3,582			
EHW	East Kent Access phase 2	phasing		+2,403		
EHW	Victoria Way	phasing			+308	
			+8,582	**+2,403**	**+308**	**+0**
Underspends/Projects behind schedule						
EHW	Sittingbourne Northern Relief Rd	phasing		-2,444		
EHW	Integrated Transport Schemes	real	-1,482			
EHW	Kent Natural Burial Ground	real			-700	
EHW	Energy Water Efficiency Fund	phasing		-572		
EHW	Country Parks	phasing	-325			
EHW	Ashford Ring Road	phasing		-330		
			-1,807	**-3,346**	**-700**	**-0**
			+6,775	**-943**	**-392**	**-0**

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

East Kent Access Road phase 2 rephasing of +£2.40m

This scheme is designed to deliver improved economic performance for east Kent. The revised scheme cost is estimated to be £87m. The DfT has agreed to provide funding of £82.1m (that includes £0.850m contribution to preparatory costs) and the balance will be funded from the Council. The Full Approval for the scheme was given by DfT and the contract was formally awarded in August. The contractor's revised works programme and spend profile shows the expenditure is expected to be advanced by £2.4m in 2009-10 over the pre awarded prediction. There will be no change in the completion of the scheme.
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	11,547	37,895	25,696	8,360	83,760
Forecast	262	13,950	43,990	22,632	6,166	87,000
Variance	0	+2,403	+6,095	-3,064	-2,194	+3,240
FUNDING						
Budget:						
grant	262	11,547	37,895	24,036	8,360	82,100
prudential				1,660		1,660
TOTAL	262	11,547	37,895	25,696	8,360	83,760
Forecast:						
grant	262	13,950	43,990	20,972	2,926	82,100
prudential				1,660		1,660
unidentified					3,240	3,240
TOTAL	262	13,950	43,990	22,632	6,166	87,000
Variance	**0**	**+2,403**	**+6,095**	**-3,064**	**-2,194**	**+3,240**

Sittingbourne Northern Relief Road re-phasing -£2.4m

This scheme is designed to help deliver regeneration of Sittingbourne by supporting existing and future commercial and housing development. This scheme was expected to start in September but there was a delay in receiving DfT and HCA funding approvals. These were received in August but it took time for KCC to formally accept the HCA funding conditions. The contract was awarded in September with the formal start of work in November. These have set back both the works programme and together with the contractor's spend profile. There is likely to be an under spend of £2.4m in 09-10.
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	11,651	13,700	4,041	2,761	35,706
Forecast	3,553	9,207	14,420	5,765	2,761	35,706
Variance	0	-2,444	+720	+1,724	0	0
FUNDING						
Budget:						
prudential						0
revenue	58	80				138
ex dev	67			1,339	2,761	4,167
grant	3,428	11,571	13,700	2,702		31,401
TOTAL	3,553	11,651	13,700	4,041	2,761	35,706
Forecast:						
revenue	58	80				138
ex dev	67			1,339	2,761	4,167
grant	3,428	9,127	14,420	4,426		31,401
TOTAL	3,553	9,207	14,420	5,765	2,761	35,706
Variance	**0**	**-2,444**	**+720**	**+1,724**	**0**	**0**

Highway Major Maintenance re-phasing +£5.0m

Kent Highway Service is now in a position to carry out additional work in this financial year. It has been agreed to bring forward some of the next year's programme of works.
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		41,175	40,152	28,300	60,650	170,277
Forecast		46,175	35,152	28,300	60,650	170,277
Variance	0	+5,000	-5,000	0	0	0
FUNDING						
Budget:						
prudential		8,282	9,000			17,282
Prudential/Revenue		6,500	4,000			10,500
supported borrowing		26,393	26,952	28,300	60,650	142,295
grant		0	200			200
TOTAL	0	41,175	40,152	28,300	60,650	170,277
Forecast:						
prudential		13,282	4,000			17,282
Prudential/Revenue		6,500	4,000			10,500
supported borrowing		26,393	26,952	28,300	60,650	142,295
grant		0	200			200
TOTAL	0	46,175	35,152	28,300	60,650	170,277
Variance	**0**	**+5,000**	**-5,000**	**0**	**0**	**0**

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

The underlying real variance over the projects life is showing a saving of £7.022m.
The detailed analysis is explained below:

Major scheme design -£0.333m (in 2010/11)
This is due to some corporate uncertainty of delivering some of the major projects. The design costs for these projects are therefore incurred in revenue.

Modernisation of assets -£0.330m (-£0.105m in 2010/11, -£0.110m in 2011/12 and -£0.115m in 2012/13)
A slight underspend in light of the increased spend on major maintenance.

Highway Major Maintenance +£3,582m (in 2009/10)
It was agreed by the Cabinet to use the IT underspend to fund the maintenance programme (+£1.482m). In addition to this, an extra £2.1m of waste under spend was agreed to spend on carriageway resurfacing programme to reduce the backlog.

Integrated Transport -£1,482m (in 2009/10)
It was agreed by the Cabinet to use the IT underspend to fund the maintenance programme.

Archaeological Resource Centre +£0.7m (in 2010/11)
The expected cost of creating the resource centre has risen. It was agreed that KCC's contribution towards this project to be increased by £0.7m. The additional funding is to be released by not carrying out the Natural Burial ground project.

Ashford Ring Road +£0.3m (+£0.045m in 2009/10 and +£0.255m in 2010/11)
It was agreed by GAF3 to fund this additional work. The construction of Latitude walk was unable to start until the adjacent development had been completed.

Ashford Drovers Roundabout +£2.598m (in 2010/11)
The original scheme was to design and construct drovers roundabout and junction 9 improvements. Ashford Futures are now providing this additional fund from GAF to provide a high standard footbridge over the M20.

East Kent Access phase 2 +£3.240m (in 2013/14)
The scheme cost has increased due to higher tender price because of increased archaeology cost and contractor being cautious about the cost of the 'complex box structure' under the railway line. This increased scheme cost has already been reported.

Kent Natural Burial Ground -£1.287m (-£0.7m in 2009/10 and -£0.587m in 2010/11)
This project has not yet started and will be fully re-considered as part of the 2010-13 MTP process.

Taking this into account, there is an underlying real variance of +£0.034m

1.2.6 **General Overview of capital programme**:

(a) Risks
The main risk for the directorate is that some of the major schemes (SNRR and Kent Transport Programme) are partly funded from the developer contributions. There may be some problems in realising these due to the economic downturn.

(b) Details of action being taken to alleviate risks
In the case of KTS programme EHW is closely working with landowners and developers to ensure that contributions are secured. The KTS programme will not proceed to its full scale unless KCC's financial position is protected.
We have received a letter of comfort from the developer to confirm the contribution towards SNRR. The scheme is programmed so that contribution will be used to fund the back end of the construction.

1.2.7 **Project Re-Phasing**

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will 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	
County Park Access and Development					
Amended total cash limits	+1,051	+800	+800		+2,651
re-phasing	-325	+325			0
Revised project phasing	**+726**	**+1,125**	**+800**	**0**	**+2,651**
Highway Major Maintenance					
Amended total cash limits	+41,175	+40,152	+28,300	+60,650	+170,277
re-phasing	+5,000	-5,000			0
Revised project phasing	**+46,175**	**+35,152**	**+28,300**	**+60,650**	**+170,277**
Ashford Ring Road					
Amended total cash limits	+504				+504
re-phasing	-330	+330			0
Revised project phasing	**+174**	**+330**	**0**	**0**	**+504**
East Kent Access phase 2					
Amended total cash limits	+11,547	+37,895	+25,696	+8,360	+83,498
re-phasing	+2,403	+6,095	-3,064	-5,434	0
Revised project phasing	**+13,950**	**+43,990**	**+22,632**	**+2,926**	**+83,498**
Kent Thameside Strategic Transport					
Amended total cash limits	+717	+1,735	+14,874	+133,786	+151,112
re-phasing	-17	-42	-5,131	+5,190	0
Revised project phasing	**+700**	**+1,693**	**+9,743**	**+138,976**	**+151,112**
Sittingbourne Northern Relief Road					
Amended total cash limits	+11,651	+13,700	+4,041	+2,761	+32,153
re-phasing	-2,444	+720	+1,724	0	0
Revised project phasing	**+9,207**	**+14,420**	**+5,765**	**+2,761**	**+32,153**
Archaelogical Research Centre					
Amended total cash limits	+200				+200
re-phasing	-200	+100	+100		0
Revised project phasing	**0**	**+100**	**+100**	**0**	**+200**
Ashford - Drovers Roundabout					
Amended total cash limits	+1,719	+13,161			+14,880
re-phasing	-129	+129			0
Revised project phasing	**+1,590**	**+13,290**	**0**	**0**	**+14,880**

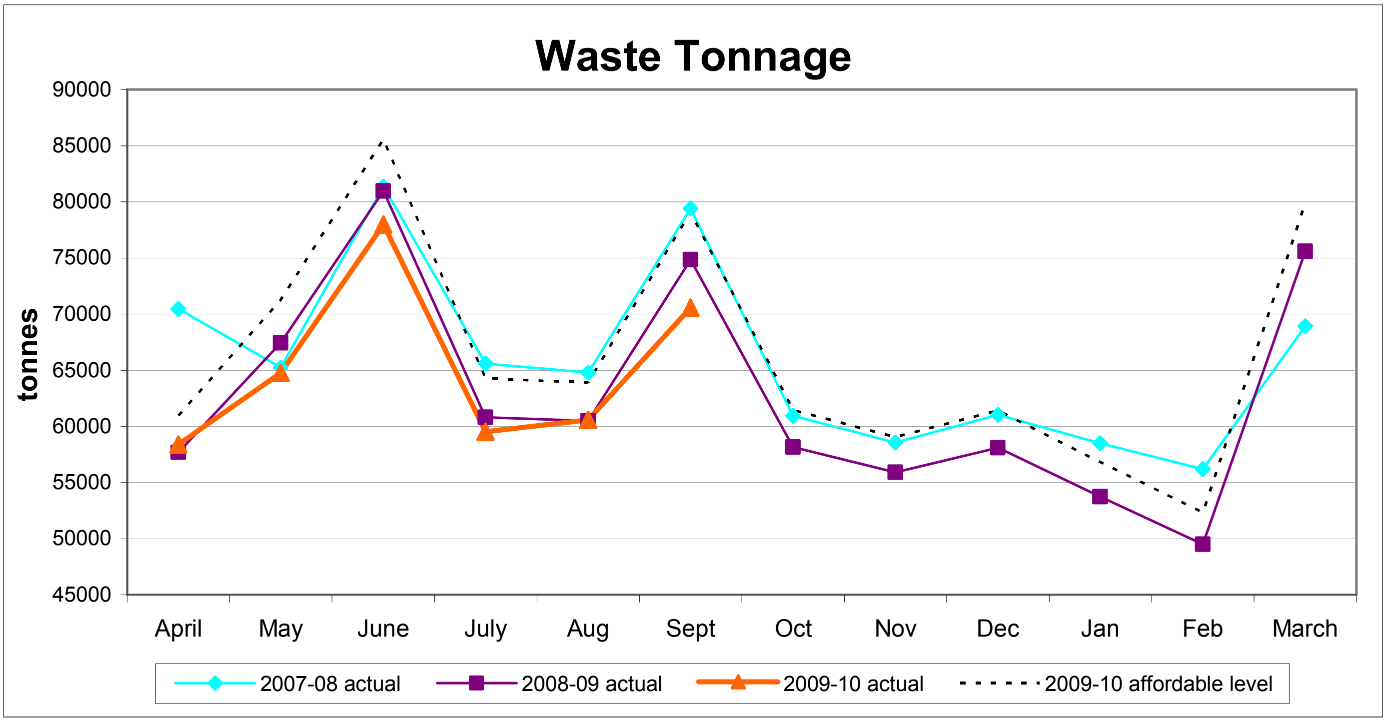
	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Ashford - Victoria Way					
Amended total cash limits	+3,729	+12,352	+132		+16,213
re-phasing	+308	-176	-132		0
Revised project phasing	**+4,037**	**+12,176**	**0**	**0**	**+16,213**
Energy and Water Efficiency Investment approval to spend					
Amended total cash limits	+1,323	0	0	0	+1,323
re-phasing	-572	+572	0	0	0
Revised project phasing	**+751**	**+572**	**0**	**0**	**+1,323**
Energy and Water Efficiency Investment - approval to plan					
Amended total cash limits	+106	+148	+148	+338	+740
re-phasing	-106	-88	+21	+173	0
Revised project phasing	**0**	**+60**	**+169**	**+511**	**+740**
Total re-phasing >£100k	**+3,588**	**+2,965**	**-6,482**	**-71**	**0**
Other re-phased Projects below £100k	**-17**	**+56**	**-5**	**-34**	
TOTAL RE-PHASING	**+3,571**	**+3,021**	**-6,487**	**-105**	**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	58,395	60,957
May	69,606	65,256	67,452	64,757	71,274
June	82,244	81,377	80,970	77,994	85,558
July	63,942	65,618	60,802	59,542	64,248
August	62,181	64,779	60,575	60,593	63,921
September	77,871	79,418	74,642	70,570	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**	**391,851**	**796,000**

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



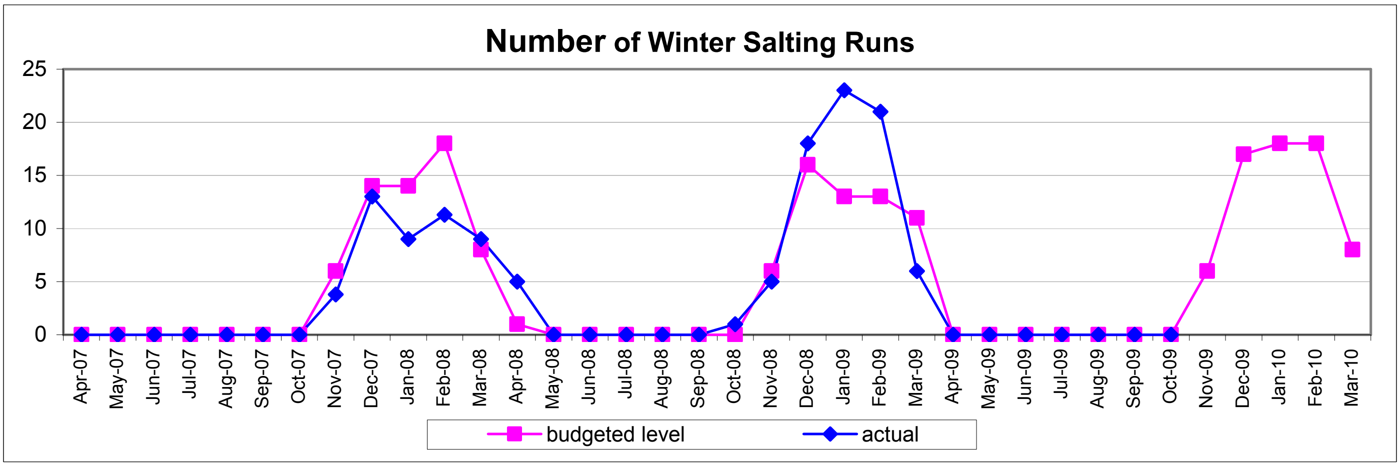
Comments:

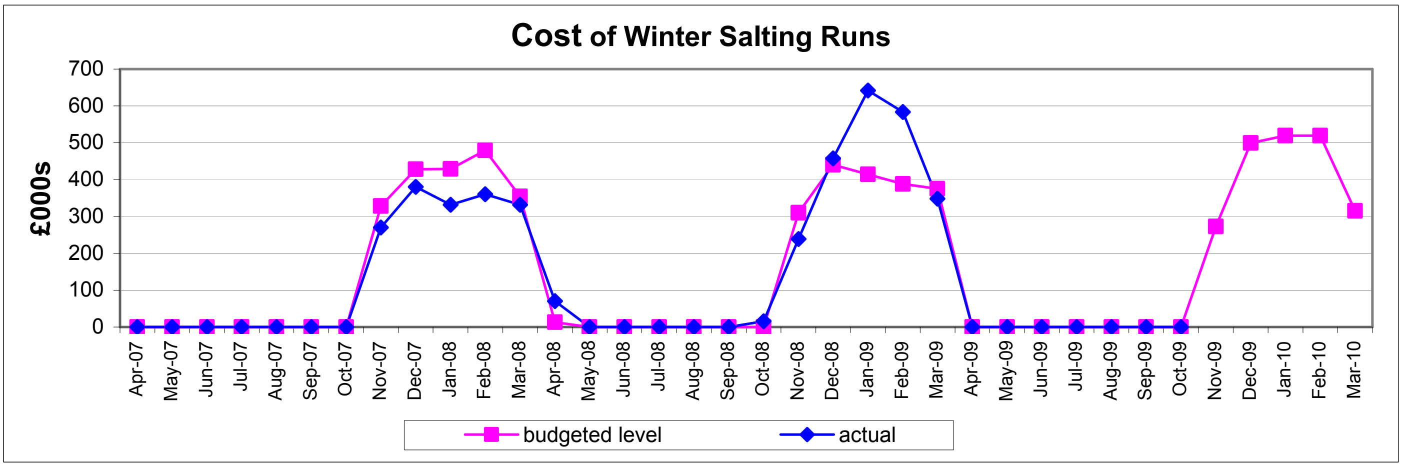
- The March 2009 tonnage figures were considerably higher than the equivalent figure for 2008 and the April figure also slightly higher. This indicated that the decline in waste tonnage may have eased or indeed, started to reverse. However the May to September figures have returned to the lower levels 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**



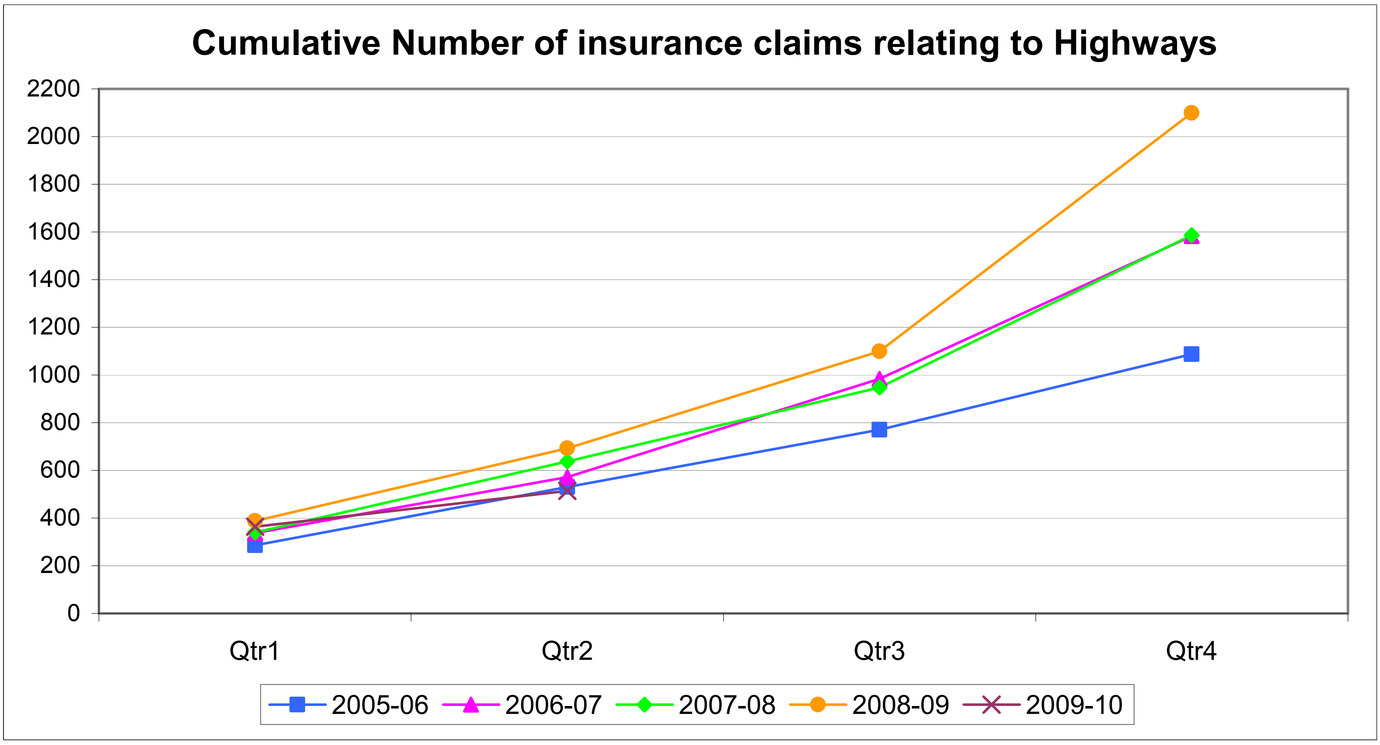


Comment:

- 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	339	388	364
July – Sept	530	572	637	692	514
Oct – Dec	771	984	947	1,099	
Jan - Mar	1,087	1,583	1,586	2,100	



Comments:

- Numbers of claims will change continually 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 13 October 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 half 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%.

COMMUNITIES DIRECTORATE SUMMARY
OCTOBER 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 last full monitoring report to reflect the a number of technical adjustments to budget including the transfer of Supporting People from KASS and the virement of £0.1m from the Finance portfolio to fund our contribution towards the construction programme at Maidstone Museum as agreed by Cabinet in September.
- The inclusion of new 100% grants (i.e. grants which fully fund the additional costs) awarded since the last full monitoring report. 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	7	-7	0	
Kent Drug & Alcohol Action Team	17,392	-15,103	2,289	57	-57	0	
Youth Offending Service	7,244	-3,417	3,827	0	0	0	
Youth Services	13,586	-6,451	7,135	23	-23	0	
Adult Education (incl KEY)	17,427	-17,638	-211	-117	45	-72	Net variance relates to an underspend of £91k within AE and a £19k deficit on KEY that cannot be mitigated in year.
Arts Unit	1,397	-91	1,306	-60	-17	-77	Additional income from Arts Council has been received and a concerted effort has been made to reduce staffing & other running costs in order to help achieve a balanced budget for Directorate.
Libraries, Archives & Museums	23,336	-2,861	20,475	35	-35	0	Underachievement of AV & merchandising income targets and further forecast reductions given declining demand, offset by a modest increase in income from prisons & income from internal clients. Gross variance relates to extended vacancy management/ freeze & a contribution towards directorate pressures 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	
Communities portfolio							
Sports, Leisure & Olympics	2,697	-1,498	1,199	39	-39	0	
Supporting Independence	1,616	0	1,616	0	0	0	
Supporting People	33,034	-32,175	859	0	0	0	
Kent Community Safety Partnership	4,393	-473	3,920	12	-12	0	
Coroners	2,421	-384	2,037	186	0	186	Continuation of 2008-09 pressures on Mortuary fees/long inquests, Pathology costs and new pressure regarding body removal, toxicology, histology and deputy coroner cover.
Emergency Planning	817	-168	649	0	0	0	
Kent Scientific Services	1,327	-752	575	78	-43	35	Unachievable internal income target, partly mitigated by management action.
Registration	4,224	-3,140	1,084	-84	84	0	Reduced spend on premises and running costs, due a reduction in fees income
Trading Standards	3,821	-340	3,481	-46	28	-18	Extended vacancy management policy to contribute to divisional overspends, offset by reduced anticipated fees due to self verification of liquid fuel measurements. The underspend has reduced since the previous quarter due to a revised allocation of central overheads.
Policy & Resources	1,388	-76	1,312	0	0	0	
Business Development & Support	650	-220	430	0	0	0	
Strategic Management	957	0	957	0	0	0	
Centrally Managed directorate budgets	954	-1,363	-409	300	-300	0	dilapidations costs to be met by contribution from CFE & recharges to other Communities Service budgets
Support Services purchased from CED	4,109	0	4,109	-21	0	-21	Reduced charge for KPSN
Total Communities controllable	**143,912**	**-86,482**	**57,430**	**409**	**-376**	**33**	
Assumed Management Action				**-33**	**0**	**-33**	
Forecast after Mgmt Action				**376**	**-376**	**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 individual forecast revenue variances over £100k.

Each of these variances is explained further below:

1.1.3.1 Adult Education incl. KEY: -£72k net (-£117k gross, +£45k income)

a) *KEY Training: £19k Net pressure (-£28k gross, +£47k 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 significant contribution to the rolled forward deficit from 2008-09 of £211k, with only a £19k net pressure forecast.

The origin of the 2008-09 deficit was detailed in the prior quarter's full monitoring report. To date, there have been no significant changes to the profile of payments from the LSC and where income targets have not been met, expenditure has been reduced accordingly to prevent a further pressure arising.

Although this service is currently forecasting a net pressure of £19k, within this is a gross variance of -£28k and an income variance of +£47k. The gross variance has reduced from the +£191k in the previous report as a result of savings on staff, whereby management action commenced earlier than was scheduled, which has been partially offset by a £25k increase in internal recharges. Staff savings have been achieved as a result of the restructuring of the service and by some staff leaving a month earlier than planned.

Further changes made to the Entry 2 Employment contract, which has moved from being a guaranteed income profile to being contingent and linked to learner numbers, has resulted in an income shortfall and explains the £47k variance.

A management action plan was drafted to address the underlying 2008-09 overspend and was to be delivered over a two year period and is well on the way to achieving this target, all things remaining equal.

b) *Adult Education: -£91k Net underspend (-£89k gross, -£2k income)*

A management plan was enacted to hold vacancies to the value of £252k, with a view to making annual contributions to build a reserve to meet planned renewals of plant and equipment, rather than to meet the full cost of these renewals from the annual budget in the year in which they occur which places undue pressure on the service during that time.

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 current forecast gross underspend of £89k consists of the £252k saving from vacancy management offset by the following pressures:

- £39k in relation to IT replacement needs in the Skills Plus Centre and an increase in contracts with the private sector;
- £86k additional costs in relation to an allocation to the Ofsted inspection nominee to update teaching resources, increase staff training and replace furniture and equipment in readiness for the forthcoming Ofsted inspection.
- £38k has also been set aside to fast track much needed maintenance improvements of the service's premises portfolio.

1.1.3.2 Libraries: +£35k Gross and -£35k Income

The service has made savings on gross expenditure, mainly through vacancy management (-£161k), and on premises costs, which have been achieved by the re-tendering of the cleaning contract (-£63k) and from one-off rate rebates for the Tunbridge Wells and Sevenoaks Libraries of (-£100k) and reduced spend on Third party payments to Canterbury City Council in respect of shared running costs of the Beaney (-£11k).

This is being offset by the service's contribution of £175k towards directorate wide savings targets and unexpected costs that had been held centrally such as Church Street dilapidations, an overspend on energy costs of £70k, and other costs totalling £125k which include such items as a £40k revenue contribution to capital projects, £26k additional expenditure relating to Prison IT system and £26k increased internal recharge to the district offices relating to merchandising.

Libraries are forecasting a reduction in their Audio Visual (AV) income streams of £70k (supported by the activity indicators in section 2.2 and a shortfall in their merchandising income of £74k. The Archives service is also forecasting a shortfall in income of £6k from work done on parish surveys and an underachievement on the income target set for the Centre for Kentish Studies shop.

This is being offset by increased income from access services (including prisons) (-£47k), additional rent from Thanet District Council (-£44k) and an increase in internal income of £94k.

1.1.3.3 Coroners: +£186k Gross and Net

The service continues to experience pressures, despite providing an additional £150k (£100k for long inquests, £50k pay) into the budget in 2009-10.

The main pressures arise from Pathology and Mortuary costs of £85k. There is also a pressure on Histology (child death post mortem referrals), Toxicology and Mortuary costs arising from increased activity, as more deaths are being investigated, currently forecast as a pressure of £67k. This 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 and procedures (Toxicology) are being undertaken to try and mitigate this behaviour.

Increased costs arising from the re-tender of the body removal contract are estimated at £70k during 2009-10, with the full year effect being £100k that will impact in 2010-11.

The Head of Service has met 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.

It should also be noted that a further pressure could arise due to payments made to deputy coroners due to the enforced absence of one coroner, outside of the annual leave allowance. The deputy coroner is required to cover for the day to day operational tasks that the coroner is no longer able to undertake during more intensive inquests (see 1.1.5). The outcome, when known, will then be reflected in a future monitoring report, but shows the constant pressure that the service faces in order to try to balance this budget.

To date no definitive solution has been formulated although the service is committed to monitoring all of its budget lines in order to mitigate these pressures as far as practical given the limited level of authority that we have to govern the coroners.

1.1.3.4 Supporting People

A balanced position is forecast for this service, but commitments are in place that will result in gross expenditure being close to £2.69m in excess of the agreed cash limit. However these costs will be met by a draw down from the existing Supporting People earmarked reserve, as part of a planned programme of expenditure approved by the Supporting People Commissioning Body, and therefore a balanced position is forecast.

1.1.3.5 Centrally Managed Budgets: £300k Gross and £300k Income

The Directorate experienced an unexpected dilapidations notice in relation to one of its properties at a total cost in the region of £300k. It has been agreed that £169k of the cost of these works will be met by CFE due to their period of occupation, with the remainder to be funded from contributions from the various services within Communities.

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	Supporting People	+2,690	CMY	Drawdown from Supporting People reserve	-2,690
CMY	Central budgets: Unexpected dilapidation claim.	+300	CMY	Central Budgets: contribution from CFE & recharges to services within Communities of dilapidations cost	-300
CMY	Libraries:contribution towards directorate wide savings targets & other centrally held costs	+175	CMY	Adult Education: Support staff savings.	-252
CMY	Coroners: Mortuary, Histology, Pathology, long inquest and Toxicology fees that are not governed by CMY	+152	CMY	Libraries: staff savings to mitigate reduced income from AV issues and merchandising.	-161
CMY	Libraries: Reduced forecast in relation to Libraries' Audio Visual income streams due to declining demand and alternative sources of supply. Shortfall in merchandising income	+144	CMY	Libraries: one off rates rebates	-100
		+3,461			**-3,503**

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, reinforced by the net pressure reported of only £19k, based on current assumptions surrounding income targets and profiles.

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, increased fees for pathology, toxicology and histology all present a base pressure for the Directorate.

A further pressure that is yet to be quantified is the current year issue of the increasing length of the number of long inquests. A long inquest is deemed as such if the time a coroner attends the court exceeds one day (or five hours) and in the past it was the volume of long inquests that caused the additional costs.

