



Revenue and Capital Budget Monitoring & Forecast Outturn 2020-21

September 2020-21

By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services,
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To Cabinet – 14 December 2020

Unrestricted

Contents

Section

- 1 Introduction
- 2 Recommendations
- 3 Revenue & Capital Positions
- 4 Covid-19
- 5 Adult Social Care & Health
- 6 Children, Young People & Education
- 7 Growth, Environment & Transport
- 8 Strategic & Corporate Services
- 9 Financing Items & Unallocated
- 10 Schools' Delegated Budgets
- 11 Capital Budget Changes

Appendices

- A1 Revenue Variances Table
 - A2 Subjective Analysis
 - A3 Actions to Close the Budget Gap – Savings Update
 - A4 Monitoring of Revenue Reserves
 - A5 Monitoring of Prudential Indicators
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1 Introduction

This report provides the budget monitoring position up to 30 September 2020-21 for both Revenue and Capital budgets, and how we are responding to the Covid-19 pandemic. Also included are capital budget adjustments which require Cabinet approval.

1.1 We've improved the clarity of the report. Key information is on the left, detail is on the right, in grey

All figures are in millions, to one decimal place, unless otherwise stated

This report uses the following key abbreviations and colours:

	ASCH	Adult Social Care & Health
	CYPE	Children, Young People & Education
	GET	Growth, Environment & Transport
	S&CS	Strategic & Corporate Services
	FI&U	Financing Items & Unallocated
	SDB	Schools' Delegated Budgets
	U	Unallocated

1.2 This report is based on September actuals and is therefore after the budget amendment

This is the first budget monitoring position following the budget amendment that was taken to County Council on 10 September 2020. This means there are changes to the over and underspends reported prior to the budget amendment.

1.3 The budget amendment included £72.2m of Covid-19 budgets allocated by directorate but held corporately

Following the budget amendment, the Covid-19 budgets of £72.2m have been allocated by Directorate but are held corporately. These corporately held budgets will be allocated at the end of the year when the final costs of Covid are known.

The Covid-19 pandemic has impacted on the way we are monitoring the budget this year

The Covid-19 pandemic continues to have a huge impact on the way the Council works. It's important for us to understand and report on the financial effect of Covid-19 and for us to monitor against the emergency funding the government has provided. Alongside a dedicated section on Covid-19 in this report, we are showing two variance figures in all Directorate and Key Service summaries, excluding and including the impact of Covid-19.

1.4 We continue to provide regular returns to the Ministry of Housing Communities and Local Government (MHCLG) setting out the impact of Covid-19 and the application of additional government grants

The MHCLG return differs from this monitoring as it includes the gross impact of additional spending related to responding to the pandemic and the economic fallout, delays to planned savings and loss of income. The gross impact includes estimates for potential additional costs arising later in year (which are not included in this monitoring report) and does not net off any in-year underspends, which are reflected in this report.

1 Introduction

- 1.5 The Revenue forecast as at the end of September is an underspend of -£4.5m excluding Covid-19.
- The Revenue forecast including the Covid-19 position as at the end of September is an underspend of -£19.9m
- ASCH is forecasting an overspend of £1.3m. All other directorates are reporting an underspend. The largest is -£3.4m in FI&U, followed by CYPE (-£1.1m), S&CS (-£1.1m) and GET (-£0.1m). The forecast variance has decreased by £12.4m since the last report in July, however much of this movement is a result of 'business as usual' budget changes detailed in the Budget Amendment.
- The Covid-19 related variance as at the end of September is -£15.4m. However, it is important to recognise that the timing of this report was before the second national lockdown and tiered localised approaches were introduced and we do not yet know the full financial impact of this. We also have £11.0m of additional risks identified as part of our MHCLG government return.
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- 1.6 The Capital forecast as at the end of September is an underspend of £138.0m excluding Covid-19. The forecast underspend has increased by £16.4m
- The underspend is made up of +£12.5m real and -£150.5m rephasing variance. This represents 29.7% of the capital budget.
- The largest real variance is +£15.5m in GET, predominantly related to Highway Major Enhancement (+£13.9m), with underspend forecast in CYPE (-£4.0m, due to some Basic Need projects no longer taking place in 20-21 and underspends as a result of detailed feasibilities and costings for School Roofs projects).
- The major rephasing variances are -£60.1m in GET and -£58.4m in S&CS.
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- 1.7 Schools' Delegated Budgets are reporting a £34.7m overspend
- The overspend position of +£34.7m reflects the impact of high demand and high cost per child of High Needs Placements.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast Revenue and Capital monitoring position	The forecast underspend on the Revenue budget is the position as at the end of September. Whilst it is positive that the forecast position has moved from being an overspend, it is important to note that this is the half year position that does not take account of the second national lockdown or local tiering arrangements which may impact on the budget position.
2.2	Note the way we are monitoring the financial impact of Covid-19	Please refer to Section 4 for details.
2.3	Note and agree the Capital budget adjustments	Please refer to Section 11 for details.
2.4	Note the Subjective Analysis presentation of the forecast	Please refer to Appendix 2.
2.5	Note the latest position on the delivery of agreed savings	Please refer to Appendix 3.
2.6	Note the Revenue Reserves half year position	Please refer to Appendix 4.
2.7	Note the half year position on the Prudential Indicators	Please refer to Appendix 5.