In the current year, two inquests are forecast for periods of four and five weeks and therefore the length of these two long inquests has essentially committed a significant part of the long inquests budget for the year. The impact of extensive long inquests also requires the use - and cost - of deputy coroners to cover the operational day to day tasks that the coroners otherwise would do at the end of the day but are unable to do so for longer inquests, as not only are the coroners required to attend court but they are required to prepare and read for the following days hearing.

Until the full extent of the commitments for the current and future years are quantified by the coroners, then the impact on monitoring and the MTP cannot be accurately forecast, but it was felt that this continuing pressure, albeit for different reasons, should be highlighted at the earliest convenience.

Other pressures for the Directorate relate to their property portfolio as there is deemed to be inflationary pressures on energy, premises, rates 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 be made in the current year as was hoped, as the Directorate must first present a balanced budget, but will be included in the budgets from 2010-11 onwards.

1.1.7.2 The Directorate expects to deliver a balanced budget by the end of the year by applying management action as appropriate. The specifics of which, are still to be agreed by the Directorate Management Team, but if necessary, 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 12th October 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	23,568	24,208	19,964	3,698	5,670	77,108
Adjustments:						
- re-phasing agreed at Oct Cabinet		-2,408	1,786	622		0
-						0
Revised Budget	23,568	21,800	21,750	4,320	5,670	77,108
Variance		-759	+2,450	+1,285	0	+2,976
split:						
- real variance		21	1,663	1,292	0	+2,976
- re-phasing		-780	787	-7	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;
- have received approval to spend and are underway;
- are only at the approval to plan stage and
- are at the 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, in excess of £250k, 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		+333		
			+0	**+333**	**+0**	**+0**
Underspends/Projects behind schedule						
CMY	Gravesend Library	Phasing			-342	
CMY	Tunbridge Wells Library	Real			-298	
			-0	**-0**	**-640**	**-0**
			+0	**+333**	**-640**	**+0**

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

None

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

Modernisation of Assets -£0.429m (-£0.250m in 2009/10 and -£0.179m in 2010/11)
Underspend from DDA may be needed in 2010-11 and 2011-12 to contribute to the disabled access costs of the Beaney project. Scheduled DDA works will be delayed accordingly and will be reinstated if the tender process reduces the current forecast overspend.

Canterbury High School Adult Education facilities -£0.03m (in 2009/10)
Underspend expected from the final negotiations with the school regarding the share of costs to be borne by Communities in 2009-10.

BLF Physical Education & Sport Programme -£0.083m (in 2009/10)
Grant may have to be returned to the Big Lottery Fund if the St Gregory's School project is finally cancelled. If it cannot be cancelled an additional grant of £14k will be sought from BLF, which would otherwise be a pressure on the programme.

Renewal of Library ICT System -£0.028m (in 2009/10)
Underspend with costs now forecast lower than expected. Project due for completion in November 2009.

Herne Bay Youth & Children's Centre +£0.009m (in 2009/10)
Overspend as despite the project completing in 2008-09, there were additional costs arising from the need to remedy a problem with the air circulation system and some late payments for computer equipment. This should be funded from developer contributions.

Ramsgate Library Betterment +0.333m (in 2009/10)
Overspend 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, however, the contractor is now in administration and the final costs cannot yet confirmed. This extra cost will be funded from savings on the Tunbridge Wells project.

Ashford Gateway Plus +£1.623m (+£0.731m in 2010/11 and +£0.892m in 2011/12).
The total project cost is now £7.566m. The additional funding of £1.95m from GAF3 has now been approved and compensates for the increased cost of the design changes.

Dover Big Screen +£0.055m (in 2009/10)
Overspend arising from the additional costs of piling and archaeology. This cost will be funded from savings elsewhere in the programme and additional funding from the revenue budgets with the Arts Unit and EH&W.

Tunbridge Wells Library -£0.298m (in 2009/10),
Savings expected with the necessary works trimmed back to meet DDA requirements for the library and AEC. Tunbridge Wells BC are also making a contribution of £0.109m, with the overall saving (£0.407m) to be used to fund the over spend at Ramsgate Library.

The Beaney +£0.429m (+£0.250m in 2010/11 and +£0.179m in 2011/12).
This has been identified from the additional cost of acquiring Kingsbridge Villas and the detailed pre-tender estimate. Further value engineering has been undertaken pending the results of the tendering process. The additional costs will be funded from within the Modernisation of assets programme if the tender price cannot be reduced. See Modernisation of Assets comments above.

Kent History Centre +£1.332m (+£0.932m in 2010/11 and +£0.400m in 2011/12)
The revised proposals have an additional cost. However, the reduced land value at James Whatman Way means additional funding totalling £2.562m will be required. The borrowing costs will be met by the service once the project is operational and savings can be delivered from rationalisation of premises.

After allowing for these funding issues the true underlying variance is -£0.057m in 2009/10.

1.2.6 **General Overview of capital programme**:

(a) Risks

Ramsgate – the financial costs to the project of the contractor being in administration are still being determined. Retention monies are held, but it is not yet known if they will be sufficient.

Ashford Gateway Plus – planning approval is now being sought, but any further delays and variances from the cost plan could impact on the deliverability of the project.

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 £2.841m over 3 years.

Tunbridge Wells – there is a possibility that the anticipated costs of the proposals may yet rise due the AEC and library being listed buildings. Any such additional costs will be managed within the overall CMY capital programme.

The Beaney – The project pre-tender estimate is some £858k above the agreed budget with the KCC share being £429k. 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). However planning permission has now been granted (see below).

(b) Details of action being taken to alleviate risks

Ramsgate – financial assessment being completed by the QS and a meeting with the Administrator is to take place in early November. A final cost figure is expected shortly afterwards.

Ashford Gateway Plus – agreement has been reached with the partners regarding both the design and funding. A report is being prepared advising members of the revised spending profile.

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 achieve the forecast cost profile.

The Beaney – The additional costs of £429k are factored in to the overall Directorate budget. However, analysis of the tenders is now underway and initial indications suggest the building works costs could be below the pre-tender estimate, however a more detailed review is being completed. The findings from the initial archaeological investigations have been factored into the project. Work is now in hand with Canterbury City Council to develop and implement a funding strategy.

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. Planning approval has been granted for James Whatman Way and outline permission for Springfield. A report is being prepared and members will be kept informed of the options/proposals.

1.2.7 Project Re-Phasing

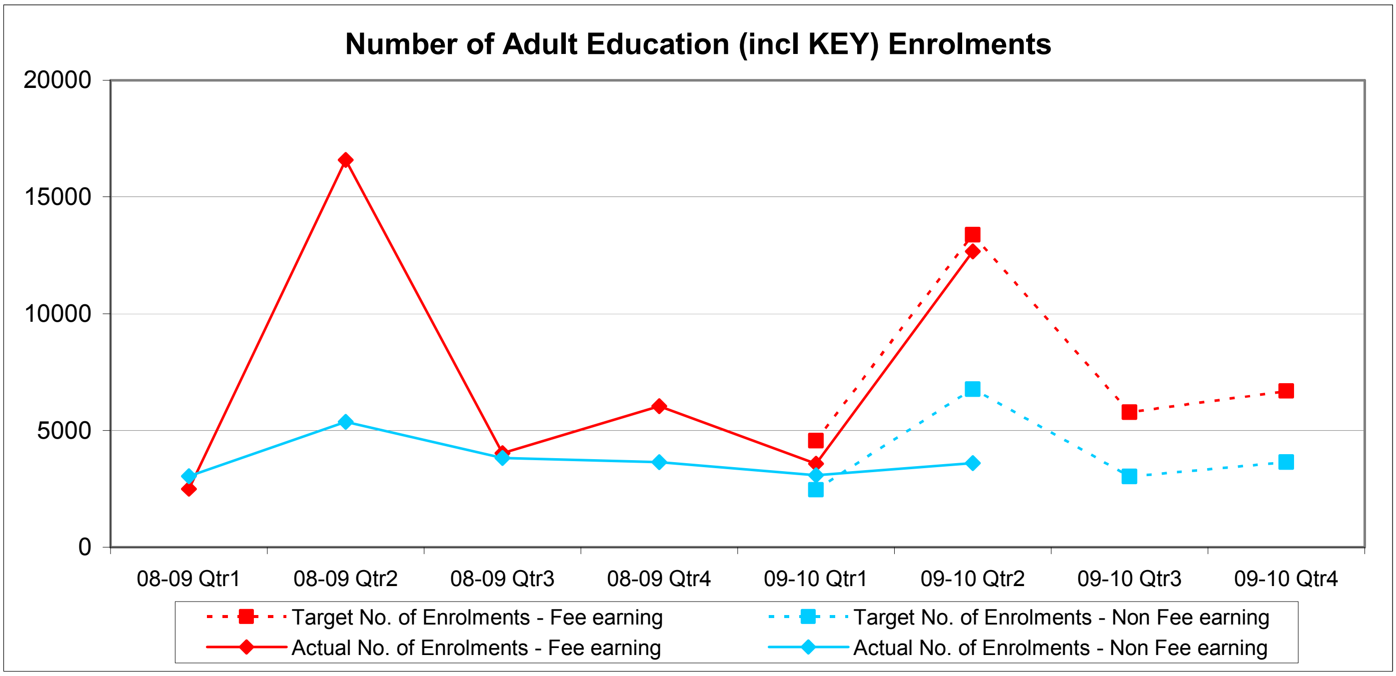
Cash Limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Library Modernisation Programme					
Amended total cash limits	+932	+460	+460	+920	+2,772
re-phasing	-200	+200			0
Revised project phasing	**+732**	**+660**	**+460**	**+920**	**+2,772**
Ashford Gateway Plus					
Amended total cash limits	+639	+4,377			+5,016
re-phasing	-242	+242			0
Revised project phasing	**+397**	**+4,619**	**0**	**0**	**+5,016**
Gravesend Library					
Amended total cash limits	+700	+1,125	+638		+2,463
re-phasing	-342	+349	-7		0
Revised project phasing	**+358**	**+1,474**	**+631**	**0**	**+2,463**
Total re-phasing >£100k	**-784**	**+791**	**-7**	**0**	**0**
Other re-phased Projects below £100k					
re-phasing	+4	-4			0
Revised phasing	**+4**	**-4**	**0**	**0**	**0**
TOTAL RE-PHASING	**-780**	**+787**	**-7**	**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**	12,667	3,598	**16,265**
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**	**16,239**	**6,685**	**22,924**



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.

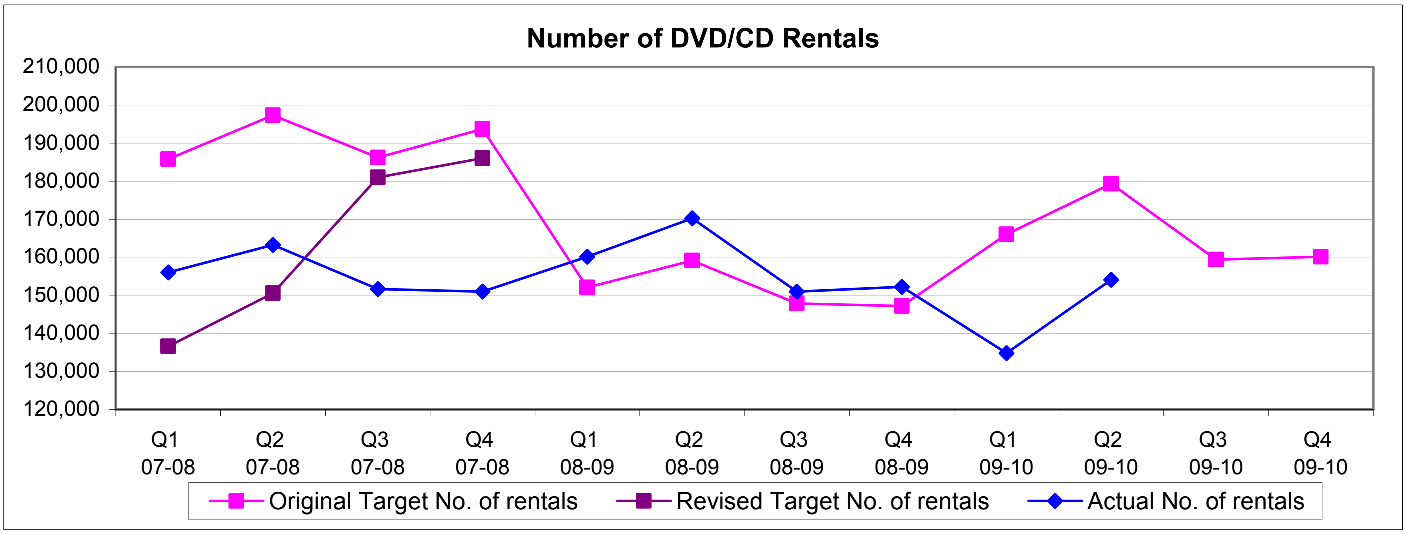
- The enrolment figures reported this year represent actual enrolments in the quarter rather than enrolments for courses started during the quarter, which is what has previously been reported. This should resolve the issue of previous quarter's figures constantly changing. The figures also now include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

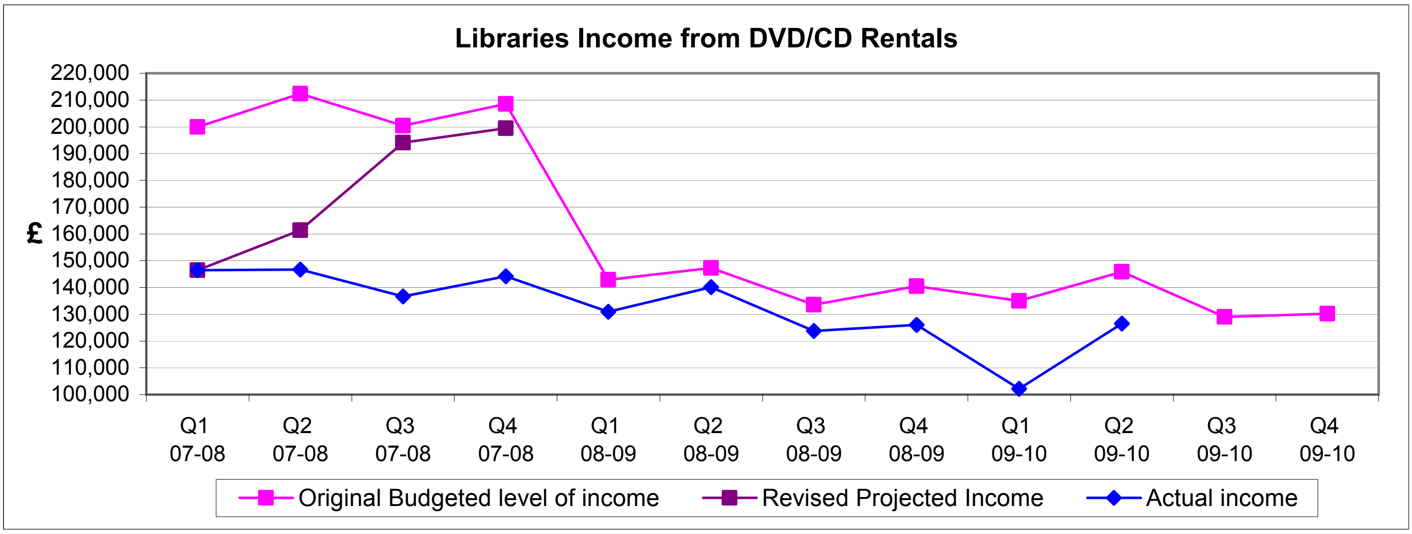
- The actual enrolment figures for the year to date are below initial expectations. An improvement had been expected for quarter two, but student numbers are still below the target. To mitigate against the decrease in student numbers, the use of sessional staff will be reviewed and costs controlled in line with a 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	103,135
July–Sep	179,300	154,044	145,800	126,494
Oct–Dec	159,400		129,000	
Jan–Mar	160,100		130,200	
TOTAL	**664,800**	**288,825**	**540,000**	**229,629**





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 £70k as identified in tables 1 & 2 and paragraph 1.1.3.2.

  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. Issues in 2008-09 exceeded the target but income fell short, due to an increase in the spoken word issues for which no fees are charged and this trend has continued in 09-10. The correlation between issues and income is subject to an ongoing review and mitigating action will be taken accordingly.

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

- To enable better comparison of AV issues and income data, the actual income reported for quarter 1 of 2009-10 has been changed from the £102,152 previously reported, to reflect the late banking of income which has taken place during the second quarter but relates to rentals issued within the first quarter, the number of rentals reported previously remains unchanged. It is likely that a similar adjustment will be required in each report.

CHIEF EXECUTIVES DIRECTORATE SUMMARY
OCTOBER 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 last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. 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:							
- core service & PAYG activity	4,347	-3	4,344	219	-43	176	Committee manager post & Members allowance
- delegated to directorates	160	-160	0	80	-80	0	Schools Appeals recharged to CFE
TOTAL Democratic Services	4,507	-163	4,344	299	-123	176	
International Affairs Group	587	-35	552	27	-27	0	
Kent Partnerships	1,013	-571	442	-51	2	-49	£35k reduction in income & expenditure relating to Learning Skills Council. Addt compensating income from Thanet for staff secondment.
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	8,366	-769	7,597	275	-148	127	
Less Support Costs delegated to Service Directorates	-160	160	0	-80	80	0	Adj for Schools Appeals revised charge
Total L&P portfolio	**8,206**	**-609**	**7,597**	**195**	**-68**	**127**	
Corporate Support & Performance Management portfolio							
Personnel & Development:							
- core service & PAYG activity	6,210	-5,032	1,178	298	-346	-48	Pay as you go activity
- delegated to directorates	4,356	-4,356	0	0	0	0	
TOTAL P&D	10,566	-9,388	1,178	298	-346	-48	
Business Solutions & Policy:							
- core service & PAYG activity	9,846	-8,239	1,607	1,830	-1,813	17	ISG pay as you go activity and EIS trading activity with Schools.
- delegated to directorates	14,410	-14,410	0	-28	28	0	KPSN adj
TOTAL Business Solutions	24,256	-22,649	1,607	1,802	-1,785	17	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Property Group:							
- core service & PAYG activity	5,442	-4,080	1,362	260	-262	-2	Pay as you go activity
- delegated to directorates	4,525	-4,525	0	0	0	0	
TOTAL Property Group	9,967	-8,605	1,362	260	-262	-2	
Internal Audit & Procurement Support to Directorates							
- core service & PAYG activity	286	-31	255	16	-16	0	Pay as you go activity
- delegated to directorates	754	-754	0	0	0	0	
TOTAL Internal Audit & Procure	1,040	-785	255	16	-16	0	
Legal Services	6,189	-7,037	-848	664	-964	-300	Increased trading activity & related costs
Corporate Communications	1,596	-94	1,502	-27	-1	-28	
Strategic Development Unit	3,893	-1,287	2,606	99	-24	75	Increased running costs for Gateways
Strategic Management	651		651	-16	0	-16	
Centrally Managed Budgets	1,756	-184	1,572	165	10	175	In year management action savings target
Contact Kent	5,108	-2,091	3,017	54	-54	0	
Central Policy	566	-81	485	199	-56	143	Strengthening of team
Performance, Improvement & Engagement	570	-86	484	59	0	59	Expenditure 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	0	0	0	
Budget Managed by this portfolio	71,252	-58,101	13,151	3,573	-3,498	75	
Less Support Costs delegated to Service Directorates	-24,045	24,045	0	28	-28	0	Adj for KPSN revised charges
Total CS&PM	**47,207**	**-34,056**	**13,151**	**3,601**	**-3,526**	**75**	
Finance Portfolio							
Finance Group:							
- core service & PAYG activity	6,178	-4,199	1,979	36	-36	0	Increased costs & recovery in Investments & Treasury
- delegated to directorates	1,706	-1,706	0	0	0	0	
TOTAL Finance Group	**7,884**	**-5,905**	**1,979**	**36**	**-36**	**0**	
Less Support Costs delegated to Service Directorates	-1,706	1,706	0	0	0	0	
Total Finance portfolio	**6,178**	**-4,199**	**1,979**	**36**	**-36**	**0**	
TOTAL CORPORATE POC	**61,591**	**-38,864**	**22,727**	**3,832**	**-3,630**	**202**	
Public Health & Innovation portfolio							
Kent Department of Public Health	**1,410**	**-620**	**790**	**-54**	**54**	**0**	
Regeneration & Economic Development portfolio							
Economic Development incl Regeneration Projects	8,409	-2,067	6,342	-165	35	-130	-£130k staff vacancies; -/+£25k due to reduced SEEDA income covered by drawdown from reserves
Kent Film Office	101		101	6	-4	2	
Resources	232		232	0	0	0	
Strategic Management	158		158	0	0	0	
Analysis & Information	931	-60	871	26	-71	-45	
Geographic Information Systems	534	-146	388	0	0	0	
TOTAL Regen & ED	**10,365**	**-2,273**	**8,092**	**-133**	**-40**	**-173**	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Total Directorate Controllable	**73,366**	**-41,757**	**31,609**	**3,645**	**-3,616**	**29**	
Assumed Management Action:							
- L&P portfolio						**0**	
- CS&PM portfolio					**-202**	**-202**	
- Finance portfolio						**0**	
- PH&I portfolio						**0**	
- Regen & ED portfolio						**0**	
Forecast after Mgmt Action				**3,645**	**-3,818**	**-173**	

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)** is due to continuance of the Committee Manager post through to March 2010 plus other salary pressures which include three cases 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 Personnel & Development: Variances on gross spend and income reflect the increased demand for additional Personnel services, mainly trading activity with Learning & Development (+/-£152k). Also, within Employee Services, additional external income, partly from shared HR services with District Councils at East Kent, has been offset by additional expenditure on the replacement of the telephony system (+/- £153k).

1.1.3.3 Information Systems (Business Solutions & Policy): Variances on gross spend **(+£1830k)** and income **(-£1813k)** reflect the increased demand for additional IT services, mainly trading activity with Schools through EIS +/-£400k and Pay-as-you-go projects +/-£1,389k (includes support to Libraries +/-£457k & Children's Centres +/-£490k). Project demand is difficult to predict during budget setting. Within the budgets delegated to service directorates, reduced costs relating to the Kent Public Services Network (KPSN) will result in lower recharges to directorates **-/+£28k.**

1.1.3.4 Property Group; Variances on gross spend **(+£260k)** and income **(-£262k)** reflect increased demand for additional pay as you go services mainly within the Estates and Capital Projects teams.

1.1.3.5 Legal Services: Variances on gross spend **(+£664k)** and income **(-£964k)** reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand.

1.1.3.6 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.

1.1.3.7 Central Policy & Performance, Improvement & Engagement: Additional permanent and temporary appointments **(+£141k)** have been made 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.

Regeneration & Economic Development portfolio:

1.1.3.8 Economic Development incl. Regeneration Projects: A number of staff vacancies were frozen pending the arrival of the new director, giving a saving of £130k. A series of reviews are underway to enable the director to align the unit to the 'Regeneration Framework' aspirations, and to meet MTP savings and the projected loss of LABGI funding in 2011-12.

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 pay as you go activity	+1,389	CSPM	Information Systems income from additional pay as you go activity	-1,389
CSPM	Legal services cost of additional work (offset by increased income)	+664	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-964
CSPM	Information Systems costs of EIS additional services/projects	+400	CSPM	Information Systems income from EIS additional services/projects	-400
CSPM	Property Group - Additional costs of increased PAYG activity	+260	CSPM	Property - Additional income from PAYG activity	-262
CSPM	MTP saving 'In year management action'	+175	CSPM	Personnel - Increased external income in Employee Services, partly from shared HR with DCs at East Kent	-153
CSPM	Personnel - increased costs including new telephony system for Employee Services	+153	CSPM	Personnel - increased income from Learning & Development courses	-152
CSPM	Personnel - increased trainer costs in Learning & Development	+152	R&ED	staff vacancies within Regeneration	-130
CSPM	Policy & PIE- Staffing costs to strengthen performance management & corporate assurance across KCC	+141			
L&P	Committee Manager post to March 2010 plus maternity covers.	+117			
		+3,451			**-3,450**

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

N/A

1.1.5 **Implications for MTP**:

Localism & Partnerships portfolio

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

Corporate Support & Performance Management portfolio:

The strengthening of the Policy Team and Improvement & Engagement will be netted off against savings 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]*

Current assumptions are that units within the Corporate Support and Performance Management portfolio will be able to generate increased income to cover the current overspends across all CED Portfolios (excluding Regeneration).

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 12th October 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	10,919	22,745	19,493	16,599	14,507	84,263
Additions:						
-re-phasing agreed at Oct Cabinet		-4,081	1,245	2,400	436	0
-						0
Revised Budget	10,919	18,664	20,738	18,999	14,943	84,263
Variance		-255	1,267	-575	860	1,297
split:						
- real variance		-150	+1,162	-575	+860	+1,297
- re-phasing		-105	+105			0
Localism & Partnerships Portfolio						
Budget	0	584	500	500	1,000	2,584
Additions:						
-						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	12,985	6,988	7,268	4,730	6,222	38,193
Additions:						
-						0
Revised Budget	12,985	6,988	7,268	4,730	6,222	38,193
Variance		-24	87	0	0	63
split:						
- real variance		+63	0	0	0	+63
- re-phasing		-87	+87	0	0	0
Directorate Total						
Revised Budget	23,904	26,236	28,506	24,229	22,165	125,040
Variance	0	-279	1,354	-575	860	1,360

Real Variance	**0**	**-87**	**+1,162**	**-575**	**+860**	**+1,360**
Re-phasing	**0**	**-192**	**+192**	**0**	**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.

There are no variances over £250k

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

There is no re-phasing over £1m

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

<u>Regeneration & Economic Development Portfolio</u>

Kent Thameside Regeneration Partnership (was Kent Thameside Delivery Board) +£0.063m (in 2009/10).
A re-alignment of costs between revenue and capital expenditure due to project management capitalisation results in a restated capital budget of £543k, The increase is met by the revenue contribution from partners (Dartford BC, Gravesham BC and KCC)

<u>Corporate Support and Performance Management Portfolio</u>

Modernisation of Assets -£0.15m (in 2009/10)
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.

Better Workplaces +£1.447m (+£1.162m in 2010/11, -£0.575m in 2011/12 and +£0.860m in later years)
A review of the Better Workplaces project is being undertaken as part of the 2010/13 MTP, and will be incorporated into the Total Place initiative. This projected overspend reflects the latest assumptions on the office estate re-provision.

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**

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

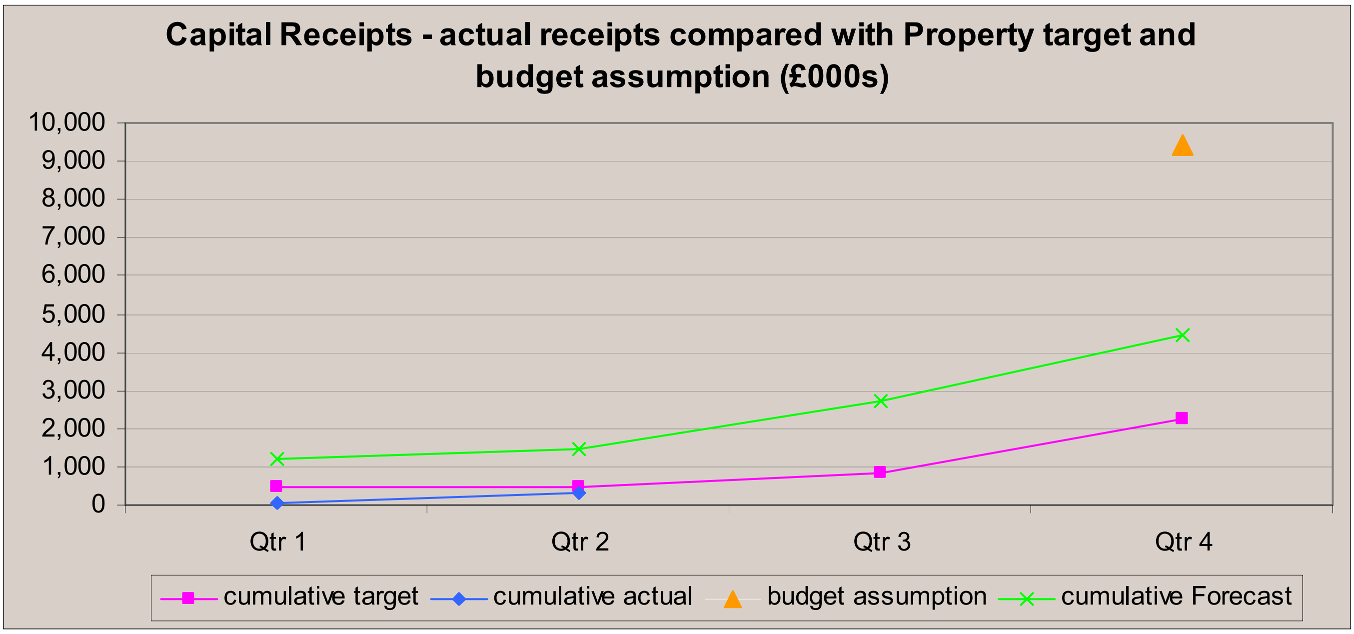
	2009-10	2010-11	2011-12	Future Years	Total
	£k	**£k**	**£k**	**£k**	
Web Platform (CSS&PM)					
Amended total cash limits	+875	+250			+1,125
re-phasing	-105	+105			0
Revised project phasing	**+770**	**+355**	**0**	**0**	**+1,125**
Total re-phasing >£100k	**-105**	**+105**	**0**	**0**	**0**
Other re-phased Projects below £100k					
re-phasing	**-87**	**+87**			0
Revised phasing	**-87**	**+87**	**0**	**0**	**0**
TOTAL RE-PHASING	**-192**	**+192**	**0**	**0**	**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		2,705
January - March		2,235		4,460
TOTAL	***9,421***	***2,235**	**316**	**4,460**

**The cumulative target profile shows the anticipated receipts for 2009-10 total £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.*



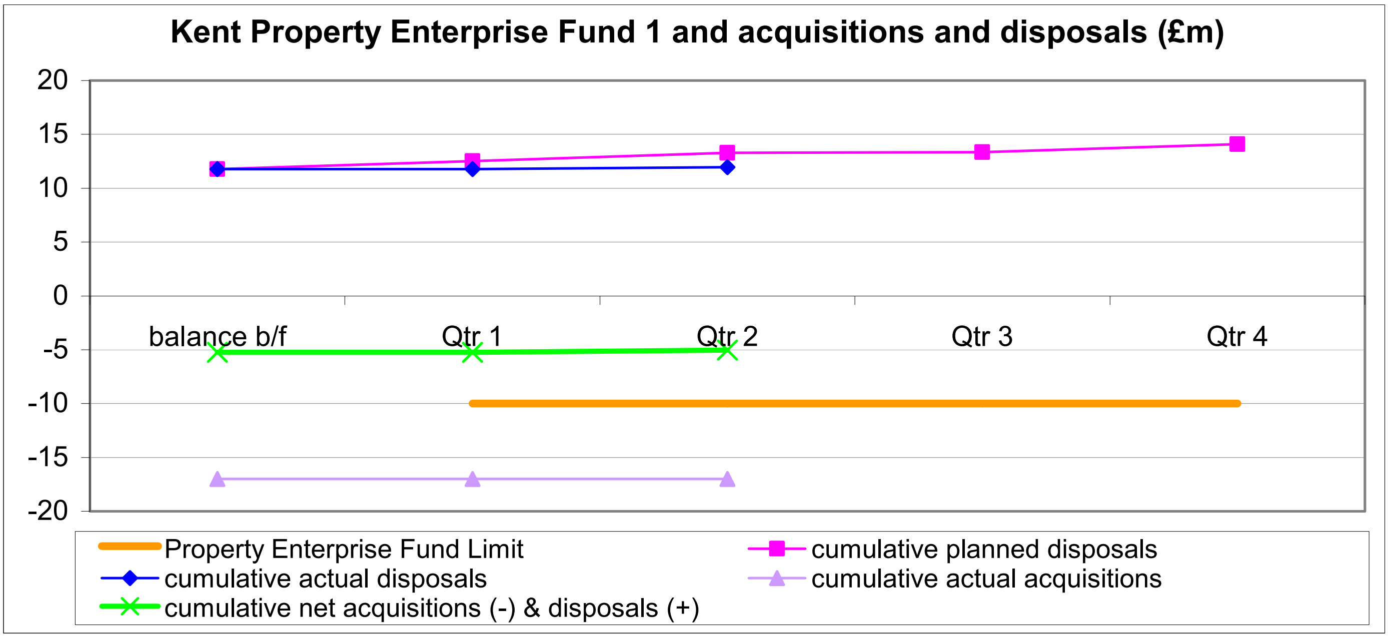
Comments:

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 £4.46m 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 £2.3m this year is due to some receipts which were originally earmarked, which have now been taken into PEF2. This position needs to be closely monitored throughout the year.

	2009-10 £'000
Capital receipt funding per revised 2009-12 MTP	7,455
Property Group's forecast receipts	1,769
Receipts banked in previous years for use	2,430
Capital receipts from other sources	1,000
Potential Deficit Receipts	**2,256**

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	11.966	-16.999	-5.033
October – December	*-10*	13.341			
January – March	*-10*	14.084			



Background:

- County Council approved the establishment of the Property Group Enterprise Fund No.1, 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 the Property Group Enterprise Fund No. 1 was **£5.235m**.

A value of **£0.296m** 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 30 September 2009 disposals to date this year have been **£0.202m** from the disposal of 2 non-operational properties.

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 **£0.347m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £6.666m at the end of 2009-10.

Opening Balance – 01-04-09	-£5.235m
Planned Receipts (Risk adjusted)	£0.296m
Costs	-£0.347m
Acquisitions	-
Other Funding: - Ashford Library	-£1.380m
Closing Balance – 31-03-10	**-£6.666m**

Revenue Implications

In 2009-10 the fund is currently forecasting £0.045m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.389m) against the overdraft facility and the cost of managing properties held for disposal (net £0.195m), the PEF1 is forecasting a £0.976m deficit on revenue which will be rolled forward to be met from future income streams.

2.2 **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.

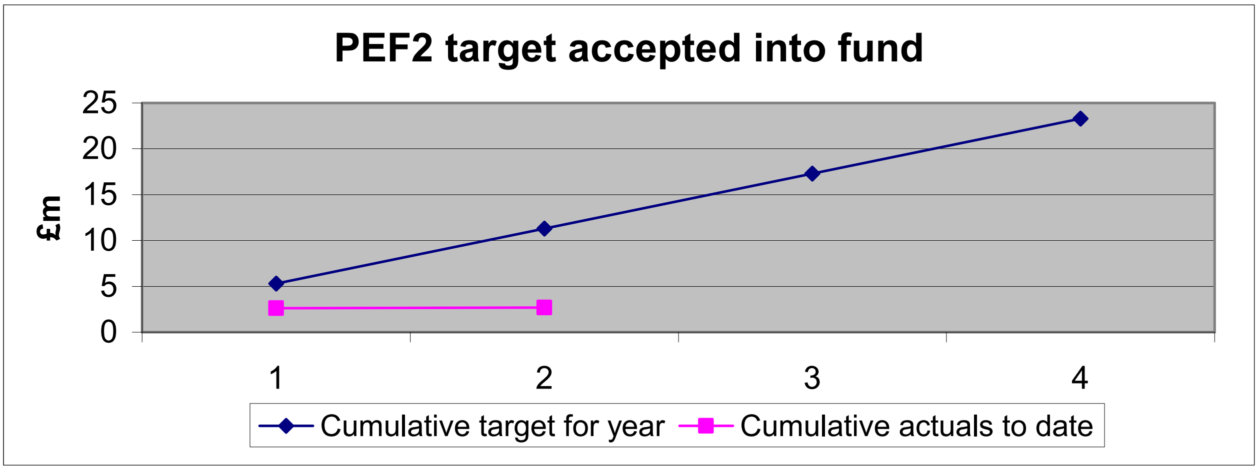
Overall forecast position on the fund

	2009-10 Forecast
	£m
Capital:	
Opening balance	-42.914
Potential receipts to be agreed into PEF2	-20.719
Forecast sale of PEF2 properties	12.461
Disposal costs	-0.623
Closing balance	-51.795
Revenue:	
Opening balance	0.000
Interest on borrowing	-1.894
Holding costs	-1.695
Closing balance	-3.589
Overall closing balance	-55.384

The forecast closing balance for PEF2 is -£55.384, this 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	



Comments…..

To date one PEF2 property has been sold. The cumulative profit/(loss) on disposal to date is -£0.017m. Large profits or losses are not anticipated over the lifetime of the fund.

<u>Interest costs</u>
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 £1.894m, an increase of £0.07m. 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
OCTOBER 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 last full monitoring report to reflect a number of technical adjustments to budget and the virement of £0.1m to the Communities portfolio to fund our contribution towards the construction programme at Maidstone Museum as agreed by Cabinet in September.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. 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	1,400		1,400	increase in value of recorded claims outstanding
Workforce Reduction	1,498		1,498			0	
Environment Agency Levy	359		359			0	
Joint Sea Fisheries	264		264			0	
Interest on Cash Balances / Debt Charges	117,821	-12,769	105,052	-4,582	951	-3,631	Write down of discount saving from 08-09 debt restructuring; no new borrowing; reduced interest apportionments to Pension fund & schools
Transferred Services Pensions	22		22			0	
PRG	83	-2,100	-2,017			0	
Contribution to/from Reserves	-2,392		-2,392	8,071		8,071	tfr of 09-10 write down of discount saving from 08-09 debt restructuring to reserves; provision for recession; drawdown of Insurance reserve to cover pressure on Insurance Fund; tfr to reserves of net proceeds from Turner settlement

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Drawdown from Kings Hill reserve	-1,000		-1,000			0	
ABG Safer Stronger Communities	1,277		1,277			0	
Original Turner Contemporary	0	0	0	0	-6,000	-6,000	settlement proceeds
Total Finance	**120,911**	**-14,869**	**106,042**	**4,889**	**-5,049**	**-160**	
Total Controllable	**124,027**	**-21,329**	**102,698**	**4,889**	**-5,049**	**-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 <u>Interest on Cash Balances and Debt Charges:</u>

- 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 a saving on the interest on cash balances budget. This is because 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 were 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, however balances have recently reduced following the transfer out to Fund Managers of a large amount of the Pension Fund cash for reinvestment but the reduction in interest earned as a result of this is offset by reduced interest apportionments on cash balances to the Pension Fund and schools.

1.1.3.2 <u>Contributions to/from reserves:</u>

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 contingency against the impact of the recession on the Finance Portfolio budgets.

1.1.3.3 <u>Insurance Fund:</u>

A forecast pressure on the Insurance Fund, currently estimated at £1.4m, will be met by a drawdown from the Insurance Reserve. This pressure is a result of an increase in the estimated funding required to settle the self funded element of recorded claims (excesses) and a lower investment income received on the balance in the Fund.

1.1.3.4 <u>Original Turner Contemporary:</u>

A settlement has been reached, without any admissions as to liability, regarding the original Turner project which was abandoned in 2006. The costs of this project were written off to reserves when this project was abandoned and therefore the net proceeds of this settlement will be transferred back to reserves.

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	Transfer to reserves of net proceeds from Turner settlement	+6,000	FIN	Original Turner Contemporary settlement	-6,000
FIN	Contribution to economic downturn reserve of 2009-10 write down of discount saving from 2008-09 debt restructuring	+1,971	FIN	2009-10 write down of discount saving from 2008-09 debt restructuring	-1,971
FIN	Contribution to economic downturn reserve to provide contingency for the impact of the recession	+1,500	FIN	Treasury savings - lower debt charges and savings on interest on cash balances budget	-1,660
FIN	Pressure on Insurance Fund	+1,400	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-1,400
		+10,871			**-11,031**

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]*

N/A

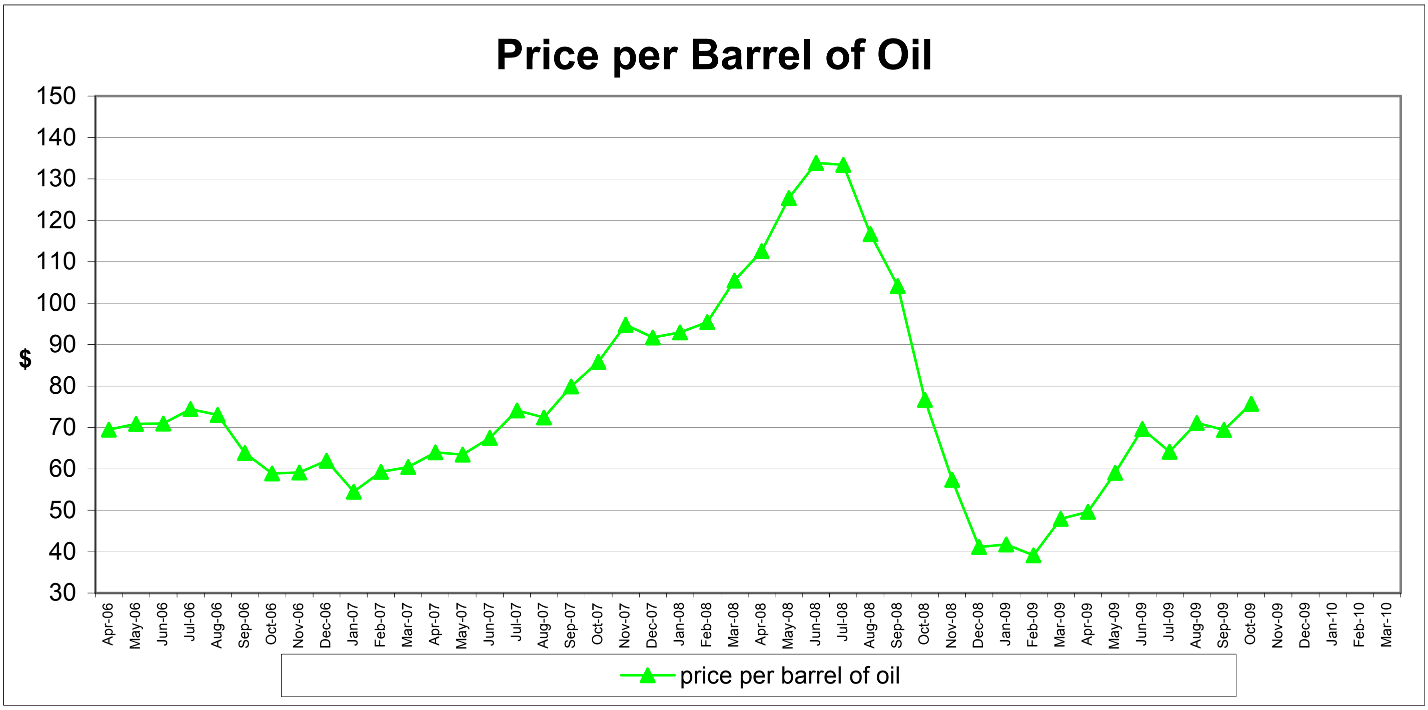
1.2 CAPITAL

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	Price per Barrel of Oil			
	2006-07	2007-08	2008-09	2009-10
	$	$	$	$
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	71.05
September	63.80	79.91	104.11	69.41
October	58.89	85.80	76.61	75.72
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 - Finance
Lynda McMullan, Director of Finance

To: Cabinet – 30 November 2009

Subject: **UPDATE ON ICELANDIC DEPOSITS**

Classification: Unrestricted

Summary: To update Members on progress on recovering the Icelandic deposits.

FOR INFORMATION

INTRODUCTION

1. This report is to update on progress made on recovering money deposited in 3 Icelandic owned banks.

2. The total exposure was £50.35m, £18m in Heritable a UK domiciled and regulated bank, £15m in Glitnir and £17m in Landsbanki. Of this £33m relates to KCC, £16m to the Pension Fund and £1m to Fire.

3. Since October 2008 KCC has played a lead role in the recovery process. KCC's Head of Financial Services is one of two local authority representatives on the Heritable Creditors Committee and is also the local authority representative on the Glitnir Informal Creditors Committee and the Landsbanki Informal Creditors Committee. The proceedings at these meetings are governed by tight confidentiality agreements and information gathered at them cannot be shared in a public report.

4. The Local Government Association has coordinated the response across the local authorities with deposits and KCC is represented on the overall Steering Committee and the Glitnir / Landsbanki Committee. The latest LGA briefing is attached in the Appendix.

5. Through the LGA the Steering Committee commissioned Bevan Brittan to provide legal advice and Ernst & Young financial advice. This work has been of the highest quality. Costs are shared on an equitable basis and are managed through the overall Steering Committee.

FINANCIAL ENVIRONMENT

6. The failure of the Icelandic banks was an event directly linked to the near collapse of the worlds banking sector in October 2008. It is now clear that without what was effectively the nationalisation of Royal Bank of Scotland and Lloyds Banking group their position would have been no different to the Icelandic Banks.

7. The LGA has published information showing 125 English local authorities with a total deposits of £932.2m in the Icelandic banks split 39% Landsbanki, 29% Heritable, 20% Glitnir and 12% KSF. In addition there are a number of Scottish and Welsh authorities, Police Authorities, Transport for London and of course the Audit Commission with deposits. There are also a wide range of organisations in the corporate sector were exposed but they have been less open about their exposure, it is estimated that the exposure of Western banks is in the region of €60bn.

8. The total KCC deposits as at 8 October 2008 was as high as £460m and diversified across 31 institutions in part due to a defensive position taken up by the Kent Pension Fund. From September 2007 the Superannuation Fund Committee moved out of risky assets and held Cash reaching a peak of £160m. This action saved the Pension Fund at least £40m. In late 2008 the Pension Fund started to reinvest Cash into equities and this move was well timed. The Pension Fund has increased in value by £500m from 1 April to 30 September as equity markets recovered.

9. With the benefit of hindsight one year on it is clear that the exposure to loss on the Icelandic deposits is directly the result of an unprecedented global financial crisis which has resulted in the unthinkable becoming common place – nationalisation of UK banks, £200bn of money printed through the Quantative Easing programme and massive increases in public debt directly attributable to bank bail-outs.

HERITABLE

10. Heritable made its first dividend payment in July at 16.13p in the £ which was £3m. The administrator intends to make a further dividend payment in December.

11. Progress is monitored through regular conference calls of the Committee with face to face meetings quarterly. Ernst & Young, the administrator, provide a huge amount of information at these meetings which compare how the main books, mortgage lending and commercial property lending, are moving. There has been no significant adverse movement overall over the period although there are a large number of EY interventions mainly on the commercial property book. EY has not moved away from a base case position of a recovery of 80p in the £.

12. The recovery process is expected to be largely complete in 2011.

13. There is an issue relating to trust law which KCC is pursuing with the solicitors for the administrator.

GLITNIR/LANDSBANKI

14. Old Glitnir and old Landsbanki are being run by Resolution Committees. Each Resolution Committee has an Informal Creditors Committee (ICC) consisting of creditor representatives, primarily banks and bond holders. The recent announcement by Glitnir of a €750m increase in their liabilities is being followed up by creditors through the ICC meeting. This does not effect our recovery position on the basis of priority status holding.

15. The Resolution Committees are responsible for the run-off of the assets of both banks and for maximizing the returns achieved. Apart from the day to day activities the major focus this year has been negotiating financial compensation agreements between the new banks and the old banks. Solutions broadly acceptable to creditors have now been arrived at.

16. Under Icelandic law depositors, including UK local authorities, are preferred creditors. On 17 November we received notification that the Landsbanki Winding Up Board had accepted the claims from Landsbanki local authority depositers as priority claims. This is a crucial issue for the recovery. Glitnir are slightly behind in their claims filing process but we expect the same conclusion from them.

17. It is widely expected that there will be legal challenges from some creditors to this process which may delay payments being made. Once these legal challenges are resolved the claims payment process will commence.

SUMMARY

18. The projected level of recovery on Glitnir is 100% and on Landisbanki 83% - this may move higher due to the financial instrument negotiated with the new bank. With an 80% base case recovery from Heritable this would mean a loss overall of around £4m of which £2.7m relates to KCC and £1.3m to the Pension Fund.

RECOMMENDATIONS

19. Members are asked to note this report.

Nick Vickers
Head of Financial Services

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Local Government Association

promoting better local government

From the Chairman and Chief Executive of the Association
Councillor Margaret Eaton
John Ransford

To Group Leaders and Chief Executives
All councils with exposure to Icelandic banks

26 October 2009

Dear Colleague

This briefing updates you on latest developments relating to the Icelandic banks, including significant progress in Iceland.

Landsbanki
Agreement was reached earlier this month on the terms of the deal that will compensate creditors of old Landsbanki (including local authorities) in relation to assets transferred to new Landsbanki (which was set up to ensure the maintenance of a banking system in Iceland following the collapse of the old banks). The deal is expected to be confirmed by 6 November.

This is an extremely significant point in the process of winding-up the old banks, and follows months of intensive negotiations in which local government's legal advisers and representatives have worked tirelessly alongside UK and Dutch government advisers. The work of our representatives and advisers as part of this joint approach has helped deliver a deal that we are satisfied reflects local government's interests. This outcome did not always look possible at points over the last six months, and we are therefore keen to acknowledge and emphasise the work that has been undertaken on behalf of local authority creditors under the guidance of the Landsbanki steering committee and lead officers.

Details of the deal are available on the Landsbanki website at: http://www.lbi.is/newsandevents/?NewsID=65 Current valuations suggest that recoveries will be equal to (or exceed) the previous estimate of 83p in the pound: http://www.lbi.is/Uploads/document/AssetValuation30062009.pdf

Glitnir
As reported in our last briefing, agreement on the terms of compensation from the new bank (Islandsbanki) to old Glitnir bank was reached in September. The settlement was concluded on 15 October 2009: http://www.glitnirbank.com/home/337-creditors-acquire-95-of-share-capital-in-islandsbanki.html

E-mail margaret.eaton@lga.gov.uk; john.ransford@lga.gov.uk

Local Government House, Smith Square, London SW1P 3HZ   DX 119450 Clerkenwell 3
Chief Executive: *John Ransford*

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In relation to both Glitnir and Landsbanki, the conclusion of these agreements enables the insolvency to move onto the next stage of winding up, realising assets and paying off creditors. This is likely to include the issue of priority status for depositor creditors (such as local authorities) being challenged and tested in court. The detailed information published by Glitnir following the conclusion of negotiations confirms that the Resolution Committee intends to treat claims on deposit as 'priority claims.' See page 15: http://www.glitnirbank.com/images/stories/Glitnir_-_Final_Information_Memorandum_10_14_09.pdf

KSF and Heritable
The administrations of the UK-based banks KSF and Heritable, although inevitably complex, are more straightforward than the Icelandic processes because they do not involve the added complication of trying to re-establish a domestic banking system from the banks that have collapsed. We are satisfied that these are continuing apace, and expect further dividends to be paid to creditors before the end of the year.

A six-monthly update is expected from KSF imminently. It will be sent directly to local authorities, and we will circulate it to our finance contacts as soon as we have a copy.

Support for local authorities
A response from new Local Government Finance Minister Barbara Follett in relation to our letter on capitalisation is attached as an annex to this document. The letter states that government has 'decided [to] allow councils who face *exceptional financial difficulties due to Icelandic impairments* to apply for capitalisation on the basis of the usual criteria.' Applications will be dealt with in the normal timescale, and must be submitted by 15 December 2009. General guidance on capitalisation can be found at: http://www.communities.gov.uk/localgovernment/localgovernmentfinance/capitalfinance/capitalisation/capdirections200910/

We are pleased that government has made this commitment as a result of LGA lobbying. Authorities with queries should raise these with CLG in the first instance, and let us know if there are any issues.

Meeting of Icelandic bank creditors
The LGA is holding a meeting of Icelandic bank creditors on Friday 6 November (exactly one year after the first such meeting) to update them on progress over the last year. The meeting will cover all Icelandic banks and issues such as capitalisation, but is likely to focus largely on Landsbanki and Glitnir. If you would like to attend, please email Barbara.Johnson@lga.gov.uk by Friday 30 October.

If you have any queries about any of the information in this update, please do get in touch.

Yours sincerely

C. Margaret Eaton

Cllr Margaret Eaton
Chairman

John Ransford
Chief Executive

Councillor Margaret Eaton
Chairman, Local Government Association
Local Government House
Smith Square
London
SW1P 3HZ

October 15th 2009

Dear Margaret,

Thank you for your letter of September 8th 2009 addressed to the Minister for Local Government the Rt Hon Rosie Winterton MP, about the accounting treatment of Icelandic bank deposits bv local authorities.

I understand your concern about the anticipated impact of these potential losses on the budgets of local authorities in the financial year 2010 -11. Obviously, local authorities are responsible for their financial decisions and management and were informed investors in Icelandic banks. Government guidance makes it clear that, provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable for local authorities to seek the highest yield consistent with those priorities. That is why I am pleased that so many local authorities have invested in such a way as to be able to absorb their potential losses. Indeed, some of them have not needed to make use of the exceptional deferral regulation we made.

In your letter, you ask that local authorities who have to budget for Icelandic impairments should be considered for capitalisation. We have looked at the options carefully and decided that the Government should allow councils who face *exceptional financial difficulties due to Icelandic impairments* to apply for capitalisation on the basis of the usual criteria. They may apply this year and, if their application for capitalisation is wholly successful, they would not then need to rely on the deferral regulation when finalising their 2009-10 accounts.

In addition, we have looked at your request to bring forward the timescale for capitalisation decisions.   However, we do not believe there is a case for doing this. Capitalisation decisions are always made towards the end of the year in order to ensure that all factors and circumstances can be taken into account Therefore, the deadline for capitalisation applications, for Icelandic losses or any other reason than equal pay, remains December 15th 2009.

Finally, in your letter you asked whether impairments should be passed on to the Housing Revenue Account (HRA) and others. I hope that you will not mind me replying separately on this point at a later date.

Best wishes

Barbara

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By: Roger Gough, Cabinet Member for Corporate Support Services & Performance Management
Peter Gilroy, Chief Executive

To: Cabinet – 30 November 2009

Subject: Half-year monitoring 2009/10

Classification: Unrestricted

SUMMARY AND RECOMMENDATIONS

This report summarises the 2009/10 half-year monitoring results for KCC's annual business unit operating plans and includes the Managing Director's summaries of progress to date. The half-year monitoring will be going to the next round of Policy Overview and Scrutiny Committees for discussion which will be in January.

Cabinet Members are asked to NOTE the report.

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1. INTRODUCTION

Business plans represent the operation of the County Council's services within the context of its Policy Framework and are clearly linked to its Medium Term Financial Plan and annual budget as approved by the Council.

The unit plans are in effect the annual operating plans for KCC and they continue to be an essential product of directorate planning systems. Their primary purpose is to:

- Ensure that delegated authority to carry out activity in the coming year is approved
- Align annual unit resources (FTE and budgets) with core activity and projects
- Articulate operational performance targets and tasks, which will be monitored during the year
- Identify the relationship with the units' customers and stakeholders during the coming year.

2. HALF-YEAR MONITORING PROCESS

Directorates are expected to run a 100% half-year check of progress on their 2009/10 unit business operating plans.

Attached at Appendix 1 <u>by directorate</u> is:

- The Managing Director's statement as at the 2009/10 half-year point.
- An <u>exception</u> report showing those projects/developments/key actions and performance indicators not on target as at the half-year point together with relevant comments. See also section 3, overleaf.

The half-year monitoring will be going to the next round of Policy Overview and Scrutiny Committees for discussion which will be in January.

A report on progress against the Towards 2010 targets went to Cabinet on 12 October 2009 and County Council on 15 October 2009 and is therefore not part of the half-year monitoring of the annual unit business operating plans.

3. SUMMARISED OUTCOMES

Annual Business Unit Operating Plans - Projects, Developments and Key Actions

The percentage of projects/developments/key actions set out in the 2009/10 annual unit business operating plans that are not on target so far this year is as follows.

Kent Adult Social Services	0%
Children, Families & Education	1%
Communities	6%
Environment, Highways and Waste	6%
Chief Executives Department	2%

These are detailed by directorate within Appendix 1.

Annual Business Unit Operating Plans - Performance Indicators

Directorates have checked performance against the PIs in their business plans. Where any are not on track the detail is included in Appendix 1. It should be noted that some Managing Directors have also included other PIs in their summaries with relevant comments in order to illustrate performance.

Targets were not set within business plans in all cases as many national comparative benchmarks were not then available and unlike previous Best Value Performance Indicators (BVPIs) there is no statutory requirement to set targets for the National Indicator set (NIS).

Contact officer:-
Janice Hill, Performance Manager, Chief Executives Dept
Tel 01622 22(1981) Email janice.hill@kent.gov.uk

APPENDIX 1

Kent Adult Social Services
2009/10 Half Year Monitoring
September 2009

Managing Director's Summary

1. Introduction

This has been a time of major change for the Directorate; with a major re-structure which is delivering efficiencies and total transformation to put the Directorate in a position to meet the challenges set out in the national concordat Putting People First and Kent's Active Lives vision for the future of social care.

2. Areas of Progress

Personalisation - Self Directed Support (SDS) has been the major driver for change during this year. This is a programme of total transformation for Kent Adult Social Services and for all those services which the Directorate commissions. Implementation has seen major changes within KASS to ensure there is a structure and culture that supports and empowers people to develop their own solutions from an increasingly responsive and diverse market place. SDS enables people to self manage their support or if they choose to, have someone else (including KASS) manage it for them.

Restructure - The restructure the Directorate has experienced has been essential to ensure SDS is delivered. It has meant moving from 12 Districts to 6 Localities, establishing movement into new teams, and at the same time streamlining the management structure right across the Directorate, including at Headquarters. The challenge will be to continue to maintain standards during a time of change and with a significantly reduced management capacity.

Efficiencies - The restructure has been a major area where the Directorate has delivered efficiencies. Other areas are:

- Reducing transactional costs, for example, extending the use of Transactional Data Matching (TDM) in purchasing services
- Using technology to redesign more efficient services (Telehealth) and enable self management of support
- Improved collection of management and performance information (SWIFT).
- Enabling people to have easier access to services (Kent Adult Services Contract Assessment Teams (KASCAT) and self assessment, Fast track equipment)
- Modernisation of services (the Good Day Programme is an example of this)
- Total Place - The Directorate is playing a key role in the work being undertaken by KCC under this national initiative.

Prevention - This is the 'cornerstone' of our ambition to promote independence. It is being delivered through a range of projects including INVOKE and Brighter Futures. The recent Independence, Wellbeing and Choice Inspection of the Directorate undertaken by the Care Quality Commission noted that:

> *"There was a clear focus on promoting the independence of older people and a strong emphasis on enablement and rehabilitation. The council worked effectively with its partners to deliver a wide range of preventative services. There were some excellent initiatives between the council and its health, housing, independent and voluntary sector partners to provide a holistic response to the needs of older people".*

Safeguarding – Members will know that the Chief Executive has raised grave concerns regarding the serious issues associated with the placing of vulnerable adults into Thanet. He has written to all district councils in Kent, Government and Kent Chief Officers to say that this should cease. The public policy of creating facilities and services in that area of Kent for the most seriously disadvantaged people creates a 'cocktail' that ironically places these vulnerable people at risk and impacts heavily on any regeneration aspirations.

In partnership with other agencies the Directorate has worked to improve its safeguarding arrangements for adults in Kent. This was noted by the CQC Inspection:

> *"The council and its partners gave high priority to adult safeguarding. The Kent and Medway Safeguarding Vulnerable Adults Committee was effectively managed and there was a wide range of stakeholder membership, including people who use services and carers. The council and its partners responded promptly to allegations that people were at risk of harm or abuse".*

Direct Payments - The number of people on Direct Payments continues to increase. With the new structures in place, focus will be on offering people personalised budgets and direct payments to give them more flexibility and control over their support packages.

Whole Systems Demonstrator Project - Kent was at the forefront of the development of this project over seven years ago and lobbied the DoH to take it seriously. It uses technologies such as Telehealth and Telecare, working with Health, to support people with long-term conditions maintain their independence and give them reassurance. Kent was one of only three sites to be chosen by the Department of Health for this project and has achieved the ambitious target set of 2,000 people on the project. The final figure achieved was 2,013.

Better Homes/Active Lives - A number of housing schemes providing accommodation for people with a whole range of needs from older people, through to people with learning disabilities have been developed through PFI's in partnership with District Councils. The outcome is based on current work and we fully expect there to be at least 417 new housing units built and ready for occupation by the end of 2010. Based on the success of Better Homes/Active Lives we have, in partnership with 5 District Councils, developed another PFI bid to deliver 228 units of social housing for vulnerable people.

Towards 2010 -The Annual Report was presented to County Council in October which showed that all of the targets which KASS lead on or jointly share are achieved or on course.

Supporting Carers - This is a key Towards 2010 Target. The Carer's Strategy and Annual Report were launched in the summer. We have developed a range of innovative initiatives, for example the Kent Carers' Emergency Card.