The revenue monitoring position as at the end of September is showing a variance of **-£4.5m excluding Covid-19**. The revenue monitoring position will be used to inform the **Medium Term Financial Plan, identifying growth proposals alongside reducing costs/increasing income levels**. The **Covid-19 forecast as at the end of September is showing a variance of -£15.4m but there will still be further financial challenges as the pandemic continues and we do not know the impact of the second national lockdown or the local tiering system**.

The capital monitoring position is **-£138m of which -£150.5m relates to rephasing of projects and +£12.5m are real variances**.

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| 3.1 | There is a variance of -£4.5m on the 20-21 revenue budget excluding Covid-19 | ASCH is forecasting an overspend of +£1.3m, made up of a +£3.3m overspend in Adult Social Care & Health Operations, compensated by underspends in the Strategic Management and Business Delivery divisions of -£2.0m. All other directorates are reporting an underspend. -£3.4m in FI&U, -£1.1m in CYPE in Other School Services, -£1.1m in S&CS predominately in the Infrastructure division and -£0.1m in GET. |
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| 3.2 | The use of the Corporately held Covid-19 allocation is currently showing a variance of -£15.4m | <p>The corporately held budget for Covid-19 as detailed in the Budget Amendment of £72.2m will be allocated at year-end once final costs are known.</p> <p>For the purposes of this report, the budget and forecast has been shown by directorate, showing a net revenue variance of -£15.4m including additional spending incurred to date, delayed savings, income losses and underspends on the approved budget. The +£4.5m in the Capital position table matches the -£4.5m referred to the Covid-19 Funding Summary table in Section 4.</p> |
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| 3.3 | There is a variance of -£138.0m on the 20-21 capital budget excluding Covid-19 | This is made up of +£12.5m real variance and -£150.5m rephasing variance. Headline variances are detailed in the relevant directorate sections. |
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Directorate Revenue variances excluding the impact of Covid-19

Directorate	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement (+/-) £m
Adult Social Care & Health	402.4	+1.3	+2.8	-1.5
Children, Young People & Education	282.0	-1.1	+6.7	-7.8
Growth, Environment & Transport	173.8	-0.1	-1.4	+1.3
Strategic & Corporate Services	89.9	-1.1	+1.7	-2.8
Financing Items & Unallocated	79.6	-3.4	-1.9	-1.5
	1,027.7	-4.5	+7.9	-12.4
Schools' Delegated Budgets	0.0	+34.7	+30.6	+4.1
	1,027.7	+30.2	+38.5	-8.3

Details of the forecasts in the table above can be found in the relevant directorate pages, but the key ones are here:

Key Service (Division)	Variance £m	Summary	Detail
Adult Learning Disability - Residential Care Services & Support for Carers Care Services (Adult Social Care & Health Operations)	+£1.4m	The number of younger people in residential care is higher than budgeted.	The number of Learning Disability clients in residential care in 2020-21 has remained consistently higher than budgeted with costs also higher than budgeted. This is mainly due to the level of complexity of clients transferring in from 18 – 25 and not as many clients as anticipated moving out of Residential into Supported Living, as explained above.
Adult Physical Disability - Residential Care Services (Adult Social Care & Health Operations)	+£2.0m	The number and complexity is greater than budgeted.	In addition to having increased numbers of clients, the level of complexity we are seeing in Physical Disability clients is also increasing with associated higher unit cost. The combination of these has resulted in an overspend on this line.
Adoption & Special Guardianship Arrangements & Service (Integrated Children's Services)	-£1.0m	Means testing review of Adoption allowances	In 2017-18 changes were made to the means-testing of permanency related payments. The full year impact of this review has been much greater than originally estimated resulting in both a reduction in the number of allowances issued along with overall unit cost.

3 Revenue & Capital Positions

Revenue Variance -4.5m underspend
Capital Variance -138.0m underspend

Key Service (Division)	Variance £m	Summary	Detail
Financing Items & Unallocated	-£3.4m	Underspending against the budget for the retender of contracts in ASCH	An underspend against the budget for the retender of Care & Support in the Home and LD/PD/MH residential care, which is partly due to there only being a part year effect in 2020-21.

Covid-19 budgets held corporately allocated by Directorate as per the Budget Amendment

The table below shows the forecast position against the Covid-19 budgets as at September 2020. It shows a surplus of -15.4m. More detail can be found in Section 4.

Directorate	Covid-19 Allocation £m	Covid-19 Forecast £m	Covid-19 Variance £m	Overall Variance £m
Adult Social Care & Health	33.7	21.2	-12.5	-11.2
Children, Young People & Education	7.7	3.0	-4.7	-5.8
Growth, Environment & Transport	9.9	9.5	-0.4	-0.5
Strategic & Corporate Services	7.2	10.2	+2.7*	+1.5
Financing Items	6.7	6.1	-0.5	-3.9
Unallocated	7.0	7.0	0.0	0.0
	72.2	57.1	-15.4	-19.9

*The Strategic & Corporate Services variance includes a drawdown from the Public Health Reserve of £0.3m to cover their additional costs.

3 Revenue & Capital Positions

Revenue Variance -4.5m underspend
Capital Variance -138.0m underspend

Capital position

Directorate	Capital Budget £m	Variance excl. Covid-19 £m	Real Variance £m	Rephasing Variance £m	Covid-19 Forecast £m	Variance incl. Covid-19 £m
Adult Social Care & Health	4.2	-3.6	0.1	-3.7	0.0	-3.6
Children, Young People & Education	154.3	-32.3	-4.0	-28.3	4.4	-27.9
Growth, Environment & Transport	234.5	-44.6	15.5	-60.1	0.1	-44.5
Strategic & Corporate Services	71.5	-57.5	0.9	-58.4	0.0	-57.5
	464.5	-138.0	+12.5	-150.5	4.5	-133.5

4 Covid-19

We are forecasting revenue costs of £57.1m due to Covid-19 in 2020-21. A further £11.0m of additional Covid related risks have also been identified, taking the total to £68.1m. The shortfall between the funding received and our estimated revenue spend, excluding compensating forecasted underspends and capital costs is £27.9m. As a result of the Budget Amendment, we have held budgets corporately for Covid-19 response and recovery of £72.2m.