Intermediate Care - We continue to develop a range of intermediate, recuperative care and enablement services geared at preventing avoidable hospital admissions and delayed discharges. These services have been developed in partnership with Health. They are having a significant impact in reducing the rates of delayed hospital discharges across Kent.

The Good Day Programme - This has been developed over the last 18 months. The programme supports people with learning disabilities to move away from traditional day services through person centred planning, the use of Direct Payments/SDS and the provision of more community based services.

Kent is a demonstration site for **Getting a Life**. The emphasis of this project is to ensure that there are greater numbers of young learning disabled people going into employment from education.

Kent Learning Disability Partnership Board continues to work in a very inclusive way, working closely with KCC, East and Coastal Kent PCT and West Kent PCT. A review is currently being commissioned to ensure the Board, 12 component District Partnership Groups and the delivery structure can effectively implement **Valuing People Now**.

Learning Disability Re-Provision Programme - The Directorate is working with partners to re-provide new person centred care and support for those adults with learning disabilities who have been supported by the NHS. The Directorate has provided detailed briefings on this throughout the year. This is a good example of partnership working with the NHS to deliver effective person centred services.

Joint Commissioning with Health - Underpinned by Joint Strategic Needs Assessments and other specialist assessments, the Directorate is significantly developing its integrated commissioning arrangements with the NHS. There is a series of arrangements in place to support joint commissioning including jointly funded and appointed posts. These joint posts focus on key care pathways, such as dementia, stroke care, falls care and supporting carers.

3. Challenges

Over the next year the Directorate faces significant challenges which include a White Paper on care support early next year and the General Election. Challenges include:

Impact of Restructuring. As already outlined above it will be a challenge to maintain improvement whilst the new structure beds down.

Demographic issues have been well documented. The demand and complexity of need is a significant feature in regard to people with learning disabilities, as it is in respect to the increase in the ageing population, for example the prevalence of dementia is increasing significantly. These issues will continue to have a major impact on budgets and resources. For example, the proportion of people being admitted to residential and nursing care with dementia is significantly increasing.

Recession and Public Sector Funding. The impact of the recession is being felt in a number of areas in relation to the work of the Directorate in terms of:

- The people and families we work with. People are finding it harder to make ‘ends meet’ and to find employment. Consequently people find it harder to meet the charges for care and thus overall the Directorates debt is increasing.
- Increase in demand for services. For example it is well documented that mental health issues increase during a time of recession.
- The indication is that, in the medium term, it is likely that there will be less resources available to social care in Kent as after the General Election public spending will shrink irrespective of who forms the next Government.
- The impending General Election also adds to the air of uncertainty as to the future national direction of social care, in particular hypothecated grants after March 2011.
- Partner organisations are also experiencing similar issues as is the social care market, as set out below.

The Market. There are a number of challenges in working with the private and voluntary sector over the next year. These include:

- Working with the sector to make sure they are able to meet the new demands of self directed support
- Ensuring that we continue to have a pricing structure that offers value for money
- Supporting the market to deliver good quality services.

Ordinary Residence. This issue has been documented in previous reports, including a report to cabinet in the summer. Kent has a large number of residential homes within its boundaries. Many of these homes have residents placed by other Local Authorities outside Kent. This is especially the case with people with Learning Disabilities. With the drive towards independence and personalisation, a significant number of people want to leave their unit and live in the community, often in the area where they have been placed (i.e. Kent). To enable these people to live independent fulfilled lives they often need complex support packages. The legislation and guidance is unclear about who should pick up the cost for these packages, Kent or the Local Authority who originally placed the person. On a number of occasions the Secretary of State has arbitrated and often this has led to Kent funding the support package and taking responsibility for the person who is considered to be an *’ordinary resident’* of Kent. KCC have been putting forward representations to get clarity on the guidance, but in the short tem at least this is likely to be a significant resource pressure on KCC.

Active Lives for Adults (ALFA) is the Directorate’s modernisation programme, and SDS has been a major strand of this work. Over the next year it will be important to implement other strands of ALFA which include FaME (flexible and mobile working) and the modernisation of in house older people services.

Workforce. It is essential that we continue to develop a strong, skilled and flexible workforce across the social care sector in Kent in order to deliver the challenging agenda of personalisation and prevention. Again there are likely to be demographic pressures as the population profile shows that there will be a decline in the number of people of working age. The Directorate is responding to these challenges and has put in place an integrated local area workforce strategy.

Business Continuity and Emergency Planning. The importance of this work has been highlighted by the threat of swine flu, which is predicted to have a significant impact. KASS has been working with its partners to put in place a range of strategies to minimise the potential disruption swine flu or indeed other unforeseen emergencies are likely to have.

Inspection Action Plan. The outcome of the inspection was that Directorate was rated:

Safeguarding Adults – Good
Delivery of Preventative Services for Older People – Excellent
Capacity to Improve - Excellent

Although the Directorate is pleased with outcome, the inspection identified areas for improvement. These included issues of access to services, and information, particularly in relation to disadvantaged groups. An action plan has been developed with the Care Quality Commission. This plan will be monitored by the Commission over the coming year.

4. Progress against Business Plans - Exception reporting against both core services and forecast activity levels and projects, developments and key actions

Core Services and Forecast Activity Levels
All core services and forecast activity levels are on track to be achieved or already completed.

Projects, Developments and Key Actions
All projects, developments and key actions are on track to be achieved or already completed.

5. Performance Indicators

Many of the National Indicators (NIS) are new. It is recognised nationally that they need time to bed down and adjust and therefore targets have not been asked for or set by the Department of Health and Care Quality Commission. The NIS a major transition from what was a more processed driven national performance framework (PAF) to one which focuses on outcomes for people.

The only target that must be set is for any indicator in the LAA (Kent Agreement 2). For KASS this applies to NI 125 (see below).

Performance Measure or Activity Target Performance for 2009/10 cannot be set for the NIs until the first year of monitoring has been completed to provide a benchmark.	**Actual performance 2008/09**	**Half Year Monitoring 2009/10**	**Comments**
NI 125 – Achieving independence for older people through rehabilitation/intermediate care	75%	77%	LAA (Kent Agreement 2) target for 2010 /11 is 79%. Currently we are making steady progress on this indicator. As has been outlined previously to ASSPOC this indicator only

Performance Measure or Activity Target Performance for 2009/10 cannot be set for the NIs until the first year of monitoring has been completed to provide a benchmark.	**Actual performance 2008/09**	**Half Year Monitoring 2009/10**	**Comments**
			focuses on intermediate care to support hospital discharge and does not take into account the hospital to home and prevention community work which are key features of KASS preventative work.
Number of people receiving an ongoing direct payment (which supports NI 130 Social Care clients receiving self directed support (Direct Payments and Individual Budgets))	2,055	2,179	As this is a new indicator, with a different definition, the figures here are the numbers of people with an ongoing direct payment. This excludes one off direct payments, which are included in the end of year figures given to CQC/ DH. Direct Payments are only a small part of the personalisation agenda and as a consequence, we are providing more evidence based data to the Care Quality Commission to demonstrate our progress in transforming social care.
NI 132 Timeliness of social care assessments	83%	83%	This indicator looks at the percentage of assessments that are completed within 28 days. This is very comparable with other local authorities.
NI 133 Timeliness of Social Care Packages	95%	95%	This indicator looks at the percentage of packages of care that are in place 4 weeks after assessment. We perform very well for this indicator.
NI 135 Carers receiving needs assessment or review and a specific carer's service or advice and information	29%	29%	This indicator looks at the proportion of service users receiving community based services who have a carer who is receiving support, a service or advice. We are one of the top performance authorities.

Performance Measure or Activity Target Performance for 2009/10 cannot be set for the NIs until the first year of monitoring has been completed to provide a benchmark.	**Actual performance 2008/09**	**Half Year Monitoring 2009/10**	**Comments**
NI 145 Adults with learning disabilities in settled accommodation	37%	37%	This is a new indicator. For 2008/09, it was based on a half year and then doubled. The results across the country varied significantly (from under 10% to more than 100%). As such, it is acknowledged that performance for 2008/09 is not representative. In addition, Kent has a significant amount of 'preserved rights clients' who are in residential care. Residential care does not count as settled accommodation.
NI 146 Adults with learning disabilities in employment	10%	10%	In feedback from CQC they feel that we are performing well in comparison to other local authorities. An action plan is in place to improve performance in this area, which becomes more challenging in the current economic climate.

Performance Measure or Activity Target Performance for 2009/10 cannot be set for the NIs until the first year of monitoring has been completed to provide a benchmark.	**Actual performance 2008/09**	**Half Year Monitoring 2009/10**	**Comments**
PAF C72. Admissions of supported residents aged 65+ to residential/ nursing care per 10,000-population aged 65 and over	78	85.9	The overall number of older people in residential and nursing care is lower now than it was in 2007/08. However, this indicator looks at the *admission rate*, which is higher than it was last year. This increase is mainly attributable to an increase in admissions for older people with Mental Health Needs (dementia). However, the higher admission rate only applies to the most complex cases who are placed in residential care. Community arrangements are in place for all other people. As a consequence, the average age of admission to residential / nursing care continues to rise and is now routinely over 85 years old.
PAF C73. Admissions of supported residents aged 18-64 to residential/ nursing care per 10,000-population aged 65 and over	1.5	1.84	This figure has risen but actually represents an increase of only about 10 people. Given the small numbers involved this indicator can fluctuate. Transition arrangements are a key factor in this rise.

Oliver Mills
Managing Director, Kent Adult Social Services

Children, Families and Education
2009/10 Half Year Monitoring
September 2009

Managing Director's Summary

1. Introduction

The Children Family and Education Directorate continues to focus on achieving the vision of Kent County Council and Children's Trust that every child and young person and their family is supported, achievement exceeds aspiration and children are positive about their future.

All service units within the Directorate share a common commitment to the successful achievement of the strategic objectives set out in Towards 2010, the Children and Young People's Plan, the Kent Agreement and Vision for Kent, the Regeneration Strategy and Supporting Independence Programme.

We have a good foundation to build upon but, in common with other directorates and public sector organisations, we are facing a period of substantial change, coupled with the additional pressure of reduced public spending over the next few years. We need to consider, with our partners, how our joint resources, including staffing, are best deployed and how we rise to the challenge of ensuring that the vision and priorities within our Children and Young People's Plan drive everything that we do.

We must tackle stubborn issues of underperformance where they exist, stabilise and continue good performance, and realise the benefits of integration across children's services and with our partners across KCC and the Children's Trust. This process of change is driving a major restructure and new direction for CFE alongside a fundamental review of Kent Children's Trust. The structural and partnership changes are being shaped within the context of a developing local and national policy for children, families and education, and the challenging economic landscape. The changes will be implemented over the two to three years, in order to deliver organisational transformation. The business plan monitoring reports that follow reflect the previous organisational structure of CFE but the senior management team has already moved into the new service configurations, and the 2010 business plan will reflect that.

2. Current Priorities

The Children, Families and Education Directorate can build on a position of strength as demonstrated by the successful outcome of the 2008 Annual Performance Assessment and Joint Area Review. We are optimistic that our improving outcomes and innovative approach will be reflected in the findings of the 2009 Annual Performance Assessment which will be published in December.

We continue to work hard to drive up performance and tackle those areas that we recognise as needing improvement through a cycle of continuous assessment, evaluation and performance management. To support this focus on outcomes for children and young people, we have identified some strategic priority areas as we move into 2010.

2.1. Restructure and Financial Planning

CFE Restructure: Following County Council agreement to a new senior management structure work is underway to drive forward the restructure throughout the whole service.

We are putting in place structures that are fit for purpose to ensure that we have an organisation that continues to be focused on delivering benefits for Kent's children and families. The restructure will deliver a streamlined strategic commissioning centre that will support front line delivery in partnership with Kent Children's Trust, our children's centres and early years providers, schools and youth services.

We have made successful appointments to two new Director posts for Learning and Vulnerable Children, who will drive the major service and operational changes once they are in post from early January 2010.

The new Cabinet team is becoming established and its structure mirrors the new Directorate structure and the Policy Overview Committee arrangements. It brings strong support to the member and officer arrangements, ensuring focus and in depth knowledge across the very wide range of services and responsibilities.

The work on the restructure is linking closely with the Medium Term Planning process and will take account of County Council financial and business planning requirements, including corporate value for money saving pressures. Significant efficiency savings will be required and will be realised alongside the service restructure.

Kent Children's Trust Review: The Kent Children's Trust has started a commissioning review, with support from the national Department for Children, Schools and Families Commissioning Support programme, which will help us develop the Trust as a joint planning and delivery forum. We will also be taking stock of the outcomes and future direction for the Local Children's Services Partnerships, building on the very good examples at local level whilst ensuring local working is effective and sustainable for the future.

2.2 Attainment

Attainment at Key Stage 2 and national challenge schools: Despite many improvements in our primary schools we still have our challenges to improve further at Key Stage 2. Key Stage 4 results saw improvement across the board, including for most of our secondary schools in the National Challenge i.e. 30 % of pupils with A-C grades at GCSE including English and Maths, but there are still 22 schools yet to meet this target. Many are well placed to achieve this by summer 2010, and we are working with a national review team to look at options for those schools who may not reach the target by the due date of summer 2011.

Looked After Children Attainment: Improved tracking, evaluation and targeting of interventions for looked after learners have led to a greater awareness of the barriers to achievement for looked after children. Specific strategies are in place to raise standards of literacy and numeracy, but there is much more to do to reach national comparator rates of improvement.

2.3 14 to 24 Developments

New Diplomas: The first phase of diploma pilots has been reviewed and shows that there are inconsistencies in the successful implementation of the diplomas depending on the particular line of learning, which will be picked up through the 14-19 partnership.

The transfer of the Learning and Skills Council's functions in relation to 16-19 learners (and up to age 24 for learners with additional needs): A detailed transition plan is in place. We now have the names and have met with the LSC staff allocated to Kent from 1 April 2010, and we are working alongside the LSC to ensure funding allocations for post 16 providers are in place for September 2010.

2.4 Service Management and Delivery

Demand on services for vulnerable children: Children's Social Services continues to experience high levels of referrals and additional assessments and we will be monitoring pressure on the service carefully.

Children's Centres: Kent currently has a target to ensure all under-5s and their families can access Children Centre services by April 2011. 72 Children's Centres are already operational. KCC Cabinet and the Senior Management Team are currently taking stock of the programme, evaluating benefits to children and their families and assessing the long term sustainability of the programme. We will be contributing to the National Select committee reviewing the effectiveness of Children's Centres.

3. Current Progress

In many areas we are reporting good progress:

3.1 Being Healthy

100% of Kent's schools are engaged in the Healthy Schools Programme and 84% of schools having now achieved Healthy Schools status.

As a result of the Towards 2010 target to encourage healthy eating over 2,000 fruit and vegetable bags have been purchased and 3,000 people have been reached by the Community Chef pilots.

County-wide initiatives such as the walking bus scheme, Freedom Pass and supporting cycling to school has reduced the number of pupils being regularly driven to school by more than 4,000 in the last academic year.

3.2 Staying Safe

Support for Vulnerable Children

CFE, through Children's Social Services, is the main agency responsible for child protection and continues to demonstrate strong and improving performance. Kent compares very well to other similar authorities on the proportion of initial and core assessments completed to timescales (72% and 81% respectively). Similarly 99% of child protection cases are reviewed within timescales.

The report commissioned by the County Council on safeguarding by Kent Children's Social Services has shown that overall, good systems for child protection and safeguarding are in place.

The main staffing challenge the Directorate faces is reducing the vacancy rate for social workers. Following County Council investment in the service recruitment is progressing well with 62 newly qualified social workers already in place and recruitment campaigns in USA and Europe with the aim of bringing a further 35 experienced social workers into the service by the New Year.

100% of Kent maintained schools judged good or better for safeguarding by Ofsted.

Looked After Children (LAC)

Outcomes for LAC are improving in Kent. There has been a significant reduction in the number of LAC who missed more than 25 days of schooling from 22% in 2006/07 to15% in 2008/09 and a significant improvement in looked after children taking up their health checks from 60% to 83% in 2008. There were more children leaving care with at least 1 GCSE and more young care leavers engaged in education, training or employment.

Kent has been selected as one of six authorities to pilot social work practices. Kent is to focus its social work practice on the provision of its leaving care services. The opportunity will help to support Kent move its leaving care service in a direction which will meet the aspirations of Care Matters, and which is more social work and young people led.

3.3 Enjoying and Achieving

Provisional Headline Results - Key Points:

Early Years: Provisional figures show that in the Early Years Foundation Profile, Kent has made improvements at the expected level of at least 6 points or more for the third year running in all 13 aspects of learning.

Key Stage 1: Results were maintained, however girls continue to out-perform boys at all levels except for mathematics**.**

Key Stage 2: Standards were maintained in mathematics while a slight dip reflecting national results, occurred in English.

Key Stage 3: Outcomes in Key Stage 3 have been affected by the abolition of compulsory testing. This year all analyses are based on teacher assessment and there are no plans to publish any national figures. Standards were maintained.

Key Stage 4: 72.6% of pupils in Kent schools (including academies) have achieved 5+ A*-C at GCSE which is an improvement of 5% since 2008. 51.8% of pupils in Kent schools (including academies) have achieved 5+ A*-C at GCSE including English and mathematics which is an improvement of 1.8% since 2008.

Key Stage 5 (AS/A Levels): 94.2% of pupils in Kent schools (including academies) have achieved 2+ A-E at A level which is an improvement of 1% since 2008.

3.4 Progress on Building Schools for the Future (BSF) and Academies

The ten BSF Wave 3 schools are all under construction and progressing well. We are now seeing the roll out of the first batch of academy builds and work is progressing at both New Line Learning and Cornwallis and Longfield is about to be signed.

3.5 Making a Positive Contribution

Participating in service design and planning

A third extensive survey of children and young people in Kent started in September 2009. The results from the 2008 survey were used to inform the Needs Assessment by Every Child Matters Outcomes and the First Review of the Children and Young People's Plan.

We know from the 2008 survey that 69% of children and young people aged 11-16 think they do have a say about what happens to them in school, at least some of the time and 67% of young people aged 11-16 are positive about their future.

The Kent Children's Trust board reference panels have been set up with children and young people or parents meeting in small discussion groups to discuss items on the KCT board agenda and give their input on items of interest to them. This feedback is presented to the KCT board alongside the relevant agenda item.

Support for Parents

Parental influences have a powerful effect upon children's attitudes, achievements and life outcomes. We continue to develop and invest in multi-agency preventative services to support families and children facing difficulties or worrying times:

- We have expanded the numbers of Family Liaison Officers and Parent Support Advisers working to support parents. Over 12,500 parents accessed support and advice through their Family Liaison Officers or Parent Support Advisers this year.
- Kent Extended Services have worked with the Fatherhood Institute to develop Father Inclusive Guidance.
- We are developing targeted support for families through the Family Intervention Projects, and for those living in poverty through the Poverty pilot.
- Kent Adult Services and Children's Social Services have new protocols in place to make sure service users who are also parents have any needs relating to their parental role considered as part of their assessment.
- The extended schools programme continues to flourish with 90% of schools now offering the full core offer of extended activities and services, including childcare. Using the Aiming High funding we have made funding available to schools to assist disabled children to access after school clubs.
- Children's centres offer an integrated approach to a range of services for children under 5 and their families, including health services for children and families.

3.6 Achieving Economic Wellbeing

14-24 developments

In terms of Vocational Learning, 5,500 young people are currently involved in the vocational and applied learning schemes. All the skills centres and specialist workshops are full to capacity. A new centre will be opening in Dover in October. This expansion has been matched by a reduction in the numbers of young people who are not in employment, education or training from 6.4% in 2006/07 to 4.7% in 2008/09.

Poverty Pilots and Children's Centres
There are many good examples of success in getting families out of poverty and into work or training through the poverty pilot schemes and Children's Centres.

4. Overview of performance against PIs

4.1 Indicators showing consistently strong performance

Indicator	2006/07	2007/08	2008/09	Better than National Average[2]
NI 62: % of looked after children with three of more separate placements	10.7%	8.6%	9.8%[1]	Yes
NI 75: Achievement of 5 or more A*- C grades at GCSE or equivalent including English and Maths	48.5%	49.7%	51.8%[1]	Yes
NI 117: 16 to 18 year olds who are not in education, training or employment (NEET)	6.4%	5.2%	4.7%	Yes
Percentage of schools achieving healthy school status (July)	N/A	76%	84%	N/A
Percentage of young people participating in vocational programmes who agreed this was having a positive impact on their lives	90%	90%	98%	Local Indicator (T2010)
Number of children on vocational 14-16 programmes	2,200	4,600	5,500	Local Indicator (T2010)

[1]Provisional result [2]Based on most recent comparative data

4.2 Indicators showing improving performance

Indicator	2006/07	2007/08	2008/09	Better than National Average[2]
NI 72: Achievement of at least 78 points across the Early Years Foundation Stage	43%	46%	51%[1]	No
NI 148: Care leavers in employment, education or training	53.4%	54.7%	62.7%[1]	No
Percentage of looked after children who received a health and dental check in the year	54%	60%	83%	No
NI 87: Secondary school persistent absence rate	6.8%	6.0%	N/A	No

[1]Provisional result [2]Based on most recent comparative data

4.3 Areas for renewed focus

Indicator	2006/07	2007/08	2008/09	Better than National Average[2]
Rate of referrals to children's social services per 10,000 children aged under 18	339	386	557	N/A
NI 73: Looked After Children Achievement of Level 4 in English and Maths at Key Stage 2	67%	69%	68%[1]	No

NI 102: Achievement gap between pupils eligible for free school meals and their peers at Key Stage 2	30.4	30.7	29.7[1]	No

[1]Provisional result [2]Based on most recent comparative data

5. Summary of Business Plan Half Year Exception Monitoring

We have made progress on most of the activity described in our Business Plans. Some projects have been delayed or are being reviewed in the light of emerging performance and strategic priorities. Each of these has been reviewed by the relevant Service Director and management action is in place to address lack of progress where possible, or it is being brought to the CFE SMT to make decisions about the continued business priorities.

Rosalind Turner
Managing Director, Children, Families and Education

Progress against Business Plans

Exception reporting against both core services and forecast activity levels and projects, developments and key actions

The following are those not expected to be completed and the reasons why/action to be taken:

Activity / Projects not expected to be completed	Reason(s) why and actions to rectify
FINANCE & CORPORATE SERVICES	
Ref. 2 Provide planning and support for HR issues in CSS re-alignment	The proposed new CSS structures have been deferred until the wider Directorate restructure has been completed.
Ref. 14 Maintain effective control in schools by a programme of compliance visits	Planned outcome of 200 visits has been reduced to 100 visits, to be completed by March 2010. This is due to ISG database development issues. The overall programme of 600 visits over a three year cycle will not, however, be affected.
Ref. 24 Manage the transition of the Learning and Skills Council (LSC) back to local authority control	There have been delays in this key action due to delays in the release of information by government and the LSC.
COMMISSIONING DIVISION (SPECIALIST SERVICES)	
Attendance and Behaviour Service	
Reduce number of children missing education through	The Children Missing Education officer has been on long term illness absence for almost 6 months so

Activity / Projects not expected to be completed	Reason(s) why and actions to rectify
enhanced identification and monitoring	although the logging of CME continued the follow up and monitoring of placements and provision was not robust. CME officer now returned to work (Sept 09), and team has been increased in size (additional CME officer and admin support).
Ensure Children Educated at Home are offered support to ensure that their education is of a satisfactory standard	There continues to be an increase in the numbers of Elective Home Educated children in Kent, and the monitoring capacity will need to increase. Until the outcomes of the Badman 'Review of Elective Home Education' consultation are known it is not possible to anticipate the full impact of the registration and monitoring proposals on the LA monitoring capacity.
Joint Commissioning Unit	
Identify & implement an eCAF system for Kent County Council	The eCAF Capita solution does not meet Kent's needs and the investment has been refunded. The existing interim solution of using the secure website for the storage and retrieval of CAFs will continue until a National solution is developed and implemented in late 2010 or 2011.
Minority Communities Achievement Service	
Children with multiple identities: implications for professional practice	Unable to progress at this stage due to reduced capacity within the team of Advisers. This will be a priority for 2010/11
E-Lamp – provision of lap tops and e-enablement to targeted Gypsy Roma and Traveller families	This is a national programme. Technical difficulties with hardware and on-going support have inhibited the roll out of the programme. DCSF are withdrawing funding from the national programme in March 2010
Special Educational Needs and Resources	
Reduce the number of non-Kent maintained special school placements by 5%	Reductions planned are not expected to be delivered due to increasing complexity of needs. Some special schools and alternative locality provision already at capacity and SEN and Disability Tribunal decisions. We are working with Special School Headteachers to agree new funding arrangements and increased support for children and young people with more complex needs to reduce the need to place out county.

Educational Psychology	
Educational Psychology Service support for the piloting of the Lead Schools model in the Phase One areas of Ashford, Shepway, Dartford, Gravesham and Swanley from April 2009	This has started but is at the early stages. There has been support from the service for planning and development, however this needs to be extended. There is a need for improved clarity as to how Educational Psychologists (EP) support the Lead School role and its functions at local level. Actions to rectify: • Prioritise EP support strategically within the pilot areas in liaison with LCSP managers relative to capacity and other statutory demands. • Develop greater understanding regarding the differing developmental stages that the range of pilot leads schools are at and the support which is needed. This is both strategically at service management level and within LCSPs in liaison with partnership managers. • Understand and communicate to the service how processes for Lead Schools within the pilot areas will support children with statements of SEN. • Improve regular contact between the SEN manager/ Project Manager and the relevant Assistant Principals & Senior Educational Psychologists to ensure more effective communication on the progress of the pilot and the services effective contribution to support this.
Specialist Teaching Service	
Nil	
RESOURCES	
Capital Strategy Unit	
Delivery of the capital programme in accordance with the Medium Term Plan (MTP).	Increase in the cost/number of emergency maintenance projects to prevent school closures. Current forecasts show an additional £3m pressure on 2009/10 maintenance programme. Management action in hand to retain overall levels of spend within the MTP
Communication and Information Governance Unit	
Kent Secure Trust web	We are delayed implementing a new secure solution as Kent Learning Zone needs to be ready and we have not solved the licensing, funding issues and security yet. Need until end of calendar year. Extend current contracts for hosting and software for Claromentis and Rackspace until sure of solution.

	Explore funding from Strategic Technology funds and from CAF and KSCB.
Kent Resource Directory (KRD)	We need in place the content maintenance for the KRD to ensure compliance with DCSF plans for the Parent Know How Directory. This went live 7 September but a number of other LAs are disputing the DCSF deadline and their contractual terms for data exchange. Funding ceased 31 March 2009 but we retained responsibility for the data and it upload to national site as the Family Services Directory which with the FCIS childcare supplier data makes up the PKHD national data for Kent. Fix contractual problems with DCSF, find a home for the content maintenance and ensure a new launch with parents / carers and professionals using the kent.gov.uk CMS. Some financial resourcing is required to do this.
Former Kent NGfL	Website re-branded to be on Kentrustweb and be renamed as Kent ICT – delayed by staffing issues. Now on target to be ready mid October.
Online CPD system	Supplier selection delayed as full procurement required. Award of contract shortly and system will be ready 10 April. This is a pressure for other units who need access to an effective training management system like the CAF and Contact Point.
Freedom of Info requests	Coming in thick and fast both from public and journalists seeking easy research. Not always handled in time by staff teams required to provide details who feel the research detracts from their service to “real” customers. It is a legal requirement to do so however and staff must dedicate time to fulfil this work.
BSF, PFI and Academies Unit	

Cabinet Approval of Wave 4 Projects	Rebecca Spore	BSF Programme	Documented approval of outline scope of schemes and affordability gap.	April 2009
Invitation to Submit Outline Proposals (ISOP) for Wave 4 Projects	Rebecca Spore	BSF Programme	ISOPs issued and accepted by LEP	April 2009
Completion of New Projects Development Process, Stage 1	Rebecca Spore	BSF Programme	All internal and external stage 1 approvals for wave 4 projects secure.	July 2009
Completion of New Projects Development Process, Stage 2a	Rebecca Spore	BSF Programme	All internal and external stage 2a approvals for wave 4 projects secured	November 2009
Complete of New Projects Development Process, Stage 2b	Rebecca Spore	BSF Programme	All internal and external stage 2b approvals for wave 3 projects secured	March 2010

Due to some partnership changes within the private sector shareholding in the Local Education Partnership 1 the tasks above are slightly behind schedule.

Cabinet approvals for wave 4 were received in August 2009 and the ISOP packs are due to be issued in October 2009 with stage 1 having been completed in Feb 2010/ stage 2a June 2010 and completion of stage 2b in November 2010.

The Academies programme is slightly behind programme by 4 months due to a delay whilst affordability issues were resolved.

Digital Curriculum Unit

Strategic Technologies – Infrastructure for personalised learning	Whilst take-up of Kent Learning Zone (KLZ) has been good, its use by schools is lower than expected. This is due to a number of reasons including early technical difficulties and ineffective project management by EIS. This is being rectified by new leadership at EIS, improved project governance and provision of additional human resources targeted at developing schools' use of the technology. A key success factor for KLZ will be the hosting of Local Children Services Partnerships (LCSPs) 14-19 partnerships on KLZ as planned.
Strategic Technologies (Interoperability)	UK Access Federation Membership is in place, however we have yet to determine the funding and procurement route for a technical solution.
Home Access	The Headteachers' ICT Group has determined that schools should make their own decisions on whether to support the Becta aggregated funding model. Passed to ICT Leaders Group for review.
New and emerging technology	*Open Source pilot :*

	Schools involved in the proposals have withdrawn, seeking alternatives. *Primary wireless and Social networking pilots:* Insufficient resource within team due to increased BSF workload.
Children's Social Services	
None	
Standards and Achievement	
None	
Strategy, Policy and Performance Division	
Develop a communication plan for the unit to ensure key messages are communicated	This work has been held up by the departure of the Head of Service and the development of the CFE restructure.
Ensure engagement of Joint Planning and Performance Board (JPPB) in improving time taken to secure housing adaptations for children with LDD	The work of the JPPB continues to be of strategic importance for CFE and KCT developments, however engagement with this group and ownership of the targets within the CYPP have been difficult to secure. Work in ongoing as part of the KCT review to re-engage the JPPB.
Local Children's Services Partnerships	
None	

Communities
2009/10 Half Year Monitoring
September 2009

Managing Director's Summary

Introduction

The Communities Directorate has made good progress against objectives set out in the 2009/10 Annual Business Operating Plans, in what is likely to become an increasingly challenging environment, both in terms of our operations and for the users of our services. For example, we are monitoring closely potential risks to partnership funding levels and government grants.

Summary of Achievements

National Presence

Several of our services have enhanced KCC's presence at national and even international level.

Beacon work relating to the Olympic & Paralympic legacy has commenced, with KCC's Sport, Leisure & Olympics Service hosting a sports workshop at a highly successful event at Wembley. The Belarus and Ukraine Judo Federations, both very strong medallist nations in Judo, have been signed up to train in Kent ahead of the 2012 Olympic and Paralympic Games. It is the largest pre-games training camp deal in the South East region and is only the second multi-nation agreement to be signed in the UK.

Our pledge to take on 250 apprentices, as well as schemes for gap year students, graduates and young persons' talent management courses has led to KCC being one of six companies nationally, and the only public sector employer, to be short listed for the prestigious 'Personnel Today' awards for Talent Management.

A scheme of work for Financial Literacy developed within Kent Adult Education Service has been accepted onto the Learning & Skills Improvement Service website as a model of good practice for family learning.

Partnership Working

Services within the directorate continue to forge strong links with partners both within and outside of KCC.

The Community Safety Training Partnership is well regarded across the county and beyond. It has recently been authorised to deliver Restorative Approaches training in Kent Schools as part of the Safer Schools initiative. Trainers from the Partnership are also now approved to offer domestic abuse awareness training to KCC staff and partners via the Kent Safeguarding Children Board, as well as providing domestic violence / children protection training to officers within the Kent Police Special Investigation Unit.

The Emergency Planning Unit has worked with all twelve district partners and KCC to agree a ‘One Kent’ template for a major emergency plan.

Kent’s Libraries have made a significant contribution to the public health agenda in the past six months, either holding or being involved with 186 health events or activities ranging from walks, sessions about nutrition, support for stopping smoking and health trainer surgeries.

Another milestone has been reached in the finalisation of a consensus-driven cultural strategy for Kent, a key Towards 2010 priority. The Arts Development Unit staged the second of three summits in September, attended by 100 key influencers and decision makers from across the County and South East region.

Innovation and Access to Services

The Envision Library Management System went live in April on schedule and has received positive customer comments about the improved technology and speed of access to the internet and booking system. The new technology will allow the Service to gain a deeper understanding of its customers and brings opportunities for personalisation closer.

Several Communities directorate services are stationed within Gateways across Kent – during the first half of 2009/10 facilities for birth and death registrations opened at Tonbridge and Dover Gateways, joining a myriad of services and groups joining together to match the needs of the Kent Community.

The Youth Service has continued, with the Public Health team, to develop the successful and innovative HOUSE model in high street locations around the county. Attendance levels by young people have exceeded 10,400 since its launch in December 2008 up to the end of September 2009 and this has allowed services to offer information and advice on lifestyle issues in an informal manner. One example of success is that from April-June there was a 500% increase in young people contacted through the Kent Drug & Alcohol Service’s commissioned providers compared to last year.

Backing Kent Businesses and People

A key directorate commitment is to support KCC’s ‘Backing Kent Business’ and ‘Backing Kent People’ campaigns. Libraries across the county have been offering free provision of business information services since April, leading to a 56% increase in enquiries, while the proportion of invoices paid within 20 days has increased during 2009/10. The Trading Standards ‘loan shark’ campaign was officially launched in April, aiming to prevent people being ‘bitten’ by loan sharks and offering advice and support to those who may already be victims.

Targeting Resources

In difficult economic times it is important to target resources at areas of greatest need.

The multi-agency Margate Task Force has been established to focus on two of the most deprived wards in the county - Cliftonville West and Margate Central, with the aim of closing the gap between these two wards and the rest of the district. An Implementation Group has been formed and is developing a full plan, including strategy development, operational plans and involving and empowering the community. This will include resource mapping in these two specific wards.

Directorate services provide focused support to vulnerable young people; for example the Kent Drug & Alcohol Action Team funded diversionary summer projects in areas of alcohol related need, engaging 1,800 young people.

Skills and Employment

The Supporting Independence Programme transferred into the directorate in April and continues to promote initiatives across KCC that help to get people into work and live independently. They co-ordinated the successful £6.5m Future Jobs Fund bid that will lead to minimum six month job placements for 18-24 year olds that have been out of work for 10 months or more. Communities services have championed this cause and the Community Safety Unit is a prime example, with plans to offer 30 'Support Warden' roles focusing in particular on environmental and youth issues.

The 'Kent Success' apprenticeship programme has continued to provide valuable opportunities for young people. Achievement rates are above national average and the number of apprentices accessing the programme within KCC has exceeded the target set for April 2010. Progress is being made outside of KCC as well, typified by an apprenticeship scheme developed with the building contractor, R Durtnell and Sons, which will provide apprenticeship opportunities for up to 21 young people over the duration of the Turner Contemporary building contract.

Young People

Communities Services continue to work closely with Kent Children's Trust partners, both internal to KCC and via multi agency settings at local level. Provision of positive activities for young people is a high priority for the Kent Children's Trust and an LAA target. Information from the national TellUs survey in late 2008 suggests that the proportion of young people engaging in positive activities is lower than national average. While this was a small sample size, work is in progress to address the issue, via initiatives such as the Kent Freedom Pass, as well as research to understand potential barriers to engagement using local sources such as the NFER survey. Much of this work is captured within the KCC Select Committee report on provision of activities for young people, from which the Youth Service has prepared an action plan that will be taken forward during the coming six months.

Latest results available show that youth re-offending rates in the county have decreased, with the most significant improvements being recorded for young people receiving the more intensive interventions. Good progress has been made in engaging more young people post-statutory age in Education, Training or Employment (ETE), although improvement is required to ensure more young people of statutory school age who offend are actively in education. Suitable accommodation for vulnerable groups such as young offenders is a difficult issue nationally, and the Kent Youth Offending Service is working with local partners to find positive local solutions.

Core Business Monitoring

Individual service unit returns at the mid-year point show that the significant majority of projects, developments and key actions, as well as key performance and activity levels have either been achieved or are on track for achievement by the end of March 2010. 94% of projects & key actions are either 'done and ongoing' or 'on course'. The few that are listed as not on course are detailed below, with accompanying explanations. Plans are in place to address where necessary.

93% of key performance or activity levels are currently forecast to be achieved by year-end. Again, any areas where more progress is required will be addressed via the Senior Management Team. Particular attention will be paid to usage of Libraries across Kent and the Service will be concentrating on investigating the needs of non-users.

Forward Look

Much has been done in the last six months and there is still plenty more to do. The directorate will be focused on ensuring a balanced budget by year-end, keeping its high profile but often complex capital projects on track, and planning for 2010/11 and beyond.

I am positive that the good work will continue during the latter half of the year and look forward to reporting on progress at year-end.

Amanda Honey
Managing Director, Communities Directorate

Progress against Business Plans

1. Exception reporting against projects, developments and key actions

The following are those not expected to be completed and the reasons why/action to be taken:

Project/development/ key action As per unit business plan	Planned outcome/deliverable as per unit business plan	COMMENTS
Sport, Leisure & Olympic Service		
Establish Links with the proposed Regional Coaching Development Centre	Links established and programmes developed.	The Regional Coaching Centre Initiative has been shelved by Sport Coach UK – however Kent will be supporting coaching through a new Coaching Network Officer position
Identify the facility	Publish Needs	Identification & publication of facility

Project/development/ key action As per unit business plan	Planned outcome/deliverable as per unit business plan	COMMENTS
needs in Kent for 42 sports, including disability sports.	Assessment and influence Building Schools for the Future	needs will not be completed due to National Governing Bodies still in the process of identifying their facility needs.
Libraries & Archives		
Improve and increase access to Kent's heritage and culture.	Develop partnership with Creative Foundation to promote the built heritage	A delay on the external funding bid to the EU for funding means this has not progressed to the original timescale – likely to move forward April 2010 onwards.
Adult Education & KEY Training Services		
Increase participation in short lifelong learning courses providing progression opportunities.	15% Increase in enrolments.	Enrolment position affected by changes in Education Business System (EBS) Mgmt Info System and Website during enrolment period. Plans in place to rectify the position.
Emergency Planning		
Purchase of W&I system	The procurement of a suitable mass messaging system to improve emergency alerts to KCC staff, partners and possibly the public. This may be as a stand alone system or as a web based solution.	The opportunity arose to develop a new County Emergency Centre, which will be brought into operation in Spring 2010. Consequently these actions were put on hold and will be considered for 2010/11.
Purchase of Forward Control Vehicle	Coachworks and installation of equipment, seating and consumables into leased 3.5t van. This vehicle will be used in major emergency response for forward control, exercises, promotional activities and by Community Wardens for field work or dedicated activities	The opportunity arose to develop a new County Emergency Centre, which will be brought into operation in Spring 2010. Consequently these actions were put on hold and will be considered for 2010/11.

Project/development/ key action As per unit business plan	Planned outcome/deliverable as per unit business plan	COMMENTS
	at a specific location.	
Kent Scientific Services (KSS)		
Introduce a single quality operating system across KSS.	Single policy document. Each section to have a Standard Operating procedure (SOP) and method statements. Single United Kingdom Accreditation Service (UKAS) assessment.	Calibration quality manual reformatted to match analytical manual but it will take a further year to amalgamate.
Supporting Independence Programme		
Kent Public Service Board & Kent Partnership	SIP priorities raised and targets identified Integrated Workforce Plan (all public sector HR) LSP priorities developed	SIP review underway and the target relating to greater integration with PSB and LSPs will commence / be revised on the completion of review
Kent Drug and Alcohol Action Team		
Redesign community and residential provision for crack cocaine focusing on high need areas within current resources	Improve access to treatment and reduce related harm to crack cocaine users.	There remains some uncertainty about the level of unmet need for users of crack cocaine and more progress is needed to ensure that treatment services are better placed to identify and reach these problem drug users. The full KDAAT commissioning team is now in place and there are plans to re-focus tier 2 services on bringing treatment naïve crack cocaine users into targeted treatment through the development of further outreach services.
Youth Offending Service		
Implement the Police Electronic Notification to YOTs (PENY) project which is being	Improved reliability in the information sharing processes between the Police &	Still some concerns over quality of locally available data from Police that is used as a proxy for national measure, and therefore whether previous

Project/development/ key action As per unit business plan	Planned outcome/deliverable as per unit business plan	COMMENTS
undertaken with the Police and the National Youth Justice Board.	YOS. More confidence in the data provided on the number of First Time Entrants to the youth justice system in the county. Provision of accurate data to the CDRP Summary Packs.	reductions in new entrants have continued. Situation will become clearer when the DCSF publish 2008/9 figures derived from PNC.
Youth Service		
Work closely with KCC Property to market the site and put together a package of investment to progress the youth / community facility in Edenbridge	Contract awarded to high quality construction company, delivering completed building on budget and within agreed timeframe.	A meeting held on 30th September as a result of which Cluttons, KCC Estate Agent, has been asked to review and recommend the best configuration for the site. On receipt of new recommendations, KCC will consider its development options. As a result of the above the March 2010 target date for completion of a new Youth/Community facility will not be met.
Subject to success in first phase of application process for 'myplace' funding, undertake detailed application process in partnership with the Creative Foundation to the Big Lottery for a new Youth and Training Centre in East Folkestone costing in excess of £4 million.	Robust, high quality application to the Big Lottery, leading to successful final phase application and award of funds Commencement of tender and construction phase (with completion scheduled for late 2010).	Following early success by the Thames Gateway YMCA in Dartford, none of the projects submitted from across Kent were successful in the subsequent round of this Government- funded programme of capital projects for new youth facilities. This included the application submitted by the Creative Foundation & Kent Youth Service in Folkestone. Big Lottery has recently announced that applications in Kent will only be invited from Swale and Thanet. Hopes for a re-application in Folkestone are therefore presently on hold awaiting new guidance from Government and Big Lottery for a funding round in 2010.

2. KPIs not expected to be completed as planned, reason(s) why and actions to rectify

Performance Measure or Activity	2008/09 actual	2009/10 target	2009/10 Mid year actual (or estimate)	2009/10 End of year forecast	PROGRESS STATUS
Kent Scientific Services					
Consumer average turnaround time	33.5 Days	21 Days	36 Days	30 Days	Much of the work is sub-contracted. External laboratory performance is improving but unlikely to deliver year end target.
Toxicology average turnaround time	39.5 Days	25 Days	33 Days	30 Days	The section started the year working off a backlog. Performance is improving, although unlikely to meet target by year-end.

Performance Measure or Activity	2008/09 actual	2009/10 target	2009/10 Mid year actual (or estimate)	2009/10 End of year forecast	PROGRESS STATUS
Registration Service					
Total Income	2.702m	3.123m	-	3.030m	Analysis of impact of recession on number of marriage ceremonies being conducted
Libraries & Archives					
Total Issues (Book and AV)	7,262,462	7.5m	3,336,881*	7m*	* Rollout of IT project, while extremely successful, has had an unavoidable impact in issues in the early part of 2009/10.
Kent Drug & Alcohol Action Team (KDAAT)					
Percentage of young people	94%	100%	70%	70%	Action plan being devised to improve

Performance Measure or Activity	2008/09 actual	2009/10 target	2009/10 Mid year actual (or estimate)	2009/10 End of year forecast	PROGRESS STATUS
who are assessed as requiring specialist substance misuse treatment who commence treatment within 15 working days of the referral					performance
YOS					
NI 45: Engaging children & young people known to YOS in education, training & employment.	80.9%	90.0%	73.7%*		*YOS has revised the methodology used to measure the participation of those of statutory school age in education to record young people in education as opposed to having the offer of education. Kent performance at Q1 was still above national average of 71.9% and statistical neighbour figure of 69%.
Engaging young people of *statutory school age* known to YOS in education, training and employment	91.8%	95.0%	75.5%*		
Ensuring young people *returning to the community from custody* are in suitable accommodation	76.3%	100%	73.1%		There is a constant challenge nationally to find suitable accommodation (i.e. not bed & breakfast) for young people being resettled in the community following a period in custody. Work with Children's Social Services & Local Housing Authorities in the light of the Southwark Judgement (House of Lords, May 2009)

Performance Measure or Activity	2008/09 actual	2009/10 target	2009/10 Mid year actual (or estimate)	2009/10 End of year forecast	PROGRESS STATUS
					should improve partnership working but resource development will occur in the medium / long term as opposed to the short term.

Environment, Highways & Waste
2009/10 Half Year Monitoring
September 2009

Managing Director's Summary

The Environment, Highways and Waste directorate delivers high profile, universal services to the people of Kent. Our over-riding priority is to provide these services with progressively improving efficiency and value for money at all times – ensuring the customer is treated well and that maximum front-line impact is secured from every pound we spend. Our ability to do this successfully will be of critical importance as we face the challenges of reducing budgets and largely unchanged demands for waste and highways services.

While our emphasis is on 'doing the day job', and getting it right first time, the directorate is not without an important strategic policy remit. In the last six months we have provided a significant contribution in the detailed follow up to KCC's recently published Regeneration Strategy - 'Unlocking Kent's Potential' – notably in the areas of Transport and Environment Strategy (including Climate Change).

A major landmark in the area of transport will be the introduction of high speed rail services for domestic passengers in December 2009. This will enable the people of Kent to benefit directly from perhaps the biggest single investment made in the county for many years. KCC has consistently backed the Channel Tunnel Rail Link (High Speed 1) and use of this line by domestic trains (High Speed 2) will dramatically cut journey times from East and North Kent to London, and act as a significant catalyst for economic development and regeneration. Passenger take-up on the limited preview services has exceeded expectations, and in total there will be some 5% more capacity on peak services between Kent and London, with the new services significantly improving the accessibility of Kent from London and other parts of the UK, benefiting particularly the coastal areas of Kent and providing additional stimulus to the growth areas of Thames Gateway and Ashford. Studies are underway into the feasibility of further extending direct access to HS2, including to Manston Airport.

Within Kent Highways Service, significant initiatives have been undertaken to enhance basic highways maintenance, including trialling new materials (e.g. cold fill) and systems (e.g. jet patching), and a local delivery pilot called 'pride in the patch' has been successfully piloted.

'My Kent Highways Online' has been launched for Member and parish councils; training has been provided for Members and we are half way through training parish councils in the use of the system.

Kent is the first local authority in the country to have an approved permit scheme for road works, with Transport Minister Sadiq Khan saying "I want Kent to blaze a trail for other councils to follow".

The procurement strategy is being reviewed to drive up commercial rigour.

Good progress has been made on the Towards 2010 target for reducing congestion, and county wide roll-out of the nationally recognised Freedom Pass completed.

The East Kent Waste project is moving ahead strongly after a lengthy period of discussion and development. The project will provide a common method of waste collection in four district councils for more efficient disposal by KCC, which will improve recycling services, increase diversion from landfill and deliver significantly increased value for money for the Kent tax payer over the next ten years. A joint procurement process is now underway to bring reality to the vision.

Significant effort has gone into preparing for the public enquiry into Kent International Gateway's proposals for a road/rail freight interchange at Bearsted. KCC's case against KIG, in support of Maidstone Borough Council, is now being tested at the public inquiry which started in mid-October. KCC officers will be giving evidence on Strategic Planning, Highways, Public Rights of Way and Archaeology issues.

Mike Austerberry
Executive Director, Environment, Highways & Waste

Progress against Business Plans

<u>1. Exception reporting against forecast activity levels and projects, developments and key actions</u>

The following are those not expected to be completed and the reasons why/action to be taken:

Activity / Projects not expected to be completed as planned	Reason(s) why and actions to rectify
Environment & Waste	
Dartford Household Waste Recycling Centre replacement	Current identified site unlikely to proceed due to planning issues; new site to be found and planning permission sought. Depending on overall decisions regarding authority-wide capital strategy, this project will be carried forward into next year's plan and provision for this has been made in our forward planning.
Extension to car park at Lullingstone	Archaeological finds on the site have prevented the original plan proceeding – costs of further archaeological works required are uneconomic; alternative plan needs to be agreed. Project to be carried forward into next year's plan and timings agreed.
Green Flag award for Lullingstone	Delays in constructing additional car parking facilities meant that Lullingstone did not achieve the Green Flag award. This project is dependant on the

	previous project; once a new plan is in place for the car park the bid will be resubmitted next year.
Working with Kent water companies to develop and deliver Kent-wide public-private action plan to raise awareness of water efficiency issues and develop joint initiatives	Private sector side are not engaging in this as needed as they are waiting for sector targets to be issued by Government; these targets are due in January 2010 so a new deadline will be renegotiated and the work planned into next year's business plan.
Integrated Strategy & Planning	
Integrated Transport Strategy (ITS)	First draft was completed at the end of March 2009 and consultation has resulted in further revisions. Currently consulting with all the district councils and public consultation will be completed in spring 2010.
Freight strategy	Despite continuing to pressurise Government to provide funding for appropriate facilities for lorry drivers during Operation Stack and overnight, there has as yet been no change in the Government stance. This is a project where we will continue to lobby Government but the timescale is not in our gift and our chance of success uncertain.
Development of the Third Local Transport Plan	The development work for this was delayed due to the delay in the production of the Integrated Transport Plan. This work began in September 2009 and will continue over the next business plan period for final submission in April 2011.

2. KPIs not expected to be completed as planned, reason(s) why and actions to rectify

Performance Measure or Activity (not 2010)	2008/09 actual	2009/10 target	2009/10 Forecast mid year/ actual	**PROGRESS STATUS**
Improve access to information on Kent's natural environment through Kent Landscape Information System (KLIS)	Average of 1600 hits per month in 2007/08	Increase hits on KLIS website to 2,000	1,500 (average over last 6 months) Forecast: 1,800	Below target as it includes June/ July/August which are notoriously low months (av. 1,300) -increased to 1,800 in September. Work to promote KLIS site will begin shortly and the site is to be altered so it can be used by internet browsers other than Explorer.

Percentage of submissions made pursuant to conditions determined within 12 weeks	New Indicator	80%	Reg 3 68.69% Minerals & Waste 75% Total actuals 69.3%	Delays created by the scale and complexity of the proposals under consideration
Percentage EHW Member enquiries responded to on time	New indicator for 2009/10	100%	85%	Given that this is a newly introduced indicator this is an encouraging outcome.

Chief Executives Department
2009/10 Half Year Monitoring
September 2009

Chief Executive's Summary

Overall, significant progress against priorities has been made in the Chief Executive's Department. There are still some areas where more progress is needed but the majority are on course.

The 'Backing Kent Business' (BKB) campaign has increased the number of invoices paid by KCC to Kent businesses within 20 days from 44% to 78% and introduced the Kent Business Support Centre which has had over 30,000 visitors.

The Kent-wide 'No Use Empty' initiative has already passed the original target set for this year (the target was increased from 650 to 850 in June 2009) and has been widely praised across the UK as a unique partnership between county and local councils, achieving tangible results and setting an example for others to follow.

The Regeneration Framework 'Unlocking Kent's Potential' has been launched and Regeneration & Economy was recently selected as 'Regeneration & Renewal' magazine's *Local Authority Regeneration Team of the Year*. The award recognised work on Ashford Shared Space.

The Kent Public Services Network (KPSN) is now fully implemented with the first cross-county link being enabled between Sevenoaks and Tandridge. KPSN has also enabled a 55% increase in the availability of Business Class Broadband across Kent.

Corporate Policy has gained agreement from the public services in Kent to the strategic action needed to progress the 7 key priorities in the Policy Framework for Later Life.

The review of policy development across KCC has been completed and the recommendations implemented. The newly created Policy Plan will enable Members and COG to keep track of proposed policy reviews, strategy or policy developments.

Work has continued on the Prisons Review, the Out of Hours Review and County Regions paper, while co-ordination of Total Place is being led jointly by Corporate Policy and Kent Partnerships and the first stage report was submitted in October.

In the International Affairs Group, the two most significant areas of progress have been the creation of the High Speed Regions Network (to be formally launched in December) and 'winning' almost 20m euro in EU funding to KCC and/or Kent from the start of the programmes (2007).

Research & Intelligence have made significant progress on the Interreg funded Customer Insight project that has developed the unique Kent and Medway geo-demographic MOSAIC typology in partnership with the SDU and Kent Districts.

An area for concern is the impact of the financial situation. Priorities that will not be completed as originally planned include the Margate Rendezvous Site development. The capital programme being delivered by ISG will also slip due to the need for an alternative solution as opportunities for development of redundant buildings in Sandwich and use of a site at Manston Business Park have proved unsuitable. The proposed public web jam will not go ahead due to the costs involved; however alternative methods of consultation will be used. The Citizen Panel has 700 signed up members, which is fewer than hoped for, however an additional resource is available of 6,000 names that can be used to give a robust sample.

Performance Improvement and Engagement have streamlined and improved performance reporting across the authority, including the development of a new performance management framework (quarterly core monitoring) and a sharper Towards 2010 Annual Report. Progress against the Kent Agreement 2 remains on target.

A new Housing Strategy for Kent is being developed and funding for the Kent Economic Board has been secured until March 2011. The successful Pic N Mix pilot project has gained international recognition.

Progress continues with Gateway multi-channel (rolling out Gateway services to telephone and web as well as face-to-face). Gateway is having a positive impact on Kent residents and is now also part of the 'Total Place' pilot, which is enabling us to increase central government involvement in Gateway developments.

As well as continuing to provide a 24/7 contact service, Contact Kent is working closely with the Gateway team and sharing expertise on customer service, training and ensuring an increased number of KCC services are available through face-to-face Gateways. Contact Kent has supported the Backing Kent Business and Backing Kent People campaigns and is also working with the Credit Union. Consumer Direct South East successfully secured the extended contract from October 2009 to March 2011 and is on course to return a small income to KCC this financial year.

Kent TV celebrated its two year anniversary and has now secured over 2.2 million visits. October saw the launch of "HollyWould..." - an interactive drama aimed at young people to communicate personal safety and sexual health messages. Kent TV worked with the NHS on content supporting these messages. Partnerships and work with young people and schools on training and content is continuing and expanding, with a youth channel due to launch later this year that will provide a 'safe' environment for young people to film their own videos and interact online.

In September this year, Better Work Places transferred to SDU in order to make closer links with Gateway and work towards ensuring greater savings are made as a result of the Gateway programme as well as those already expected from the Better Work Places initiative. Gateway, Contact Kent, Better Work Places and Kent TV are key to supporting savings within other parts of KCC and we are working with directorates to support the delivery of these savings over the coming year and beyond.

At the half year point, all targets for Personnel and Development are on track and expected to be delivered in full at year end. A review of income generation has been completed with existing income streams being maximised and new ones identified with a clear pricing structure in place. The Equalities and Environmental action plans are being delivered and monitored. Further work is required on the response to climate change with staff workshops yet to be delivered.

The first half of the year has been exceptional for Commercial Services with results for net profit against the new enhanced target exceeding budget by some 13%, despite the difficult trading situation. Laser's new flexible (hedging) arrangement which started in September 2008 has saved other local authorities approximately 30% against what they would have paid for energy bought in the traditional way. On the downside, the reduction in print spend by the authority has directly impacted on that unit which now outsources an increasing proportion of the activity.

KCC Legal Services has undertaken work for over 200 public sector bodies across the country. External income now accounts for some 28% of Legal Services' total income (up from 15% in 2004/05). This enables Legal Services to undertake work for directorates at a saving which is directly reinvested back into frontline services.
Town Planning work has generally been running at a lower level than previously, but there has been a lot of work in preparing for the Kent International Gateway (KIG) inquiry, which started on 13 October. The implementation of the Public Law Outline in child protection cases led to a significant increase in work, and to an urgent need for training on the part of Children Families and Education. Legal Services has devised and delivered a successful programme of social work training and will continue to widen the delivery of that training.

Democratic Services has led on the arrangements for the formal induction and development of new and returning Members, involving intensive periods of activity between May and the end of July. A review of the effectiveness of the Member Induction and Development activity is currently underway. The Unit has worked hard, alongside Members to review Overview and Scrutiny and Member Support. The ongoing challenge of localism has also been given fresh impetus since June, with a range of exciting and potentially rewarding models of community engagement being implemented by the Community Liaison Team. Greater use of technology to replace outdated working practices in the unit is expected to produce efficiencies.

At the time the business plan was drafted, 1,200 Freedom of Information requests were expected by the end of 2009, based on a trend suggesting 30% increase on 2008. However, by mid October 2009, the number of requests received had already reached 1,169 suggesting that around 1,500 requests can be expected - a 50% increase on 2008 and a 300% increase on 2005 when the Act first came into force. However, the number of complaints escalated to the Information Commissioner has reduced.

The number of high-level complaints (those to the Chief Executive and Leader and those from the Ombudsman) has gone down compared to the same time last year and our performance in acknowledging complaints within timescales has increased from 83% to 85%, despite the reduction this year from 5 to 3 working days. The time to respond to the Ombudsman's first enquiries has also reduced and meets the Ombudsman's target.

£2.745m of receipts have been generated to date through the Property Group with a further £1.895m expected by the end of the financial year. However, information to date suggests that the target of 'work with directorates to release properties to Property Enterprise Fund 2 with a target of £23,242,000 this financial year' will not be met, although work continues with Directorates to achieve this goal.

In June 2009, the Capital Projects team was awarded Chartered Building Consultancy (CBC) status by the Chartered Institute of Building (CIOB). This is the first time such an award had been given to a County Council.

HOUSE has had a great response from young people, attracting 12,000 attendances since opening in November last year. HOUSE won gold awards at the Account Planning Group and a Gold for the CED Team Innovation Award at the KCC Quality Services Award. ActivMobs was awarded a certificate of best practice from the National Social Marketing Centre and King's Fund as part of their showcase of the twenty best examples of social marketing this year. Towards 2010 includes three targets for which Public Health is responsible. Target 50, addressed by HOUSE, is already achieved and the other two are on course.

Swine Flu is a current major health protection issue. The department works with emergency planning to ensure robust plans for business continuity and staff protection are in place. It also oversees the vaccination programme situation are in place. Reductions in public spending will mean the main general challenge to public health in the near future will be to maintain public health programmes that decrease dependency on other public services at a time of public spending reduction.

The Communication and Media team have progressed work to create a more responsive website which will go live on 17 December and will include a *Do it online* section and a comprehensive 'Your Questions Answered' section listing the 60 top questions Kent residents ask and giving clear answers . The unit is working to achieve a single Kent wide publication for the public sector and is working closely with Directorates to reduce the number of publications KCC produces. A reduction has already been achieved. The unit has started to produce press releases which contain sound and video clips and has introduced the use of Twitter at KCC. The first KCC Twitter update, or Tweet, took place in April and 413 messages have been posted since then. We are currently being followed by 866 people which includes the public, organisations in Kent and other local authorities.

Peter Gilroy, Chief Executive

Progress against Business Plans

Exception reporting against both core services and forecast activity levels and projects, developments and key actions

The following are those not expected to be completed and the reasons why/action to be taken:

Activity / Projects not expected to be completed as planned	Reason(s) why and actions to rectify
Economic Development	
Coastal Towns	
• Margate Rendezvous Site development	Revising approach in light of responses received to proposed scheme may lead to further delays
• Margate Public Realm Strategy	Low priority. No further action planned
• A2 Slips, Canterbury	Outside KCC control (developer withdrew) – maintaining a watching brief.
Development Investment	
• Kings Hill business space development	Outside KCC control (economic downturn). Continue to market site to businesses.
Growth Areas	
• Northfleet station refurbishment	Outside KCC control (external funding not being provided), No further action at this stage.
• Gravesend Old Town Hall commercial occupation	Revising approach to a more phased occupation.
• Homes and Roads	Working with KTDT to develop new approach.
• Re-location of Ashford Learning Campus	Outside KCC control (Partner funding issue). No further action at this stage.
Rural	
• Post Office campaign	Outside KCC control (change in government direction) – maintaining a watching brief.
Information Services Group	
Capital Programme	Uncertainty concerning the location of East Kent Data Centre (caused by the need to evaluate a large number of potential sites) has delayed this project, with completion slipping in to 2011. This slippage impacts some of the deliverables expected from other Capital Programme work streams, which has led to a re-profiling of capital expenditure across the Programme.
Performance Improvement & Engagement	
KCC's first public 'web jam'	This is no longer going ahead this year due to the associated high costs of running it. Alternative methods will be used to consult on the review of the V4K.

Public Health	
Interreg IVa Coastal Deprivation Project	Centre for Health Service Studies CHSS, who were leading the project, have decided that it was not viable and are now not going ahead with it.
Legal and Democratic Services	
Commercial & Environmental	Work on BSF was held up by the decision of Trillium to pull out of the BSF market. The transfer of Trillium's interest to Kier has now been completed, and work on the LEP1 BSF Waves will now progress.
Property	
Part of target 3 (deliver capital income for the Enterprise Fund through the disposal of non-operational property), within the projects, developments and key actions table is to 'work with directorates to release properties to Property Enterprise Fund 2 with a target of £23,242,000 this financial year'	Unfortunately progress to date suggests that this target may not be reached. Property Group continues to engage with Directorates to work towards sufficient capital being released to the fund. Meetings have been held with Directorates to ensure sufficient properties are brought forward for release and the PEF 2 buy-in figures are being reviewed to ensure the funds available to the capital programme are maximised.
Commercial Services	
Business Continuity	Dry runs on business continuity have been postponed from August until December to enable truer simulation over the Christmas period.
Roundabout Sponsorship	Income from sponsorship of roundabouts remains below budget due to non-approval of planning applications. New approach involving joint working with districts will be launched from 1 November.
Communications & Media Centre	
Replace the website – kent.gov.uk First phase August 2009	The first phase will be completed on 17 December 2009. ISG advised that the deadline needed to be extended because of the scale and complexity of delivering the first phase of the project. This was agreed by the Chief Executive and the Cabinet Member for Corporate Support. Further phases will be completed during 2010.

Begin work on joining up online services and information with other Kent public services, as part of the Access Kent Strategy. First phase August 2009	The Gateway Advisory Board have requested that the initial web project - a Kent-wide search engine - be changed to a project which increases the number of services people can access online and improve the user experience of these. Potential projects are being scoped during November with a view to one of the options being chosen by the Gateway Advisory Board in December 2009 and starting in January 2010.
Develop and implement a Members' portal, giving members easy access to council and other information online in one place.	This project is dependent on using the technology being implemented for the website and KNet. It will be managed as a phase of the KNet replacement project, which will start in early 2010 and be completed by autumn 2010.

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By:	Nick Chard Cabinet Member Environment, Highways & Waste Mike Austerberry Executive Director Environment, Highways and Waste
To:	Cabinet 30 November 2009
Subject:	East Kent Joint Waste Project- partner authority approvals
Classification:	Unrestricted

Summary:
The East Kent Joint Waste Project is a groundbreaking initiative across both tiers of local government to deliver more cost effective waste collection, processing and disposal services and improved recycling performance in East Kent.

The attached report from the project partners (KCC, Thanet DC, Dover DC, Shepway DC and Canterbury City Council) has been submitted to the East Kent Joint Arrangements Committee on 25 November, recommending each partner Authority now seeks their own internal approvals to commit to the project. This will take the form of each partner signing a non-legally binding Memorandum of Understanding, and a formal legal agreement based on the principles of the Memorandum as soon as possible thereafter.

This paper sets out the next steps required by Kent County Council to achieve this, as recommendations to Cabinet.

For decision

1. Introduction

1.1 The attached report to East Kent Joint Arrangements Committee (EKJAC) on 25 November 2009 sets out in full the purpose and agreed detail of the East Kent Joint Waste Project. This follows more than 18 months of cooperation and in depth work between Kent County Council, Canterbury City Council, Thanet, Shepway and Dover District Councils.

1.2 The report recommends individual partner authorities now seek approval to commit to the project which runs from 2013–2020, with participation by Dover and Shepway Districts from autumn 2010.

1.3 This project, once implemented, will represent a significant success for the Kent Partnership, bringing savings to the Kent taxpayer through visible demonstration of the scope for enhanced working to deliver modern, cost-effective services across both tiers of local government.

2. Cost-effective household waste services for east Kent

2.1 The aim is to develop more cost effective waste collection, processing and disposal services to minimise exposure to escalating costs, deliver efficiencies, and increase recycling, working across the two tiers of local government. It envisages a single collection method and contract in place of the current differing arrangements between the four second-tier authorities. This will bring savings to each authority as well as to KCC as the waste disposal authority.

2.2 It is based upon extensive financial modelling of the various costs and benefits to both waste collection and disposal authorities of various options, settling on an agreed method (Nominal Optimal Model) for waste collection, and an agreed business case for taking this forward.

2.3 The agreed collection arrangements involve

- Split Bodied vehicles, fortnightly collection of kerbside recyclables
- Food waste will be collected weekly, comingled fortnightly with Garden Waste, and collected with the residual waste on the other week
- Fortnightly collection of residual waste (to alternate with recycling collections)

2.4 This optimal model for waste collection also generates savings to the disposal authority. Savings overall are to off-set costs to the collection authorities of the shift to the new collection regime, but additionally provide overall savings to the Kent taxpayer. The chosen waste collection model may be amended if the current Competitive Dialogue process proposes variations which would bring additional benefits.

2.5 Joint procurement of waste services is underway to enable Dover and Shepway Districts to roll out the new household waste collection contract from the autumn of next year, delivering waste and recyclates to locations agreed with KCC, as waste disposal authority.

2.6 The current joint procurement involving KCC, Dover and Shepway Districts is the start of a process to minimise costs across the four east Kent authorities in the period to 2020, with Canterbury City Council and Thanet District Council to implement by no later than 2013.

3. Benefits of the project

3.1 Agreement has been reached as to the likely avoided disposal costs and benefits of the implementing this system through financial modelling from 2013-20:

- Future costs of disposal are on average reduced by £2.9m p.a. in this period,
- Overall recycling/composting performance in East Kent increases to 48%
- The cost of processing recyclate reduces and its value is enhanced by segregating paper plus card at the point of collection.

3.2 In order to ensure that District Councils are not financially disadvantaged as a result of adopting the Nominal Optimal Model (NOM), Kent County Council has undertaken to provide additional revenue funding of £1.419m p.a. as 'enabling payments' to:

- allow for the additional costs of introducing the new collection system
- refund lost recycling income
- refund lost garden waste income

This funding level is indicative and may also vary subject to any changes in collection methodology derived from the Competitive Dialogue Process and future review of the Council incomes in their baseline year.

KCC has also undertaken to finance containerisation costs of £3.35m incurred by the districts, to implement the changes in service.

3.3 The impact of the project would be to generate a net average avoided disposal benefit of £1.48m per annum during 2013-20.

In addition up to a further £1.5m pa savings are anticipated from joint working across four districts on waste collection, including cross boundary vehicle deployment, contract scale economies and management. The s.151 officers have agreed that these savings, net of costs, along with the disposal savings shall be shared (disaggregated), with 50% going to KCC and the remaining 50% to be shared among themselves according to household numbers. KCC's investment will be refunded from disposal and collection savings before any benefits are distributed. The financial assumptions of the project are built into KCC's draft future budgets.

4. Risks

4.1 The financial model has been tested for sensitivity across a wide range of recyclate market conditions and contract disposal rates. The version chosen for the report represents an average view of potential costs and income for the period 2013-20, and still demonstrates a significant saving. However, sensitivity analysis is still continuing in order to ensure that the model remains robust.

4.2 Recent analysis based on further reductions in KCC's waste tonnages and a 20% fall in paper income could reduce the annual disposal benefit from £2.9m to £2.44m and the net benefit would accordingly fall to £1m. However recent fluctuations in waste streams and values are seen as a reflection of the current economic conditions and the £2.9m is seen as a more realistic average assessment over the longer term period 2013-20.

4.3 Waste collection savings are based on an assumption that all four east Kent Districts work together to deliver economies. Whilst it is fully the intention of Canterbury CC and Thanet DC to implement the NOM by 2013, it will be important to secure overall value for the tax payer of Kent through the precise contractual or delivery choices that are made at that time.

5. Next steps

5.1 The overarching principles of the project, specific principles around the disaggregation of benefits across the parties to the project and process for taking forward joint working have been enshrined in a Memorandum of Understanding as Annex 1 to the EKJAC report appended. It is this Memorandum upon which a legally binding agreement between all five partner authorities will be based.

5.2 The next steps are for each partner authority to seek approval from their respective authorities to commit to the project, as detailed in the Recommendations below.

6. Recommendations

Cabinet is asked to:

(i) express support and commitment to the East Kent Joint Waste Project by endorsing the Memorandum of Understanding set out as Annex 1 to the EKJAC report of 25 November;
(ii) agree that the Leader of the County Council be authorised to sign this Memorandum of Understanding on behalf of the County Council;

(iii) authorise the Executive Director of Environment, Highways and Waste to take all necessary steps to progress the project together with the partner authorities;
(iv) agree that Kent County Council's participation in the legal agreement (based upon the Memorandum of Understanding) with the four east Kent authorities will be taken as a separate Key Decision by the Cabinet Member for Environment Highways and Waste.

EAST KENT JOINT ARRANGEMENTS COMMITTEE

25th November 2009

Subject:	**East Kent Joint Waste Project**
Director/Head of Service:	Mark Seed (on behalf of East Kent Waste Management Group)
Decision Issues:	These matters are within the authority of the East Kent Joint Arrangements Committee (EKJAC).
Decision type:	Non Key
Classification:	This report is open to the public.
Summary:	This report updates EKJAC on the progress made on the East Kent Joint Waste Project and seeks a recommendation from EKJAC that individual authorities should commit to the project in accordance with the EKJWP Memorandum of Understanding attached at Annex 1.
To Recommend:	**That Partner Authorities to seek approval from their respective authorities to commit to the East Kent Joint Waste Project (EKJWP) as set out in this report, and to:** **1. Agree to take forward the Memorandum of Understanding (MoU) attached at Annex 1 through their individual Councils decision making bodies.** **2. Delegate authority to the senior legal officer of each authority to prepare and complete a legally binding agreement incorporating the requirements set out in Appendix II to the MoU, with the agreement being to the satisfaction of the senior legal officer in each authority.** **3. Delegate authority to the senior officer for waste management in each authority to take all the steps necessary to facilitate the East Kent Joint Waste Project up to each partner authority agreeing to enter into a formal partnership agreement based on the memorandum of understanding.**
Next stage in process	**Partner Authority Approval**

SUPPORTING INFORMATION

1. **Introduction**

1.1 Implementation of the Kent Joint Municipal Waste Management Strategy (JMWMS) requires future waste management services to develop beyond those currently offered to householders. The costs of these services are expressed across the two tiers of local government and as a result, effective cost minimisation requires an aligned approach and co-ordinated decision-making.

1.2 The East Kent Waste Management Group consists of officers from the four East Kent District Collection Authorities and Kent County Council as Disposal Authority. The group was charged by the Leaders and Chief Executives to develop a cost effective collection and processing proposal across the authorities to deliver the following key aims:

- To minimise exposure to the escalating costs of waste disposal
- To deliver cost efficiencies in collection systems,
- To increase the rate of recycling
- To develop a coordinated approach to managing waste across the two tiers of Local Government

1.3 This report details the progress to-date in achieving these aims and the next steps to be taken.

2. **Detail**

Finance

2.1 Detailed modelling of differing collection methodologies has been undertaken and compared with Alternative Views for each District. The comparison between these two views is shown at Annex 2 to this Report. Agreement has been reached between KCC and the four Districts as to the most effective collection methodology, (referred to as the Nominal Optimum Model or NOM). In essence this would be based upon:

- Split Bodied, fortnightly collection of kerbside recyclables,
- Comingled fortnightly collection of Food and Garden Waste
- Fortnightly collection of residual waste (to alternate with recycling collections).

There may be some amendment to this collection methodology if, through the Competitive Dialogue Procurement process tenderers propose variations on this methodology which generate further benefits. The Competitive Dialogue Process is outlined in paragraph 2.10-11 and Annex 4 below.

2.2 Agreement has also been reached as to the likely avoided disposal costs and benefits of the implementation this system through financial modelling from 2013-20.

- Future costs of disposal are on average reduced by £2.9mn p.a. in this period,
- Overall recycling/composting performance in East Kent increases to 48%
- The cost of processing recyclate reduces and its value is enhanced by segregating paper plus card at the point of collection.

2.3 In order to ensure that District Councils are not financially disadvantaged as a result of adopting the NOM, Kent County Council have undertaken to provide additional revenue funding of £1.419mn p.a. to:

- Allow for the additional costs of introducing the new collection system
- Refund lost recycling income
- Refund lost garden waste income

This funding level is indicative and may also vary subject to any changes in collection methodology derived from the Competitive Dialogue Process and future review of the Council incomes in their baseline year.

2.4 A table detailing the current revenue and capital impacts to each district is provided below:

Authority	Round saving	Enabling payment	Cost impact of NOM	Alternate view payment	Containerisation funding
Canterbury		£548k	£548k	£189k	£202k
Dover	£375k	£121k	£121k		£1,338k
Shepway	£584k	£517k	£517k		£667k
Thanet		£233k	£233k		£1,148k
Total	**£959k**	**£1,419k**	**£1,419k**	**£189k**	**£3,355k**

(Note; The enabling payments to Dover and Shepway have reduced from those shown previously and reflect current additional district cost that reduce the value of the recycling income. In Dover's case £98k of haulage and for Shepway additional MRF and processing costs of £77k.)

KCC has also undertaken to finance containerisation costs of £3.35mn incurred by the districts as shown above to implement the changes in service.

2.5 The impact of the project would be to generate a net average avoided disposal benefit of £1.48mn per annum during 2013-20. With the phased introduction of new services and the lower early years disposal costs during the transition period Oct 2010 – April 2013 the disposal savings will not fully fund the enabling payments. Over the 2.5 year period this requires a total investment by KCC of £595k less collection savings derived from the competitive dialogue process.

2.6 Agreement has also been reached with Service Heads and Section 151 officers for collection savings arising from joint working to be included within the total project benefits for disaggregation (these savings exclude the benefit of moving to alternate weekly split bodied collections in Shepway and the change to alternate weekly collections of residual waste in Dover). The joint savings will also arise from the reduction in the number of collection crews across the East Kent area and the reduction in contractors overhead and management costs. Details of the extent of the collection savings arising from joint working across the four districts will be indicated by tenderers as part of the Competitive Dialogue Process. Collection savings generated in joint working partnerships elsewhere in the UK have typically been identified as between 5-10% of the contract value. With collection service gross costs exceeding £10m, collection savings of between £500k and £1m could be achieved. Furthermore there is potential for some rationalisation of depot and transfer arrangements generating additional savings. Whilst a provisional estimate of an additional £500k has been made within the disaggregation modelling this will be discussed and detailed further as part of the Competitive Dialogue Process.

2.7 A summary of the potential project benefits, amounting to £4.4mn p.a. are detailed at Annex 3. The Annex also demonstrates how the potential additional benefit will be disaggregated to the partner authorities. The financial benefit accruing to the districts detailed on this schedule is in addition to the enabling payment and containerisation funding they will receive from KCC in order to make the change in service provision.

2.8 The disaggregation of this benefit is to be based on the following principles:

- The investment made to change services will be refunded from disposal and collection savings before any benefits are distributed.
- Canterbury City Council to receive additional funding of £189k p.a. to compensate for the shortfall between its Project View and the Alternative View (excluding garden waste charging).
- The remaining benefit (or overage) to be disaggregated between KCC and the District Authorities in accordance with the following:
    a. 50% Kent County Council
    b. 50% District Authorities.
- The benefit derived to the district Authorities to be disaggregated in proportion to the number of households within each district area (subject to the agreement of an equalisation mechanism such that, over time, greater equity in KCC funding per household is achieved across all partner districts.)

2.9 With respect to Thanet District Council the enhancement in their recycling performance from an alternative view of 27% to a project view of 44% and the potential sharing of future disaggregation benefits has outweighed the potential alternative view.

Procurement

2.10 In view of the ending of existing contract arrangements for refuse collections and street cleansing services in Dover and Shepway from 30th September 2010 progress has also been made in the procurement of collection and processing capacity. A Procurement Board has been established consisting of officers from all partner authorities which reports to the East Kent Joint Waste Steering Group. A Competitive Dialogue approach is being adopted for the procurement as it enables tenderers to assist in the development of the best practicable solution. The Competitive Dialogue Timetable is attached at Annex 4 and outlines the key dates up to contract commencement.

2.11 The OJEU notice was dispatched on Friday 7th August and the Pre-Qualification Questionnaire (PQQ) subsequently sent out to 35 companies who had expressed interest. Of 12 respondents 9 companies successfully completed the PQQ stage and were invited to enter into the Competitive Dialogue Process. A Contract Descriptive Document outlining the aspirations of the Partnership was sent out on the 5th October to tenderers and introductory meetings held on 13th/14th October with 8 remaining tenderers. Outline responses were returned on the 6th November and meetings with tenderers undertaken on 10th/11th/13th November.

2.12 Final contract specifications are expected to be drafted in the New Year with contract award timetabled for April 2010.

Legal

2.13 Following meetings between Leaders and Chief Executives, the principles agreed at that meeting have been developed with the assistance of service heads and legal representatives from partner authorities into the Memorandum of Understanding (MoU) which is attached at Annex 1.

2.14 The MoU provides the basis for developing a legally binding agreement and includes reference to the key areas of agreement required as set out in Appendix II of the MoU. These are detailed below:

1 EKD & CC's are required to commit to the NOM collection methodology as refined and informed by the Competitive Dialogue Process in order to deliver materials in a single cost efficient manner; and

2 DDC and SDC must commit to deliver their specified recycling waste streams to the transfer points and facilities specified by KCC in accordance with agreed contractual conditions from October 2010; and

3 CCC and TDC must commit to deliver their specified recycling waste streams to the transfer points and facilities specified by KCC in accordance with agreed contractual conditions from April 2013, or earlier by mutual agreement; and

4 KCC will fund enabling payments and containerisation payments to the EKD & CCs in accordance with the EKD & CCs compliance with the NOM collecting methodology; and

5 KCC will provide processing capacity and or facilities for the materials collected by the EKD & CCs in accordance with the NOM collecting methodology in accordance with agreed contractual conditions; and

6 All parties agree to be bound by the disaggregation principles set out in Appendix III of the MoU

2.15 The MoU provides the foundation upon which the project must develop. Accordingly it is now necessary for individual authorities to commit formally to the Project in accordance with the principles detailed within the MoU and enable the development of a legally binding agreement to be put in place by the January 2010.

3. Relevant Council Policy/Strategies/Budgetary Documents

3.1 This project delivers the principal objectives of the Kent Joint Municipal Waste Strategy (which have been adopted by all the partner authorities), namely:

- to deliver high quality services to the people of Kent, including an emphasis on waste reduction, recycling and diversion from landfill
- to meet the statutory targets set for Kent, and
- exceed them in areas where this is a locally agreed priority.

3.2 The project also addresses key environmental drivers for future service provision and development which include compliance with:

- National Waste Strategy 2007 (50% recycling by 2020 and progressive reductions in residual waste per individual).
- Household Waste Recycling Act (provision of recycling collection service to all households by end of 2010).
- Landfill Allowance Trading Scheme - the EU has imposed targets for member states

to reduce the amount of biodegradable municipal[1] waste sent to landfill; Government has transposed these into Landfill Allowances for Waste Disposal Authorities in England. Authorities exceeding their target will be fined.

3.3 The project is also consistent with the Delivering Value for Money in Local Government (the VfM Delivery Plan) which set an expectation that substantial savings (£2.8bn) would arise through smarter procurement.

4. **Consultation planned or undertaken**

4.1 Consultation to-date has been undertaken with leaders, chief officers, Programme Board members consisting of portfolio holders from Partner Authorities, East Kent Joint Waste Scrutiny Sub-Group and Local Authority employed staff in affected areas.

4.2 A Communications Strategy is now being developed which will include wider consultation with members, employees, Neighbourhood Forums and the provision of information to the wider public in a way that is appropriate to local service changes

4.3 Policy Moderation – in order to maximise the efficiency of the service consultation is being undertaken with service heads and portfolio holders to identify differences and red line areas on which councils require to be implemented. Any proposals to change existing policies will be brought back to councils for agreement.

5. **Options available with reasons for suitability**

5.1 The NOM has been developed from financial modelling based upon assumptions drawn from WRAP research, waste processors, council waste management and waste planning officers and experience from other Joint Working Waste Projects. The NOM will however be further developed through the Competitive Dialogue Process undertaken with interested tenderers over the next 3 months and only completed when the final specification is agreed in the new year. This approach ensures that all opportunities to maximise the benefits of cost effective collection and processing solutions are explored.

5.2 There is potential for authorities to seek some limited variation from the NOM collection methodology but where this incurs additional costs these will have to be borne by the authority. Specifically for example the extension of garden and food waste collections from the minimum figure of 60% to 85% in Shepway will generate additional disposal savings but as a consequence of the reduced tonnage collected per household theses saving are not forecast to recover the full cost of the additional collections. The shortfall is estimated at £48k p.a. Should Shepway wish to implement this service enhancement then they would fund the additional cost.

6. **Reasons for supporting option recommended, with risk assessment**

6.1 The cost modelling for developing the NOM has involved assessing a range of alternative operating models, of which the NOM provided the greatest overall cost and performance benefits.

6.2 In terms of risk, the model has been tested for sensitivity across a wide range of recyclate market conditions and contract disposal rates. The version chosen for the report represents an average view of potential costs and income for the period 2013-20, and still demonstrates a significant saving. However, sensitivity analysis is still continuing in order to

[1] The EU target is to reduce the amount of biodegradable municipal waste sent to landfill to 75%, 50% and 35% of that produced in 1995, by 2010, 2013 and 2020 respectively.

ensure that the model remains robust. Recent analysis based on further reductions in KCC's waste stream and a 20% fall in paper income could reduce the annual disposal benefit from £2.9mn to £2.44mn and the net benefit would accordingly fall to £1mn. However recent fluctuations in waste streams and values are seen as a reflection of the current economic conditions and the £2.9 is seen as a more realistic average assessment over the longer term period 2013-20.

6.3 The project also allows for the processing of comingled food and garden waste through in-vessel composting (IVC) whereas the current processing of garden waste is undertaken through open windrow composting. Open windrow composting is not suitable for food processing but is cheaper than IVC. However it is envisaged that within the project time span open windrow processing may no longer be acceptable and will move to enclosed composting which will increase the cost. The additional cost of this change to KCC, based on current garden waste tonnage, would be £211k p.a. This additional cost is not reflected in the base case modelling but if included the average gross benefit of the project against the higher base case would rise to £3.1mn and the net benefit to £1.69mn (or £2.65mn and £1.2mn based on the recent sensitivity analysis detailed at 6.2 above).

6.4 The East Kent Joint Scrutiny Committee considered the principles set out in this report at its meeting on 19th October 2009 and made the following recommendations:

- That the NOM be amended to guarantee that a minimum of 85% of households within the Shepway District Council area receive the expanded recycling service (including garden and food waste collections).

  This option has been costed within paragraph 5.2 above.

- That it be confirmed that the NOM will guarantee that weekly food waste collection services will be provided to all households in East Kent.

  From an analysis which compares the current collection methods in each authority with the proposed collection methods (including the NOM) it appears that all properties that currently have a weekly collection of food will retain this service. In the case of the NOM food can be put in the garden waste collection one week and the residual collection the following week if desired. The specific details of the changes will form part of the reports taken through the decision making processes of each authority.

- That the reports to each Council's Executive comprehensively set out the figures for any lost income that arises from the implementation of the NOM.

  Reports developed for decision at each authority will include more specific financial details and revenue impacts to support the overall figures set out in this report.

7. Implications

(a) Financial Implications

See 2.1 to 2.9 above and Annex 2 and 3 to this Report.

(b) Legal Implications

The Memorandum of Understanding attached at Annex 1 sets out the principles upon which the Partnership is founded. In order for the project to progress and to maximise the efficiency to be derived from the current round of procurement all parties must commit to the undertakings within the Memorandum of Understanding. This provides clarity for each authority's commitments in respect of service changes, financial obligations and benefits. Signing the Memorandum of Understanding will also commit the authority to completing the binding legal agreement referred to within it.

Other implications

(c) Staffing/resource

The majority of operational staff affected by these changes are currently working for existing contractors. The table below identifies those services provided by contractors and those services which are currently provided in house:

Authority	Waste Collection – Residual and Recycling	Street Cleansing
Dover District Council	SITA	SITA
Shepway District Council	VEOLIA	In House
Canterbury City Council	SERCO	SERCO
Thanet District Council	In House	In House

TUPE regulations will apply to the transfer of staff between contractors and from councils.

Subsequent discussions on contract management arrangements will form part of the East Kent councils' wider discussions on the provision of joint services. This will potentially affect client staff in all the districts and KCC.

(d) Property Portfolio

Properties available for use at the present time to the successful tenderer are detailed below:

Depot	**Council**
Military Road Depot, Folkestone	SDC
Tower Hamlets Depot, Tower Hamlets Road, Dover	DDC

(e) Environmental/Sustainability

Not only does the project drive up recycling performance from an average of 37% to an average of 48% across East Kent but it also:

- Maximises cost effectiveness removing artificial barriers across the two tiers of Government
- Enables cross border operation to deliver more efficient collection practices,
- Reduces collection and transfer/haulage mileage,
- Encourages opportunities for co-location of transfer, processing and depot facilities
- Enables environmental criteria to be included within the contract evaluation.

(f) Planning/Building Regulations

Contractors will be responsible for the ensuring any facilities provided for use in this contract have the appropriate planning and building regulation permissions.

(g) Human Rights issues

The proposals are consistent with Human Rights legislation.

(h) Crime and Disorder

No significant implications.

(i) Biodiversity

No significant implications.

(j) Safeguarding Children

No significant implications.

(k) Energy efficiency

An outcome of the proposals will be to reduce vehicle and property requirements to the minimum, which will lead to reduced energy and fuel usage.

8. **Conclusions**

The East Kent Joint Waste Project enables the implementation of the Kent Joint Municipal Waste Strategy in East Kent and in the process delivers significant benefits to Partner Districts and Kent County Council.

Districts will benefit from:

- Expanded recycling services including garden and food waste collections to at least 60% of district households
- Enhanced recycling performance averaging 48% across the East Kent area
- Additional annual funding from KCC to net off the budget impact of the changes
- Additional capital funding to finance the changes in containerisation required
- 50% share of disposal benefits after investment costs have been recovered.

KCC will benefit from:

- 50% share of disposal benefits
- Ability to strategically manage the waste streams within East Kent
- Removal of distorting influence of recycling credit payment mechanism

Both parties also benefit from

- More certainty through securing long term processing capacity
- Better coordination of recycling, prevention and minimisation initiatives
- Environmental benefits such as reduced carbon emissions from more efficient transport arrangements.

In order for the Project to move forward and deliver these benefits Partner Authorities are requested to commit formally to the Memorandum of Understanding attached at Annex 1.

9. **Background Papers**

Annex 1 - Memorandum of Understanding

Annex 2 – Project View/Alternative View

Annex 3 - Disaggregation Views

Annex 4 – Procurement Timetable

Contact Officer: Mark Seed Telephone: 01843 577742

Annex 1

East Kent Waste Partnership

Memorandum of Understanding

DRAFT MEMORANDUM OF UNDERSTANDING FOR

THE EAST KENT JOINT WASTE PARTNERSHIP

1) PURPOSE OF THIS MEMORANDUM OF UNDERSTANDING

i) The purpose of this Memorandum of Understanding is to:-

(a) Set out in simple, non legalistic, terms the way that the Partners (see definition) to the Memorandum will work together towards the objective of procuring a waste management contract for the collection of recyclable and residual waste materials, processing of recyclable materials, and the provision of street cleansing services and associated arrangements,

(b) Establish overarching principles for taking joint working forward to deliver the agreed work streams.

2) DEFINITION AND INTERPRETATION

Term	Definition
Alternative View	Each Council's developed views as comparative go-it-alone options
CCC	Canterbury City Council
DDC	Dover District Council
EKJAC	East Kent Joint Arrangements Committee
Enabling Payment	Annual Revenue Funding from KCC required by the EKD & CC's to fund the additional net costs of expanding services and where applicable the lost income from charging for garden waste collections and lost recyclate income. This funding will be added to recycling credit funding and any other agreed KCC funding streams and termed as an East Kent District Award. Recycling Credits will no longer be paid but an amount equivalent to the value of recycling credits paid in the last full year prior to the relevant council entering into the EKJWP Service Contract will be added to the Enabling Payment. Elements of the Enabling Payment that relate to changed service costs will adjust in line with the annual contract review mechanism.)
Containerisation Funding	Capital Funding from KCC required by the EKD & CCs to fund changes in containerisation necessary to introduce the NOM.
EKD & CC's	East Kent District and City Councils
First Phase of Procurement	A) The procurement of waste collection and street cleansing services for DDC and SDC to commence from October 2010. B) Facility infrastructure or capacity for materials handling for recycling and composting materials arising from DDC and SDC from Oct 2010 and extended to CCC and TDC from April 2013.
Households	Household numbers are as defined for National Performance Indicators
Host Authority	DDC for the first phase of the procurement process, and then to be subject to further discussion and agreement.
KCC	Kent County Council
Lead Officer	The officer responsible for the delivery of waste management services in each authority
Memorandum	Memorandum of Understanding
NOM	Nominal Optimal Model – refers to the use of split bodied vehicles for kerbside collection of dry recyclate, comingled collection of garden and food waste and alternate weekly collection of residual waste.
Partners	CCC, DDC, KCC, SDC and TDC

Partnership	The Partners working together in an evolving relationship which will be reflected in a Partnership Agreement
Partnership Agreement	A legally binding agreement drafted in accordance with the principles of this Memorandum
Procurement Board	Sub Group of Steering Group with specific responsibility for progressing the procurement of the East Kent Joint Waste Contract. Reports back to Steering Group.
Programme Board	Consists of elected members from all Partners responsible for overseeing the work of the Steering Group and overall progress of the East Kent Joint Waste Project.
Project View	Each Council's view of the Project benefits used to contrast against Alternative View (see definition above).
the Project	Includes the first and second stages of procurement
Second Phase of Procurement	The procurement of waste collection and street cleansing services for CCC and TDC commencing from April 2013.
SDC	Shepway District Council
Steering Group	Formed from Lead Officers from Partners with responsibility for progressing the East Kent Joint Waste Project. Reports to Programme Board
TDC	Thanet District Council
WCA	Waste Collection Authority
WDA	Waste Disposal Authority

3) STATUS OF THE MEMORANDUM AND THE PARTNERSHIP

i) The Memorandum is an operational not contractual document, however it is acknowledged by the Partners that the following areas will need to be agreed and entered into as legally binding documents as soon as practicable hereafter. The areas to be embodied in the legally binding agreement are outlined at Appendix II to this Memorandum.

ii) The Partners have (by signing the Memorandum) agreed to use all reasonable endeavours to achieve the objectives of the overarching principles of the Memorandum.

iii) The Partnership is not a legal entity. Accordingly, it cannot employ staff or enter into contracts in its own right. In those respects it will have to act through an agent - normally one of the Partners acting as a Host Authority. For the purposes of the first phase of procurement the Host Authority, subject to resource review, and agreement of all Partners will be DDC. The Host Authority for the second phase of the procurement is to be determined and this phase will commence from 1st January 2011.

iv) The Partners will from time to time consider and if appropriate grant delegated powers to their lead and other officers to facilitate the working of the Partnership.

4) KEY OVERARCHING PRINCIPLES

i) The Partners recognise that the co-ordination of action in procuring waste collection, recyclate processing and street cleansing arrangements will be more effective than individual action by a single authority

ii) The Partners recognise the guiding principles of the Best Practicable Environmental Option (BPEO) and the European Community (EC) hierarchy of waste management:-

Waste Reduction	Most desirable
Reuse	
Recycling and composting	
Energy recovery with heat and Power	
Landfill with energy	
Landfill	Least desirable

iii) The Partners will work to deliver the objectives of the Joint Municipal Waste Management Strategy for Kent,

iv) The Partners commit themselves to the most economically advantageous and closest co-ordination possible of waste collection and disposal arrangements in East Kent, within the law and practical achievement.

v) The EKD & CCs will participate in an optimum, most economically advantageous procurement solution to deliver the NOM. Procurement solutions to commence in 2010 for DDC and SDC and in 2013 for CCC and TDC.(or before this for TDC if achievable)

vi) KCC will participate in this process and include the procurement of all the necessary arrangements, post collection, to provide capacity, for the handling, and processing of waste. KCC, in undertaking this obligation, will however have to take into account its commitments to Allington and other existing contracts.

vii) The Partners will adopt the optimum most economically advantageous options as a result of the procurement process to include unified contract management arrangements and pan boundary collection efficiencies

5) <u>STEERING GROUP</u>

i) The Partners shall be supported by a Steering Group consisting of a minimum of one Lead Officer responsible for waste from each of the Partners.

ii) For the avoidance of doubt membership of the Steering Group should remain as constant as possible but may vary at the discretion of each Partner as appropriate to the topic or issue being considered and may include additional members as appropriate to the topic or issue being considered.

iii) Officers of each Partner shall be required to and be responsible for reporting decisions to their own Council and implementing Partner decisions (once adopted by all Partners) and the Steering Group shall monitor the implementation of those decisions.

iv) The Steering Group may agree to the setting up of other Officer sub/working groups to discuss and take forward any particular issues with particular emphasis on Joint Working. Such working groups will be accountable to the Partners through the Steering Group.

v) The Steering Group shall, by applying pooled resources, employ (through the Host Authority) a Project Officer and/or use of Consultants, to advance the aims and objectives of the Partnership. The work programme for the Project Officer and/or use of Consultants will be determined by the Partnership and monitored by the Steering Group.

6) SCRUTINY ARRANGEMENTS

Partners will be encouraged to conduct scrutiny through their individual scrutiny arrangements.

7) SPECIFIC PRINCIPLES

i) The EKD & CCs will resolve by January 2010 to the legal commitments detailed at 3.i above.

ii) The EKD & CCs will take all reasonable steps to achieve delivery of collection arrangements by a single contractor by 2013. This is envisaged to be achieved either by a 2 or 3 stage contract arrangement with separate commencement dates building on the existing specification work carried out by DDC and SDC (which would be the method by which a single contractor could be best achieved), or by 2 separate contracts let in 2010 by DDC and SDC, and in 2013 by CCC and TDC with a view to combining the contracts in 2020.

iii) Further, all reasonable steps will be used to include as part of these contracted services processing capacity to achieve a more unified collection and processing contractual arrangement in East Kent, either through the use of 1 single contractor, or some better arrangement which gives best market price. Under both (ii) and (iii) of this section, in-house contractors will not be prevented from applying.

iv) KCC will, in return for these commitments, agree to make enabling payments to the EKD & CCs in order for them to deliver the NOM as envisaged. This agreement will be entered into as part of the agreement of the EKD & CCs to collect according to the NOM, and to seek a single contractor outcome. Enabling Payments to District Councils will be made in accordance with the introduction of the changes in service required to deliver the NOM.

v) KCC will also agree to fund the Containerisation changes required to deliver the NOM.

vi) Disposal Savings will be determined, through open book accounting, by contrasting disposal costs delivered through the implementation of the project against base case disposal costs which represent the forecast disposal costs that KCC would have incurred if the Project had not been implemented. This base case will form part of the legal agreement to which all parties will commit.

vii) Collection savings will be determined through the competitive dialogue process as tenderers define the benefits to be delivered:

a. Through joint working with DDC and SDC,
b. Through joint working across the Partners.
c. Through co-location of depot, transfer and processing facilities.

viii) The principles of benefit disaggregation are detailed at Appendix III to this MoU.

ix) The benefit to be disaggregated will exclude DDC and SDC savings already discounted from the Project.

a. In respect of SDC the discounted savings arise from the change from kerbside sort collection to the NOM collection method. The operational saving delivered by this change is estimated at £580k,(being a reduction in the number of rounds required to provide a fortnightly comingled collection service in comparison to the existing weekly kerbside sort service) **less** the processing costs and changes in recyclate value incurred in respect of the comingled collection as informed by the competitive dialogue procedure.

b. In respect of DDC the discounted savings arise from the change from weekly residual waste collection to alternate weekly residual waste collection. The operational saving delivered by this change is estimated at £375,000 being the reduction in the number of residual waste collection rounds from 8 to 5. The true value of the saving will be identified through the competitive dialogue procedure and within the Contract Bill of Quantities as rates for both collection methods will be required.

x) The benefit to be disaggregated will also exclude any savings which may accrue through on changes in street cleansing functions.

xi) This will provide the EKD & CCs and KCC with a clear financial incentive to agree and deliver the efficiencies and improvements which will lead to these future savings. These mechanisms are to be enshrined within the Partnership Agreement referred to above.

xii) Disaggregation benefit to be assessed annually and not subject to adjustments from previous years.

8) CONFIDENTIALITY AND PUBLICITY

i) The Partners shall hold confidential any information in respect of the Project, subject to their obligations at law or other requirements of an appropriate regulator (including the Audit Commission).

ii) No Partner shall use any information received from another Partner in connection with the Project within its own organisation except to the extent necessary for the implementation of the Project save with the consent of the other Partner, such consent not to be unreasonably withheld or delayed.

iii) If a Partner (the **"Receiving Partner"**) receives a request under the Freedom of Information Act 2000 ("FOIA") it shall be for the Receiving Party to decide if such information should, as a matter of law, be disclosed and having acted reasonably and decided that it is legally obliged to disclose, it shall be entitled to so disclose.

iv) The Receiving Partner shall use its reasonable endeavours to consult with those Partners that may be affected by such disclosure prior to deciding whether to disclose information pursuant to the FOIA but it shall not be obliged to so consult where to do so would put it in breach of this Act.

v) The Partners shall comply with the Data Protection Acts 1984 and 1998.

vi) Subject to clauses 8 (iii) and 8 (iv) (Confidentiality) no Partner shall make any public statement or issue any press release or publish any other public document relating to, connected with or arising out of this Memorandum, or the matters contained therein.

9) DISPUTE RESOLUTION

i) In the event of a dispute under this Memorandum which cannot be resolved by the Partners the matter concerned will be referred to EKJAC. If any Partner disagrees with the decision of EKJAC the matter will then be referred to an independent adjudicator chosen by the Partners and whose decision will be binding on all Partners.

10) DURATION

i) The arrangements set out in this Memorandum of Understanding will remain in operation until the Partnership is disbanded or the Partnership Agreement is entered into whichever is sooner. Arrangements may, however, be varied by written agreement of all of the Partners.

ii) Any Partner may withdraw from the Partnership by giving not less than 6 months notice in writing but not before such a proposal has been considered by the Partnership and the withdrawal shall not take effect until the following 31st March. The withdrawing partner may be liable for costs incurred by one or more Partners as a result of their withdrawal

11) APPENDICES - WORK STREAM SPECIFIC AGREEMENTS (Examples)

a) APPENDIX I – Reporting Structure

b) APPENDIX II – Legal Commitments

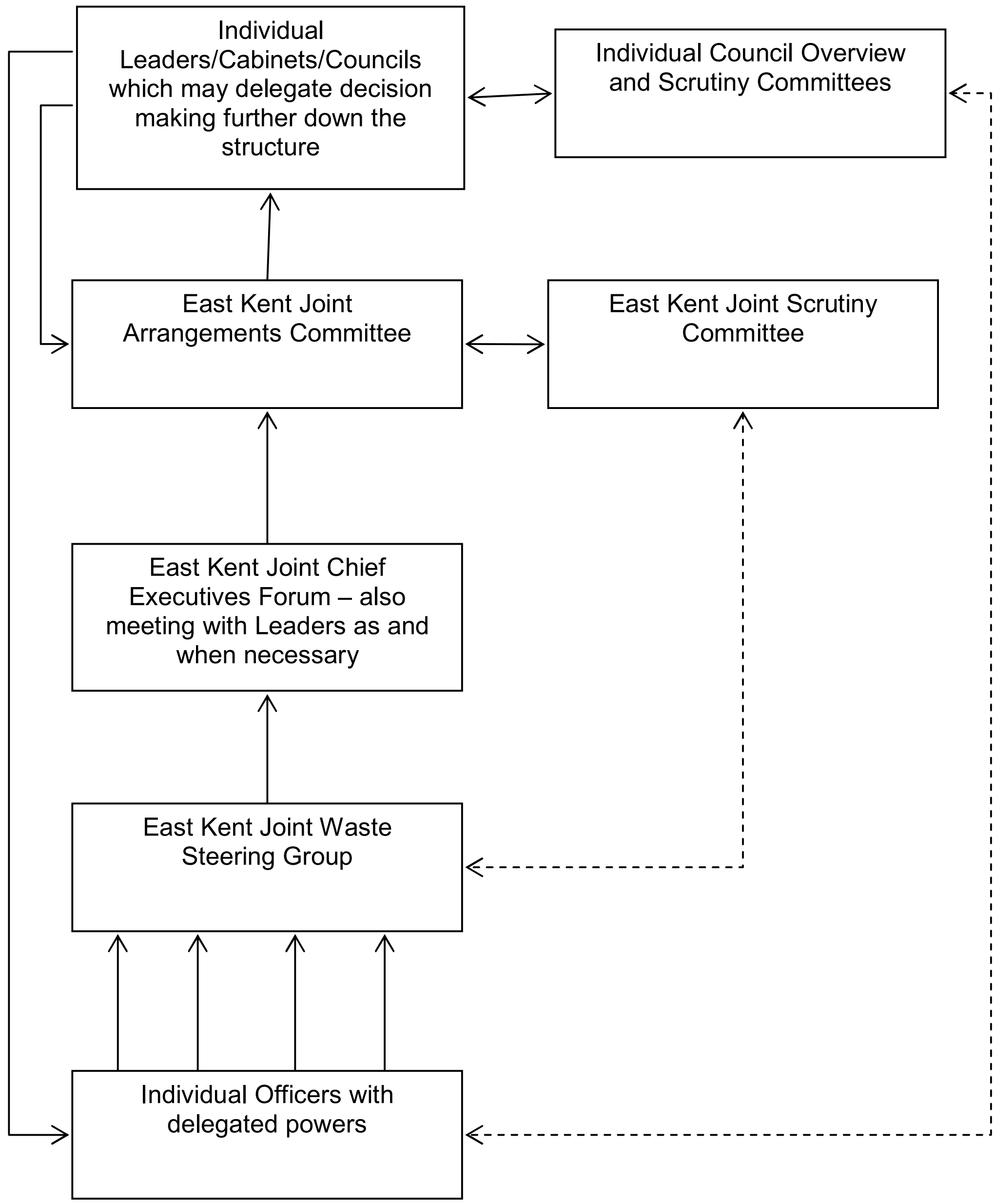
c) APPENDIX III – Benefit Disaggregation Principles

This Memorandum of Understanding is agreed by the following:-

PARTNER	SIGNED	DATED
The Kent County Council		
Canterbury City Council		
Dover District Council		
The District Council of Shepway		
Thanet District Council		

Appendix I

Reporting Structure for
East Kent Joint Waste Steering Group



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Appendix II

LEGAL COMMITMENTS

In order for the Project procurement to progress through to the Final Tender Specification stage the Partners shall, as soon as practicable hereafter, make the following Inter Authority Commitments:

1 EKD & CCs are required to commit to the NOM collection methodology as refined and informed by the Competitive Dialogue Process in order to deliver materials in a single cost efficient manner; and

2 DDC and SDC must commit to deliver their specified recycling waste streams to the transfer points and facilities specified by KCC in accordance with agreed contractual conditions from October 2010; and

3 CCC and TDC must commit to deliver their specified recycling waste streams to the transfer points and facilities specified by KCC in accordance with agreed contractual conditions from April 2013, or earlier by mutual agreement; and

4 KCC will fund enabling payments and containerisation payments to the EKD & CCs in accordance with the EKD & CCs compliance with the NOM collecting methodology; and

5 KCC will provide processing capacity and or facilities for the materials collected by the EKD & CCs in accordance with the NOM collecting methodology in accordance with agreed contractual conditions; and

6 All parties agree to be bound by the disaggregation principles set out in Appendix III of the MoU

Appendix III

Benefit Disaggregation Principles

Partners agree to pool future avoided disposal savings and savings derived specifically from joint working across Waste Collection Authorities and Waste Collection/Disposal Authorities

Benefits to be disaggregated as follows:

- Investment to be refunded to KCC prior to the distribution of collection and disposal benefits.

- CCC to receive additional funding of £189k p.a. to compensate for the shortfall between its Project View and the Alternative View (excluding garden waste charging)

- Remaining Benefit to be disaggregated between KCC and the EKD & CCs in accordance with the following:
    - 50% KCC
    - 50% EKD & CCs

- The benefit derived to the EKD & CCs to be disaggregated in proportion to the number of Households within each district or city area (subject to the agreement of an equalisation mechanism) such that, over time, greater equity in KCC funding per household is achieved across all EKD & CC administrative areas

Annex 2

Project View/Alternative View Comparison Table

Authority	Project View		Alternative View	
	Rec. Rate	Financial impact	Rec. Rate	Financial Impact
Canterbury City Council	**51%**	Existing Budget **maintained** **£548k** Enabling Funding and **£202k** Containerisation Funding to expand services	**Opt 1** **47%** **Opt 2** **36%**	Existing budget **reduced** by **£737k** (End market income) Existing budget **reduced** by **£1,605k** (End Market recyclate and Garden waste Income)
Dover District Council	**44%**	Existing Budget **reduced** by **£375k** Round saving **£121k** Enabling Funding to replace lost income and **£1,338k** Containerisation Funding	**25%**	Existing budget **reduced** by **£407k** (GW Income and 1 vehicle round saving)
Shepway District Council	**52%**	Existing Budget **reduced** by **£584k** Round saving **£517k** Enabling Funding to replace lost income and **£667k** Containerisation Funding	**39%**	Existing Budget **reduced** by **£584k** (vehicle round saving). Shepway retains GW income and new comingled end market income
Thanet District Council	**44%**	Existing Budget **maintained** plus **£233k** Enabling Funding **£1,148k** Containerisation Funding to expand services	**27%**	Existing budget **reduced** by **£561k** Containerisation funding of **£332k** required
Kent County Council	**48%**	Generates avoided disposal benefit of **£2.9mn**. Requires enabling funding of **£1.42mn**. Containerisation Funding of **£3.35mn**. Overall future budget requirement **reduced** by **£1.48mn.**	**33%**	Additional budget cost up to **£367k.**

Annex 3

Disaggregation Views

SAVINGS BREAKDOWN:

		Original			Amended	
£k (annual averages for project period)		NOM - Disposal Benefits Only			NOM - Collection and Disposal Benefits	
Adjusted NOM Savings						
Gross Disposal Savings			2,897			2,897
Joint Contract Collection Savings			0			1,000
Joint Contract Disposal/Collection Savings			0			500
Revised Gross Disposal Savings PLUS project savings			**2,897**			**4,397**
Inflation Impact Removed			0			0
Landfill Impact Removed			0			0
Containerisation Costs			0			0
Revised Gross Disposal Savings LESS adjustments			**2,897**			**4,397**
Enabling Payments		(1,419)			(1,419)	
Additional Canterbury Enabling Payment		(189)			(189)	
Revised WCA Funding			**(1,608)**			**(1,608)**
Adjusted Total Net Savings			**1,289**			**2,789**
Project Savings Sharing Proposal						
Revised Gross Disposal Savings (from above)	2,897			4,397		
Revised WCA Funding	(1,608)			(1,608)		
KCC Net Saving	1,289	50%	644.5	2,789	50%	1,394.5
District Net Saving	1,289	50%	644.5	2,789	50%	1,394.5
Adjusted Total Net Savings			**1,289**			**2,789**
District Sharing (Households used as apportionment basis)	**Hholds 2007/8**	**% Share**	**Savings Share £k**	**Hholds 2007/8**	**% Share**	**Savings Share £k**
Canterbury	61,605	28.7%	185.0	61,605	28.7%	400.2
Dover	47,730	22.2%	143.1	47,730	22.2%	309.6
Shepway	45,135	21.0%	135.3	45,135	21.0%	292.8
Thanet	60,365	28.1%	181.1	60,365	28.1%	391.9

District Net Saving (apportionment view)	**214,835**	**100.0%**	**644.5**	**214,835**	**100.0%**	**1,394.5**

Annex 4

Procurement Timetable

Stage	Date	Task
	2009	
Pre-Qualification Questionnaire	10 August	Pre-qualification questionnaires available on request.
Procurement Board	18 August (14.00)	Review progress.
Procurement Board	Tues, 1 September (14.00)	Review progress.
Open Day	10 September	Briefing & Depot Open Day for all prospective tenderers.
Procurement Board	Tues, 15 September (14.00)	Review progress.
Pre-Qualification submission deadline	Fri, 18 September	For inclusion in the shortlist completed PQQ. Documentation must be returned by no later than **noon** 18 September 2009.
Review PQQ's	Tues, 22 September	MC to meet with Waste Consulting.
PQQ Scoring	Weds, 23 September (10.00 to 17.00, Room 405, SDC)	Review submissions and score.
Procurement Board	Tues, 29 September (14.00)	Review progress.
Invitation to participate in initial dialogue on Outline Solutions	2-5 October	Short listed Tenderers will be notified and sent an outline specification inviting them to participate in a dialogue on outline solutions.
Opening Dialogue meetings	Tues/ Weds, 13/14 October (SDC)	First stage meetings.
Procurement Board	Tues, 27 October (14.00)	Review progress.
Bidders submit Outline Solutions	6 November	
Dialogue on Outline Solutions	Tues/ Weds 10/11 November (SDC)	Second Stage Meetings
Invitation to submit Detailed Solutions	13 November	Short listed Tenderers will be notified and invited to participate in a dialogue on detailed solutions.
Procurement Board	Tues, 24 November (14.00)	Review progress.
Bidders submit	4 December	

Detailed Solutions		
Dialogue on Detailed Solutions	Tues/ Weds, 8/9 December (SDC)	Third Stage Meetings
Invitation to submit Refined Solutions	14 December	Short listed Tenderers will be notified and invited to participate in dialogue on Refined Solutions.
Procurement Board	Tues, 22 December (14.00)	Review progress.
	2010	
Bidders submit Refined Solutions	9 January	
Dialogue on Refined Solutions	Tues/ Weds, 12/13 January (SDC)	Fourth Stage Meetings
Closure of Dialogue Process	18 January	Short listed tenderers will be notified and invited to participate in dialogue on Refined Solutions.
Procurement Board	Tues, 19 January (14.00)	Review progress.
Issue Final Tender documentation	January/ February	
Bidders submit Final Tenders	February/March	
Clarification Period	March	
Identification of Preferred Bidder	March	
Bid Refinement	March	
Contract Award	April	
Contract Run-in Period	April - September	
Contract Commences	1 October 2010	(Or such other date as may be agreed).

By: Sarah Hohler, Cabinet Member for Children Families & Education

Rosalind Turner, Managing Director, Children, Families and Education

To: Cabinet – 30 November 2009

Subject: Children's Centres: Review

Classification: Unrestricted

Summary: This report seeks Cabinet Members' comments on and approval for the revised recommendations for the location of round three Children's Centres

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Introduction

1 (1) Sure Start Children's Centres are service hubs where children under five and their families can receive seamless integrated services and information. The Children's Centres bring together childcare, early education, health and family support services, with the aim of improving outcomes for all children under five, but particularly for those children and families whose needs are greatest. The Government's vision, set out most recently in the Children and Young People's Plan, is that every child and young person should have the opportunity to fulfil their potential. Children's Centres are seen to be at the forefront of transforming the way services are delivered for babies and young children and their families. By 2010, there will be 3,500 Centres nationally and every child and its family will have access to Children's Centre services.

(2) Local authorities have been given strategic responsibility for the delivery of Children's Centres and have been tasked with planning the location and development of Centres to meet the needs of local communities. Kent County Council's (KCC's) Early Years and Childcare Strategy , approved by Cabinet in September 2008, recognises the development of Children's Centres as a key priority in improving services for children and young people.

(3) The Children's Centre programme has been delivered nationally in three phases or 'rounds': Round One (2004-2006); Round Two (2006-2008) and Round Three (2008-2010). The range and extent of services offered by Children's Centres delivered in each phase varies according to need. In Kent:

- in Round One, 20 Children's Centres were developed where the need was greatest, focusing on providing services for children under five and their families living in wards that were amongst the 20% most disadvantaged in the country;
- in Round Two, KCC had a target to deliver an additional 52 Centres, ensuring that all children living in the 30% most disadvantaged Super Output Areas had access to the full level of Children's Centres' services. Also to begin to work towards universal coverage by developing Centres offering a less intensive

range of services, in communities of greater overall affluence. (Details of Rounds One and Two Children's Centres are attached as Appendix One)

- in Round Three, local authorities are asked to continue the roll out of Children's Centres to areas not served by Rounds One and Two, thereby ensuring that all under fives and their families have access to an appropriate level of services. To achieve this, KCC was given an original target of 30 Round Three Centres.

(4). Children's Centre Milestones

There are two key milestones in the development of a Children's Centre, the achievement of which for each Centre is assessed by an organisation called Together for Children with which the Government contracts to ensure the delivery of the programme. The first milestone is Designation, achieved when Together for Children is satisfied that the location of and plans for the delivery of a Centre are in place and robust. The second, which can follow as much as two years after Designation, is the achievement of Full Core Offer status, i.e. when the Centre is fully operational. Designation and Full Core Offer status information for Kent's Round One and Two Centres is also included in Appendix One. In carrying out Full Core Offer assessments, Together for Children have been/are being highly complimentary about the quality of Children's Centres in Kent.

Round Three Background

2 (1) Round Three Children's Centres will provide improved access to services generally for those living in more affluent areas. Services will be provided in partnership with private voluntary, independent and statutory agencies. They will include outreach services; information and advice for mothers, fathers and carers on a range of subjects for young children; support for childminders via a quality assured co-ordinated network; activities for parents and carers and children at the Centre and links to Job Centre Plus on advice on training and employment opportunities for parents While many of these services may not be on site, there still needs to be strong coordination of delivery. In the main, Round Three services will build on existing services and not seek to create new services.

(2) While Round Three Centres provide services in areas that are deemed to be more affluent, there may be small pockets of deprivation, particularly in very rural areas, and children and families in these areas may be at risk of greater social exclusion because of their isolation. These children and their families must be able to access an appropriate level of Children's Centre services and Children's Centre staff will play a key role in ensuring this happens. There is a universal level of service that must be provided in Children's Centres and it is important that families, no matter what their situation, feel the benefit of better integrated, accessible services delivered though the Children's Centre in their community.

(3) To achieve universal coverage across Kent through Round Three, further Children's Centre development is required to varying degrees in the following 14 Local Children's Services Partnerships (LCSPS)
:

- Ashford One

- Ashford Rural
- Canterbury City and Coastal
- Cranbrook and Paddock Wood
- Dartford East
- Deal and Sandwich
- Gravesham
- Maidstone One
- Maidstone Two
- Malling
- Sevenoaks
- Swanley
- Tonbridge
- Tunbridge Wells

Extensive local consultation has already been undertaken on this through the LCSPs and with local members, resulting in an original 30 proposals for the location of the final phase of Centres. This list of original proposals (attached as Appendix Two) is made up of 20 new builds and 10 Children's Centres to be developed within existing community facilities.

Round Three Review:

3 (1) In line with many other local authorities across the country, KCC now wishes to take stock of its overall Children's Centres portfolio and services, as part of an on-going commitment to ensure that:

- resources, both capital and revenue, are appropriately levelled at the children and families who need them most;

- all Kent Children's Centres and the services they offer are sustainable.

Additionally, the Government is in the process of carrying out a Select Committee Inquiry into Children's Centres nationally in order to ascertain whether they are fulfilling their original purpose. (Kent did submit a response to this which was agreed at the Children's Trust Board)

Initial investigations indicated that there may be different ways of delivering the Round Three Children's Centre service offer in some areas. In particular, the number of new build Centres could potentially be reduced, with more services delivered in existing facilities.

In this context, Cabinet Members agreed on 28 September 2009 to carry out a Review of Children's Centres, with a particular focus on Round Three. In order to achieve this, KCC's Children's Centre Project Team has undertaken work with Area Children's Services Officers (ACSOS), LCSPs and local members to review those proposals outlined in Appendix A.

(2) <u>Objectives:</u>

The objectives of this Review include:

- minimising the number of new builds as far as possible;

- maximising of the number of Centres delivered in existing facilities;
- further exploration as to whether some Centres might be delivered and managed through contractual arrangements with relevant voluntary or private organisations;
- identifying the potential to provide universal coverage for the children and families of Kent through fewer Centres.

(3) Timescales

Timescales	Activity
September	CFE SMT and Cabinet agreement to the Review
October	Review carried out, as follows: • Inform stakeholders of the purpose and methodology of project. • Implement a revised consultation process for new proposals • Identify risks associated with the project • Re-align Children Centre coverage where appropriate • Identify opportunities to deliver required services through fewer Centres • Review the existing build programmes, minimising the number of 'new builds' and identifying opportunities for placing Centres in existing facilities ('non builds') • Identify other potential opportunities for delivering Centres (commissioned) • Prepare proposals for a revised Round Three programme, including budget implications
26 October – 6 November	Consultation with local members
10 November	Report to CFE SMT
16 November	Report to Cabinet Members
19 November	Report to Policy Overview Committee (Resources)
30 November	Final report to Full Cabinet
December and onwards	• Secure agreement for revised programme with DCSF • Revise the General Sure Start Grant Children's Centre Capital Profile for monitoring • Agree revised Designation and Full Core Offer Schedule with relevant LCSP and Children's Centre Managers. • Submit plans for approval where required and implement build programme • Implement lease/rental arrangements where needed for 'non builds' • Implement funding arrangements/contracts for commissioned Centres

(4) Methodology

The methodology has been, working with ACSOs and LCSPs, to review the number of Children's Centres needed to ensure universal children's Centre coverage in the 14 LSCPs listed in paragraph 2.3, for each one considering:

- whether existing Round One and Two Centres serve too many/too few children? Is there scope to adjust the reach area? For example, where an existing Centre serves a relatively small number of families, it may make sense to extend the reach to include nearby less disadvantaged families, especially if that makes the Centre more viable in the future

- how many Round Three Centres are required to ensure universal coverage? If fewer than proposed, how can Centre reach areas be revised without jeopardising access to services for those families that need them most?

- if there are new opportunities to deliver Centres in existing community facilities.

- If there are any existing voluntary or private sector organisations that deliver Children's Centre related services, so that a commissioning arrangement might be considered.

(5) Review Recommendations

Specific recommendations arising from the Review have been to CFE SMT on 10 November, to Cabinet Members ahead on 16 November and to Policy Overview Committee (Resources) on 19 November. The recommendations are attached as appendix 3 and the revised budget as appendix 4. The revised budget identifies £3,824,950 for reinvestment.

(6) Risk Assessment and Management

Area	**Risk**	**Status**	**Risk Management**
Delivering required services through fewer Centres	May be harder for families to reach Children's Centre services	High	Ensure effective mapping of services and robust outreach systems
	Children and families living in rural areas may be more isolated from services	High	Ensure effective mapping of services and robust outreach systems
Placing more Round 3 Centres in existing facilities ('non builds')	May be difficult and time consuming to identify potential locations in the relevant areas	Med	Manage the risk within the overall timescales
	May be complex and time consuming lease arrangements	High	Manage the risk within the overall timescales
	Unknown costs associated with DDA requirements – may be significant	High	Manage the risk within the overall budget

	Sharing facilities may initially 'dilute' the Sure Start message	Med	Ensure SureStart facilities are clearly badged and marketed.
Increase delivery through commissioning other organisations to run Centres on behalf of KCC	Expensive revenue option	High	Manage the risk within the overall budget
	Performance may be harder to manage	Low - med	Strong accountability mechanisms
	Tender process, where applicable, may be time consuming	High	Manage the risk within the overall timescales
Minimising the number of capital projects ('new builds')	Employers' Agents and contractors appointed for existing capital programme – potential for implied costs of termination	High	Manage the risk within the overall budget
Timescales	Potential/unforeseen delays in revised build programme	High	Manage the risk within the overall timescales
	Potential/unforeseen delays in revised 'non build' programme	High	Manage the risk within the overall timescales
Stakeholders	Stakeholders may lose confidence in the programme	Low - med	Implement strong communication processes with clear lines or responsibility

Recommendations

4 Cabinet members are recommended to

- receive this report and note its content,
- receive, comment on and agree the recommendations arising from the Review to be circulated following CFE SMT on 10 November

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Appendix One

Children's Centre Programme – Rounds 1 and 2 – November 2009

No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
1	SSLP	Millmead	1	Thanet 1	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 7/04	COS 03/06
2	SSLP	The Village	1	Shepway 1	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 7/04	COS 03/06
3	SSLP	The Buttercup (St Radigund's)	1	Dover	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 8/05	COS 03/06
4	SSLP	Temple Hill	1	Dartford West	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 8/05	COS 03/06
5	SSLP	The Willows	1	Ashford 1	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 9/05	COS 03/06
6	SSLP	Riverside	1	Gravesham	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 11/05	COS 11/05
7	SSLP	Seashells	1	Swale Urban	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 11/05	COS 11/05
8	SSLP	Riverside	1	Canterbury City and Country	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 3/06	COS 03/06
9	SSLP	Six Bells	2	Thanet 1	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 12/07	By 03/10
10	Round 1	Aylesham Neighbourhood Project	2	Dover	N/A	✓	✓	N/A	N/A	N/A	Designated 7/05	COS 03/06
11	Round 1	Hawkinge	2	Shepway 1	N/A	✓	✓	N/A	N/A	N/A	Designated 1/06	COS 03/06
12	Round 1	Ray Allen	1	Ashford 1	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 3/06	COS 03/08
13	Round 1	The Meadow	1	Maidstone 2	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 4/06	COS 03/07
14	Round 1	Bucklands	3	Dover	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 4/06	COS 04/06

Appendix One

No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
15	Round 1	Tower Hamlets	4	Dover	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 4/06	COS 04/06
16	Round 1	Milton Court	1	Swale Urban	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 9/06	COS 9/06
17	Round 1	Newlands	1	Thanet 2	N/	✓	✓	Approved	Planning obtained.	Completed	Designated 9/06	COS 9/06
18	Round 1	Oakfield	2	Dartford West	N/A	✓	✓	Approved	Planning obtained.	Completed	Designated 9/06	COS 9/06
19	Round 1	Swanscombe	1	Dartford East	N/A	✓	✓	Approved	TBC	TBC	Designated 02/08	COS 2/10
20	Round 1	Newington	2	Thanet 2	N/A	✓	✓	Approved	Planning obtained. Jul 07	Completed	Designated 02/08	COS 8/09
21	Round 2	Hythe Bay CC	1	Shepway Rural	9/06	✓	✓	N/A	N/A	N/A	Designated 6/06	COS 6/06
22	Round 2	Little Forest	1	Tunbridge Wells	9/06	✓	✓	Approved	Planning obtained.	Completed	Designated 02/08	COS 01/09
23	Round 2	Hersden	2	Canterbury City and Country	✓	✓	✓		Submitted to planning Oct 09	TBC	Designated 02/08	COS 2/10
24	Round 2	Little Foxes (Long Mead)	1	Tonbridge	9/06	✓	✓	Approved	Planning obtained. Feb 08	Completed	Designated 03/08	COS 01/10
25	Round 2	Snodland	1	Malling	✓	✓	✓			Plans being re visited	Designated 03/08	COS 02/10
26	Round 2	Murston Infants	1	Swale Rural	9/06	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 03/08	COS 10/09
27	Round 2	Briary	1	Canterbury Coastal	9/06	✓	✓	Approved	Planning obtained Apr 09	Completed	Designated 02/08	COS 02/10
28	Round 2	Next Steps (Kings Farm CP)	2	Gravesham	9/06	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 12/07	COS 6/09

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No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
29	Round 2	Replacement for St Stephen's CP	2	Tonbridge						New site being investigated	Designated 03/08	COS 2/10
30	Round 2	Sunshine CC (South Borough)	2	Maidstone 2	9/06	✓	✓	Approved	Planning obtained. Sep 07	Completed.	Designated 02/08	COS 9/09
31	Round 2	Greenfields CP	3	Maidstone 2	9/06	✓	✓	Approved	Planning obtained. June 08	Completed	Designated 02/08	COS 2/10
32	Round 2	St Nicholas (New Romney)	2	Rural Shepway	9/06	✓	✓	Approved	Planning obtained. March 08	Completed	Designated 02/08	COS 2/10
33	Round 2	Lydd'le Stars (Lydd)	3	Rural Shepway	9/06	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 01/08	COS 8/09
34	Round 2	Folkestone Early Years Centre	3	Shepway 1	9/06	✓	✓	Approved	Planning obtained. Sep 07	Completed	Designated 12/07	COS 10/09
35	Round 2	Sure Steps (Phoenix CP)	2	Ashford 1	9/06	✓	✓	Approved	Planning obtained. March 07	Completed	Designated 03/08	COS 12/09
36	Round 2	Edenbridge CP	1	Sevenoaks South	9/06	✓	✓	Approved	Planning obtained. Sep 07	Completed	Designated 02/08	COS 8/09
37	Round 2	Joy Lane CP,	2	Canterbury Coastal	9/06	✓	✓	Approved	Planning was not required.	Completed	Designated 02/08	COS 8909
38	Round 2	Dymchurch CP	4	Rural Shepway	9/06	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 01/08	COS 7/09
39	Round 2	Callis Grange CI	3	Thanet 2	9/06	✓	✓	Approved	Planning obtained. Oct 08	Completion estimated to be Nov 09	Designated 03/08	COS 1/10
40	Round 2	Knockhall	2	Dartford East	9/06	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 02/08	COS 7/09

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No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
41	Round 2	Shears Green	3	Gravesham	9/06	✓	✓	Approved	Planning obtained	Completion estimated to be Nov 09	Designated 01/08	COS 1/10
42	Round 2	Replacement for Brent	3	Dartford West	02/09	✓	✓	Approved	Planning obtained	Plans being finalised	Designated 03/09	By 03/10
43	Round 2	Cranbrook	1	Cranbrook & Paddock Wood	12/06	✓	✓	Approved	Planning obtained. Dec 07	Completed	Designated 03/08	COS 9/09
44	Round 2	Little Pebbles (Chantry)	4	Gravesham	12/06	✓	✓	Approved	Planning obtained. Sep 07	Completed	Designated 02/08	COS 9/09
45	Round 2	The Sunflower Centre (Eythorne/ Elvington)	5	Dover	12/06	✓	✓	Approved	Planning obtained. Oct 07	Completed	Designated 01/08	COS 7/09
46	Round 2	Grove Park	2	Swale Urban	12/06	✓	✓	Approved	Planning obtained. Oct 07	Completed	Designated 12/07.	COS 6/09
47	Round 2	Lilypad (Minster in Sheppey)	3	Swale Urban	12/06	✓	✓	Approved	Planning obtained. Feb 08	Completed	Designated 03/08	COS 11/09
48	Round 2	East Malling	2	Malling	12/06	✓	✓	Approved	N/A	Completion estimated to be Nov 09	Designated 03/08	COS 02/10
49	Round 2	Swanley	1	Swanley & District	12/06	✓	✓	Approved	Planning obtained Jan 09	Start on site estimated as Nov 09	Designated 03/08	COS 02/10
50	Round 2	Warden/ Leysdown	4	Swale Urban	12/06	✓	✓	Approved	Planning obtained. Jul 08	TBC	Designated 03/09	By 02/10
51	Round 2	St Mary of Charity	2	Swale Rural	12/06	✓	✓	Approved	Planning obtained. Oct 07	Completed.	Designated 03/08	COS 12/09

No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
52	Round 2	Swan centre (South Willesborough)	3	Ashford 1	11/08	✓	✓		Planning obtained Apr 09	Start on site estimated as Nov 09	Designated 03/08	COS 02/10
53	Round 2	Darenth	3	Dartford East	01/07	✓	✓	Approved	Planning obtained. March 08	Completed	Designated 01/08	COS 7/09
54	Round 2	The Samphire (Aycliffe)	6	Dover	01/07	✓	✓	Approved	Planning obtained. June 08	Completed	Designated 02/08	COS 11/09
55	Round 2	Little Gems (Lawn)	5	Gravesham	01/07	✓	✓	Approved	Planning obtained. July 08	Completed	Designated 02/08	COS 01/10
56	Round 2	The Caterpillars (Morehall)	4	Shepway 1	01/07	✓	✓	Approved	Planning obtained. April 08	Completed	Designated 02/08	COS 11/09
57	Round 2	Woodgrove (formerly Homewood)	5	Swale Urban	01/07	✓	✓	Approved	Planning obtained. Jan 08	Completed	Designated 03/08	COS 9/09
58	Round 2	Bysing Wood	3	Swale Rural	01/07	✓	✓	Approved	Planning obtained. Sep 07	Completed.	Designated 03/08	COS 12/09
59	Round 2	Birchington	3	Thanet 1	01/07	✓	✓	Approved	Planning obtained. Dec 07	Completed.	Designated 02/08	COS 8/09
60	Round 2	Blossom (Hornbeam)	1	Deal & Sandwich	✓	✓	✓	Approved	TBC	TBC	Designated 02/08	COS 02/10
61	Round 2	Priory	4	Thanet 2	✓	✓	✓	Approved	Planning obtained. July 08	Completion estimated to be Dec 09	Designated 03/08	COS 02/10
62	Round 2	St Pauls	2	Tunbridge Wells	✓	✓	✓	Approved	Planning obtained. Sep 07	Completed.	Designated 03/08	COS 10/09

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No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
63	Round 2	The Poppy (Parkside)	3	Canterbury Coastal	✓	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 02/08	COS 10/09
64	Round 2	Swalecliffe	4	Canterbury Coastal	✓	✓	✓	Approved	Planning obtained. March 08	Completed	Designated 01/08	COS 01/10
65	Round 2	Queenborough / Rushenden	6	Swale Urban	✓	✓	✓	Approved	Planning obtained Jan 09	TBC	By 03/10	By 03/12
66	Round 2	Garlinge	4	Thanet 1	✓	✓	✓	Approved	Planning obtained. Dec 07	Completed	Designated 03/08	COS 9/09
67	Round 2	Broadwater	3	Tunbridge Wells	✓	✓	✓	Approved	Planning obtained. Jan 08	Completed	Designated 03/08	COS 01/10
68	Round 2	Maypole	4	Dartford West	✓	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 02/08	COS 8/09
69	Round 2	Tenterden	1	Ashford Rural	✓	✓	✓	Approved	Planning obtained. Feb 08	Completion estimated to be Dec 09	Designated 03/08	COS 01/10
70	Round 2	Little Hands (Wincheap)	3	Canterbury City & Country	✓	✓	✓	Approved	Planning obtained. Nov 07	Completed	Designated 02/08	COS 11/09
71	Round 2	Cliftonville	5	Thanet 1	✓	✓	✓	Approved	Planning obtained. July 08	Completed	Designated 03/08	COS 9/09
72	Round 2	Bluebells (Hothfield)	2	Ashford Rural	✓	✓	✓	Approved	Planning obtained. Sep 07	Completed	Designated 03/08	COS 7/09
73	Round 3	Daisy Chains (Meopham)	6	Gravesham	✓	✓	✓	Approved	N/A	N/A	Designated 03/08	COS 10/09

Appendix One

No	Round	Site	Cumulative number of Children's Centres for each LCSP	LCSP	SMT Approval	Forward Plan	Cabinet Member Sign Off	SSU Approval for capital build	Planning Permission	State of Build	Designation	Core Offer Status
	Round 3 to be confirmed											

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Round 3 proposals - September 2009

LCSP	Proposal	Model: Capital or non capital
Ashford 1	Wye Village Hall	Capital: new build
Ashford 1	Furley Park Primary School	Capital: new build
Ashford Rural	Biddenden	Non capital: Use of existing community facilities in the catchment area (non identified so far)
Canterbury City and Country	Chartham Primary School	Capital: new build
Canterbury City and Country	Littlebourne CE Primary School	Capital: new build
Cranbrook and Paddock Wood	Wesley Hall	Non capital: use of existing community facilities in Wesley Hall
Dartford East	New Ash Green PCT Clinic	Capital: Refurbishment of existing facilities
Deal and Sandwich	Sandown Primary School and Deal Library	Capital: Refurbishment of school classroom and library facilities
Gravesham	Painters Ash primary School	Capital: new build
Gravesham	Daisy Chains	Non capital: use of existing community facilities and resources bus
Gravesham	Raynehurst Primary School	Non capital: use of existing school facilities
Maidstone 1	Coxheath Primary School	Capital: new build
Maidstone 1	Marden Caretakers House	Capital: refurbishment
Maidstone 1	West Borough primary School	Capital: new build
Maidstone 2	Bearsted/Madginford	Non capital: Use of existing community facilities in the catchment area (non identified so far)
Maidstone 2	East Borough Primary School	Capital: new build
Maidstone 2	Howard de Walden	Non capital: use of existing community facilities in Howard de Walden community centre

Maidstone 2	Headcorn Village Hall	Non capital: Use of existing community facilities in Headcorn Village Hall
Malling	Brookfield Infants School	Non capital: Use of existing facilities in school's family room
Malling	Burham CE Primary School	Capital: new build
Malling	The Discovery primary School	Capital: new build
Malling	Borough Green Primary School (Wrotham High School as an interim location)	Non capital: use of existing school facilities
Sevenoaks South	Churchill CE Primary School	Capital: new build
Sevenoaks South	Dunton Green Primary School	Capital: new build
Sevenoaks South	Kemsing Primary School	Capital: new build
Sevenoaks South	Spring House Family Support Centre	Non capital: commission to Spring house Family Support Centre and use existing facilities on Sevenoaks Hospital site
Swanley and District	West Kingsdown CE Primary School	Capital: new build
Tonbridge	East Peckham Primary School	Capital: new build
Tunbridge Wells	Pembury Primary School	Capital new build
Tunbridge Wells	Southborough CE Primary School	Capital new build

Totals

Number of capital projects	20
Number of non capital projects	10
Total number of proposed round 3 children's centres:	30

Revised Round Three Proposals 11/09

Summary:

Type of centre	No of original proposals	No of revised proposals
Centres developed in existing facilities/ refurbishments	9 *	14 *
New builds	20	10
Commissioned through other organisations/agencies	1	1
Total	**30**	**25 ****

*** NB This figure includes Daisy Chains Children's Centre (Meopham). This was agreed as an early Round Three centre during 2008/09. This centre is already designated and has achieved full core offer status.**

**** The five areas/sites that are no longer being proposed are: Biddenden, Bearsted, Kemsing Primary School, The Discovery Primary School and Raynehurst Primary School**

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals?	Members Comments
		Location	Ward			
1	**Ashford 1**	Wye	Wye Boughton Aluph and Eastwell Downs North Saxon Shore	Revised proposal: move away from the new build project at Wye Village Hall and use existing community facilities,	Yes, on the understanding that there is additional capital investment at Bluebells centre to support the services that will be required for an increased catchment area.	Members consulted: Mr Angell, Mr King, Mr Koowaree, Mrs Tweed, Mr Wickham ● Mr Angell confirmed he was happy with the Furley Park proposal. ● Mr King and Mr Koowaree both expressed some concerns over the large catchment areas and how families will be able to access services
2	**Ashford 1**	Furley park	Highfield North Willesborough Park farm north Park farm South Weald East	Proposal remains unchanged New Build on the site of Furley Park Primary School		
3	**Canterbury City and Country**	Chartham	Blean Forest Chartham and Stone Street Harbledown	Proposal remains unchanged New build on the site of Chartham CEP school	Yes	Members consulted: Mr Simmonds, Mr Northey Mr Simmonds feels that Chartham Primary School is the best location for the children's centre, due to the fragmented village that is divided into 3 parts.
4	**Canterbury City and Country**	Littlebourne	Barham Downs Barton (part) Little stour North nailbourne	Proposal remains unchanged. New build on the site of Littlebourne CEP school	Yes	Mr Northey agreed with the proposal. He expressed some concern over the large catchment area and how families will be able to access services

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals?	A summary of the Members response to proposal
		Location	**Ward**			
5	**Cranbrook and Paddock Wood**	Paddock Wood	Brenchley & Horsmonden Goudhurst & Lamberhurst Paddock Wood East Paddock Wood West	Proposal remains unchanged. Use of existing community building, Wesley Hall in Paddock Wood	Yes	Original proposal was agreed
6	**Dartford East**	New Ash Green	Ash Hartley and Hodsoll Street	The proposal remains unchanged and is based on the use of existing community facilities, with some refurbishment.	Yes	Original proposal was agreed
7	**Deal and Sandwich**	Deal	North deal Ringwould St Margarets at Cliffe(part) Walmer (part)	The proposal remains unchanged and is based on the use of existing community facilities within Deal Library.	Yes	Original proposal was agreed
8	**Gravesham**	Painters Ash	Painters Ash Woodlands	Proposal remains unchanged, refurbishment of existing facilities on Painters Ash primary School.	Yes Also in support of Daisy Chains reach area being re aligned to cover the rural parts of Gravesham, making it possible to 'lose' Raynehurst proposal	Members consulted: Mr Cubitt, Mr Sweetland, Mr Snelling, Mr Christies, Mr Craske All agreed to the proposal

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals	Members Comments
		Location	**Ward**			
9	**Maidstone 1**	Coxheath	Coxheath and Hunton Loose Barming Fant	Revised proposal move away from the new build on Coxheath Primary School, placing the new centre in existing community facilities	Yes	Members consulted: Mr Robertson, Mrs Stockell, Mr Hotson No response
10		Marden	Marden & Yalding Staplehurst Boughton Monchelsea and Chart Sutton	Proposal remains unchanged: refurbishment to the existing caretaker's house adjacent to Marden Primary School site.	Yes	Original proposal was agreed
11		West Borough	Allington Heath Bridge	Proposal remains unchanged: new Build on the site of West Borough Primary School	Yes	Original proposal was agreed
12	**Maidstone 2**	East Borough	East Bearsted Detling and Thurnham Boxley	Proposal remains unchanged: new Build on the site of East Borough Primary School	Yes	Original proposal was agreed
13		Howard de Walden	North Ward Boxley	Proposal remains unchanged, use of existing community facilities in Howard de Walden community centre	Yes	Original proposal was agreed
14		Headcorn	Harrietsham & Lenham Headcorn Sutton Valence &Langley North Downs Leeds	Proposal remains unchanged, use of existing community facilities in Headcorn village community centre	Yes	Mrs Whittle is in support of the proposal for Headcorn children's centre.

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals	Members Comments
		Location	**Ward**			
15	**Malling**	Borough Green	Borough Green and Long Mill Hildenborough Ightham Wrotham	Re-furbishment of existing school accommodation (Borough Green Primary School)	Yes	Members consulted: Mrs Hohler, Mr Long, Mr Homewood, Mrs Dagger, Mrs Dean.
16	**Malling**	Brookfield	Downs Larkfield South West Malling and Leybourne Kings Hill (part)	Use of existing facilities, the newly re -furbished family room, in Brookfield Infants School.	Yes	Mrs Dean has asked that East Malling and Larkfield are served by the children's centre at St James School and the proposed centre for Brookfield Infant School, rather than the proposed centre at Burham CE Primary School.
17	**Malling**	Burham	Blue Bell Hill & Walderslad Burham, Eccles & Wouldham Larkfield North (part) Aylesford	Proposal remains unchanged : new build on Burham CEP School,	Yes	

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals	Members Comments
		Location	**Ward**			
18	**Sevenoaks South**	Westerham	Seal and Weald Brasted, Chevening & Sundridge Westerham & Crockham hill Halstead, Knocholt and Badgers Mount Crockenhill and Well Hill Eynsford	Commissioned Spring House Family Support centre, based in existing facilities in Westerham	Yes .	Members consulted: Mr Parry, Mr Lake, Mr Chard, Mr London, Mr Gough
19	**Sevenoaks South**	Dunton Green	Dunton Green and Riverhead (part) Sevenoaks and Kippington Kemsing Otford and Shoreham	Proposal remains unchanged: new build at Dunton Green School	Yes	Mr Chard agreed to the proposals for Sevenoaks South
20	**Sevenoaks South**	Sevenoaks Central	Sevenoaks Eastern Sevenoaks Northern Sevenoaks Town and St. John's Dunton Green and Riverhead (part)	Commissioned Spring House Family Support centre, based in existing facilities in Westerham The original proposal included a 4th centre at Kemsing. The reach area for this will be absorbed into he three centres above	Yes	

	LCSP	Revised Proposal		Rationale	Does the ACSO/LCSP support the revised proposals?	Members Comments
		Location	**Ward**			
21	**Swanley and District**	Swanley	Farningham, Horton Kirby and South Darenth Fawkham and West Kingsdown Swanley Christchurch and Swanley Village	Proposal remains unchanged ; refurbishment and small extension of west kingsdown CEP School's existing SENCO and library room.	Yes	Original proposal was agreed
22	**Tonbridge**	East Peckham/ Hadlow	East Peckham and Golden Green Hadlow, Mereworth & West Peckham Wateringbury	Revised proposal: move away from the new build on East Peckham Primary school and use existing community facilities.	Yes	Members consulted: Mr Long Mr Long agreed to the proposal for Tonbridge
23	**Tunbridge Wells**	South Borough and High Brooms	Southborough & High brooms Southborough North Speldhurst and Bidborough	Proposal remains unchanged ; New build on South borough CEP School	Yes.	Mr Davies feels that the proposal at Southborough CEP School will serve the areas of High Brooms and Bidborough well but not Speldhurst and it should be served by the centre at St Paul's CE Primary School. He also suggested Oakwood School site as an alternative for Pembury.
24	**Tunbridge Wells**	Pembury	Capel Park Pembury	Revised proposal: to move away from the new build on Pembury Primary School and use existing community facilities.	Yes	Mr Lynes would like input to the alternative locations before any decision is made.

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CHILDREN'S CENTRE CAPITAL FUNDING AND PREDICTED SPEND

AVAILABLE FUNDING

General Sure Start CC Capital Grant: Rounds Two and Three	21,761,665
KCC	7,000,000
Other contributions	5,772,271
Total	**34,533,936**

PREDICTED SPEND

ROUND TWO

Capital Projects X 52	22,872,271
Enhancements	1,500,000
Repairs and Maintenance	306,287
Sub total	**24,678,558**

ROUND THREE

Capital Projects – new builds x 10	3,500,000
Refurbishments/Existing facilities x 13	500,000
Project contingency	300,000
Sub total	**4,300,000**

ROUNDS ONE, TWO AND THREE

CCTV	372,129
e-Start/Connectivity	1,269,594
Signage	88,705
Sub total	**1,730,428**

TOTAL	**30,708,986**

AVAILABLE FUNDING **34,533,936**

PREDICTED SPEND **30,708,986**

BALANCE **3,824,950**

NB: The forecast costs for Round 3 have been provided by colleagues from Corporate Property and are the current best estimates. They are, however, possibly subject to change as the schemes are finalised.

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By:	**Mike Hill, Cabinet Member, Community Services** **Amanda Honey, Managing Director, Communities**
To:	**Cabinet – 30 November 2009**
Subject:	**Museum of Kent Life**
Classification:	**Unrestricted**
Summary:	**This report gives an update on the Museum of Kent Life and the actions undertaken to give it a long term sustainable future.**

1.0 Introduction and context

1.1 Set in 461 acres of country parkland, the Museum of Kent Life tells the story of the people who have lived and worked in Kent over the past 150 years.

1.2 Kent County Council (KCC) founded the museum with Maidstone Borough Council (MBC) in 1983. KCC became the sole operator of the museum in 1992 and established the Museum of Kent Life Trust to run the museum. KCC has provided an annual revenue grant to the Trust since its launch; the grant currently stands at £61,500, governed by a three year Service Level Agreement which ends in March 2010.

1.3 In financial year 2006/7 the Museum of Kent Life entered a period of financial instability. KCC agreed to contribute a total revenue grant sum amounting to £151,500 and £111,500 to ensure that the museum remained solvent whilst it sought a solution to these problems. KCC also provided financial advice and at their recommendation a leading expert in museum governance was consulted. Following his recommendations, the trust was strengthened through the addition of new trustees to fill strategic posts.

2.0 Transfer to Continuum and current position

2.1 About this time Mike Hill, KCC Cabinet Member for Communities, commissioned a report that recommended the transfer of the management and staff of the Museum to a commercial operating company. With advice from the Director of Community Cultural Services, stakeholders contacted the Continuum Group Ltd.

2.2 Continuum Group Ltd manages five visitor attractions in the UK, including the Canterbury Tales, and provides various services to the cultural sector including design and delivery of services to visitor attractions. In 2007 Continuum visited the Museum of Kent Life and discussions began to explore a possible future working relationship between the two parties.

2.3 Following these discussions, in November 2008 a new company called Continuum (Kent Life) Ltd was formed to manage the museum. The Continuum Group wholly owns the company.

2.4 Continuum now aims to build a secure financial foundation to allow the museum to develop its cultural aspirations, with a target to increase visitor figures by between 30 and 60%. KCC revenue support will cease after 2009/2010. (See Appendix 1 for visitor figures.)

2.5 As part of the shift to Continuum management, the museum leases have been reviewed and amended.

2.6 Continuum (Kent Life) Ltd will return 30% of its profits to the Trust as rent. Any losses incurred in the first year of trading as a result of setting up costs will be covered by Continuum.

2.7 Whilst Continuum now oversees the day to day management of the site, the Museum Trust remains the governing body with responsibility for the museum collection. The Chair of Trustees David Brazier, having greatly helped the transition process is now working with the Trust, a KCC funding advisor and the 'Friends' group, to explore a new capital build project linked to an extension of their purpose built store. This three year project would include a visible storage facility to enable the public to handle objects from the collection. We anticipate that match funding for any HLF type project will come from profit made by the Continuum partnership arrangement.

2.8 In its first season Kent Life has improved the numbers of visitors and its financial bottom line. Early indications are that Kent Life is on target for achieving their **89,000 visitor objective** at the close of the first season 2009/10 - this would represent an **increase of 48%** on the figure for the previous year. The visit figure up until the end of August has reached **84,000** and the Director is predicting an end of year total of **100,000**. School bookings are also above last year's figures, although cancellations are becoming more frequent due to the economic climate. In addition, the relocation of the shop and the purchase of new family friendly stock have increased shop sales with on average £1,000 being made per month. The average spend per person has increased from £1.00 to £1.30 per person – this includes purchases from the shop, refreshments and activities. Taking into account the increase in visitors, this represents a significant improvement in income. The vastly improved promotional materials, including an excellent website (www.kentlife.org.uk) have helped to raise the profile of the museum both locally in Kent and nationally. We are optimistic that this provides a good platform for the future success of the partnership.

3.0 Risk implications of the Continuum Partnership

3.1 The details of the Continuum Partnership are clearly laid out in a lease with a de facto three-year break clause which allows a notice to be served by either party in the event that an operating surplus no better than break even occurs during the year ending January 2012 (there are further possibilities for 2019 and 2024). While we do not anticipate such an outcome, if Continuum did decide to end the partnership, the Trust would have to review its options and consider whether the museum could continue to operate. If the Trust decided to cease museum operation:

- Objects transferred to the museum when the Trust was established would be offered back to KCC and MBC by the Trust as required by their Acquisition & Disposal Policy.
- KCC could offer to provide advice and guidance to the museum regarding dispersal of the remaining collections. Collections include both movable and static artefacts (e.g. buildings).
- KCC could offer to provide legal advice regarding winding down the Trust.

4.0 Resource Implications

4.1 There are no revenue resource implications of the transfer. For 2009/10 KCC has already provided the last annual grant of £61,500 to the Museum of Kent Life Trust and no further grants will be paid in future years.

5.0 Recommendations

5.1 Members are asked to note the successful transfer of operational responsibilities for MOKL to a commercial company and consider whether there might be a wider application of this principle in other areas.

Contact – Sue Sparks
Strategic Manager
Libraries and Archives
(01622) 696446

Background Documents: None

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

To: Cabinet – 30 November 2009

Subject: Decisions from Cabinet Scrutiny Committee – 21 October 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 October 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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01622 694002

Background Information: *Nil*

APPENDIX

Cabinet Scrutiny Committee – 21 October 2009

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
The Overview and Scrutiny Function as a Result of the Decision made at County Council on 15 October 2009	Members were asked to discuss the operation of the Cabinet Scrutiny Committee in light of the County Council decision.	Mr A King Mr G Wild	1. Thank Mr King and Mr Wild for attending the meeting and answering Members' questions. 2. Welcome the assurance from the Deputy Leader that there would be an early meeting of the Scrutiny Board 3. Welcome the assurance from the Deputy Leader that all party representatives would retain the right to place relevant items on the Scrutiny Board and O&S Committee agendas 4. Welcome the assurance of the Deputy Leader that the recommendations of the IMG on Member Information would be progressed at the next meeting of the Information Management Board	This is an on-going business now as the new arrangements bed in.
The Decision to Review the Children's Centres Programme	Members raised concerns about the review and asked for a further explanation of the areas that the review would focus on.	Mr L Ridings Mrs A Gamby Ms J Smith	1. Thank Mr Ridings, Mrs Gamby and Ms Smith for attending the meeting and answering Members' questions. 2. Ask Mrs Gamby to advise all Members of the Round 3 Children's Centres which would be affected by the review.	The Cabinet Member wrote on 2nd October 09 to explain to members that the review would look at round three children's centres. A paper, highlighting the recommendations of the review, is going to Cabinet

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
			3. Highlight Members concerns about the lack of Member engagement at the beginning of this review.	and Policy Overview Committee. The Cabinet Member engaged with all County Councillors by writing to them on Friday 2nd October 09 explaining that a review would be undertaken in October and the findings would be reported to Cabinet in late October/early November.
Kent Highways Services and the Process for Local Member Input	Concerns were raised about the process for Member input into Kent Highways Service.	Mr N Chard Mr D Hall	1. Thank Mr Chard and Mr Hall for attending the meeting and answering Members' questions 2. Welcome the assurance of the Cabinet Member that Joint Transportation Boards will continue to meet 3. Expresses concern that the decision to subsume the Highways Advisory Board into the Policy Overview and Scrutiny Committee had not been sufficiently thought through and without back bench Member involvement, with particular reference to the role of the Joint Transportation Boards. 4. Requests that the Cabinet Member, in consultation with the Head of Democratic Services and Local Leadership and highways officers consider the following matters:	The committee's response and requests will be enacted.

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
			a. The process for ensuring that contentious matters emanating from Joint Transportation Boards are placed before the Environment, Highways and Waste Policy Overview and Scrutiny Committee, including specific guidance on what constitutes a "contentious" matter b. The appropriate amendments that need to be made to the various agreements in place between the County Council and District/Borough Councils with regard to the composition and operation of Joint Transportation Boards c. The frequency of Environment, Highways and Waste Policy Overview and Scrutiny Committee meetings, and whether they can accommodate the need to raise individual highways issues. d. The outcome of these discussions be reported to the Cabinet Scrutiny Committee. 5. Welcome the Cabinet Member's assurance that he would take the views of the Cabinet Scrutiny Committee on board and that the issue should be reviewed again by the Cabinet Scrutiny Committee in 6 months time.	