4.1	The Covid-19 related spend is currently showing a surplus of £15.4m compared to the corporately held budget	The Covid-19 related spend is across all directorates, but the largest area of spend is in ASCH. The revenue forecast has been split between several categories in the Covid-19 Revenue Forecasts table below. The narrative for these forecasts is in the directorate sections of this report. These figures are estimates and the £15.4m surplus is largely as a result of underspends, notably due to much lower numbers of social care clients moving into care, and reduced demand for home to school/college transport.
4.2	£11.0m additional Covid-19 related risks have been estimated in the November MHCLG Return, taking the total gross additional spending and forecast income losses to £100.1m.	The total Covid-19 related spend reported in the November return to Government was £100.1m. This includes potential future risks of £11.0m. In addition, the £11.0m does not include the underspends currently included in this monitoring report as it is too early to be confident they will be delivered and the return requests information on gross expenditure and income losses. We do not know the full impact of the second national lockdown, or the localised tiered approach Kent will be in from 2 December. No allowance has been made for any further outbreaks or a longer recession
4.3	We're estimating additional capital costs of around £4.5m	The anticipated impact from Covid-19 on capital will be a mixture of rephasing due to contractors not having been on site for the first few weeks of the financial year, and cost overruns. Initial indications show that the majority of the Covid-19 impact relates to overspends in the construction of schools.
4.4	Emergency funding of £77.2m has been provided by the Government	In March, April and August 2020, the government provided £39m, £27.9m and £10.3m respectively of Covid-19 Financial Support Grant. £1.7m was spent in 2019-20, with the remaining £75.5m that will be used 2020-21.
4.5	We amended the 2020-21 budget at September County Council	The budget amendment included £72.2m for Covid-19 budgets held corporately allocated by directorate. £3m was allocated to the retained business rates levy due to recognising the impact of lower business rate income.
4.6	Since September, we have received a further £17.7m emergency funding from government	<p>The fourth tranche of funding takes our total additional funding to date to £94.9m and this increase will be reflected in future monitoring reports.</p> <p>We also expect to receive further funding as a result of the second national lockdown implemented in November. There could be further funding beyond 2 December dependent on the return to a localised approach to restrictions.</p>
4.7	We have received to date nine specific grants amounting to £37m	We have received nine additional grants to support the Covid-19 pandemic. These are specific, ring-fenced grants, Test & Trace Grant Adult Social Care Infection Control Grant, NHS Hospital Discharge Claim , a Subsidised Buses Grant, Emergency Active Travel Fund, Bus Services Support Grant Restart scheme, Emergency Assistance Grant for Food & Essential Supplies, School &

4 Covid-19

College Transport Capacity funding and Targeted support for UASC. These grants do not affect or reduce the £57.7m Covid related spend as they are being spent on other things.

Covid-19 Forecasts (20-21)

	ASCH £m	CYPE £m	GET £m	S&CS £m	FI £m	U £m	Total £m
Covid-19 allocation held corporately	33.7	7.7	9.9	7.2	6.7	7.0	72.2
Drawdown from Public Health Reserve*				0.3			
Revenue Forecasts							
Actual spend	15.3	7.9	5.1	11.4		7.0	47.3
Underspends	-15.1	-11.8	-7.1	-2.6			-36.6
Loss of income	0.4	1.6	8.1	1.0	4.1		15.3
Unrealised savings	3.3	1.3	0.1		2.0		6.7
One off payments to the market	17.2	0.4	0.2				17.8
Payments for undelivered variable fee services	0.1	3.7	3.1	0.3			7.2
Total Revenue forecast	21.2	3.0	9.5	10.2	6.1	7.0	57.1
Variance to Covid-19 Budgets held corporately	-12.5	-4.7	-0.4	+2.7	-0.5	0.0	-15.4
Reconciliation to MHCLG Return							
Removal of underspends not included	15.1	11.8	7.1	2.6			36.6
Removal of capital forecasts not included		-4.4	-0.1				-4.6
Additional risks identified							11.0
Total per MHCLG Return	36.9	10.4	16.5	12.8	6.1	7.0	100.1
Variance to Covid-19 Budgets held corporately							+27.9
Capital Forecasts							
Actual spend to be covered by Revenue Contribution		4.4	0.1				4.6

*Public Health are forecasting a net spend of £0.3m in response to Covid-19 which will be funded by a drawdown from the Public Health reserve

4 Covid-19

Details of the forecasts in the table above can be found in the relevant directorate pages, but the key ones are here:

4.8	£15.3m actual spend in ASCH	The cost of supporting additional demand for services resulting from Covid-19, including: equipment for supporting clients in the community; additional care packages after hospital discharge (residential and community care); increases in bad debts, essential system improvements; and domestic abuse.
4.9	£17.2m one off payments to the market in ASCH	We have supported the Residential and Homecare markets by providing £17.2m, the equivalent of 2 weeks payments. We have also provided financial support to the VCSE (Voluntary, Community and Social Enterprise) sector through additional contracts totalling £3.7m.
4.10	-£15.1m underspends in ASCH	We are continuing to see the number of people over the age of 65 being admitted to long-term residential and nursing care running at much lower levels than previous years, in particular Nursing. Further underspends have been observed in areas including client travel to day care, staff travel and use of commissioned day care.
4.11	£7.9m actual spend in CYPE	Additional demand across a range of services including: increased costs of placing looked after children due to reduced availability of foster care provision and more limited movement of children, estimate of increased demand following the return of children from September in both social work and SEND and a revenue contribution to capital to cover extra construction costs for the basic need programme.
4.12	-£11.8m underspend in CYPE	Revised estimate based on reduced demand for home to school/college transport.
4.13	£5.1m actual spend in GET	Additional service provision for emergency mortuary provision and associated staffing costs and increases in Waste expenditure (increased kerbside tonnes going into Transfer Stations, providing additional support to districts, impact on commodity prices for recycled materials, costs associated with the closing and re-opening of household waste recycling centres). Also costs of PPE, cleaning, sanitiser, ICT, etc.
4.14	-£7.1 underspends in GET	Public Transport costs eligible for Government grant, reductions in Waste tonnage at our HWRC's as they were closed during lockdown and the booking system in place controls the number of visits to allow for compliance with social distancing, delay in new highways term maintenance contract.
4.15	£8.1m loss of income in GET	Income Loss including Kent Travel Saver, libraries, registration, and country parks.
4.16	£11.4m actual spend in S&CS	Additional council-wide costs including: the provision of PPE and sanitiser across all services; additional staffing to handle increased call volumes in the KCC contact centre; and additional ICT infrastructure to enable staff

to work from home, such as laptops and licenses for A2K and Microsoft Teams and early implementation of Microsoft E5 licence. Also, costs related to reopening buildings, surveys and adaptations to make offices Covid secure and enhanced cleaning specification. Members' Grants given for Covid related community support.

£0.9m relates to Public Health, made up of support to the voluntary sector, additional capacity for substance misuse and mental health services, Digital Inclusion initiatives for Children, and provision of alternative pharmaceutical services, including phone triage and a home delivery service for pregnant smokers and emergency contraception.

4.17	£4.1m loss of income in FI&U	Anticipated reduction in the return from our companies.
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Revenue

The ASCH directorate is currently forecasting a revenue variance excluding Covid-19 of +£1.3m. This includes a +£3.3m variance in Adult Social Care & Health Operations, compensated by underspends of -£1.2m and -£0.8m in Strategic Management & Directorate Budgets and Business Delivery, respectively.

A summary table at Key Service Level can be found in Appendix 1

Revenue Variance by Division

Division	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Jul) £m	Movement (+/-) £m
Adult Social Care & Health Operations	373.1	+3.3	+5.0	-1.7
Strategic Management & Directorate Budgets	19.3	-1.2	-1.1	-0.1
Business Delivery	10.1	-0.8	-1.1	+0.3
	402.4	+1.3	+2.8	-1.5

(The last reported position has been realigned to the new ASCH structure)

The biggest Key Service variances in the directorate are as follows, in numerical order:

Key Service (Division)	Variance	Summary	Detail
Adult Learning Disability - Residential Care Services & Support for Carers Care Services (Adult Social Care & Health Operations)	+£1.4m	The number of younger people in residential care is higher than budgeted.	The number of Learning Disability clients in residential care in 2020-21 has remained consistently higher than budgeted with costs also higher than budgeted. This is mainly due to the level of complexity of clients transferring in from 18 – 25 and not as many clients as anticipated moving out of Residential into Supported Living. as explained above.
Adult Physical Disability - Residential Care Services (Adult Social Care & Health Operations)	+£2.0m	The number and complexity is greater than budgeted.	In addition to having increased numbers of clients, the level of complexity we are seeing in Physical Disability clients is also increasing with associated higher unit cost. The combination of these has resulted in an overspend on this line.
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Health Operations)	-£1.6m	There is a decrease in 'one off payments' made to clients receiving Direct Payments.	Most of the underspend relates to Direct Payments (-£1.2m) where the normal level of one-off payments to clients has significantly decreased during the year. There is an underspend of -£0.3m on Supported Living as fewer clients than anticipated have moved to Supported Living from Residential, which is likely to be due to restrictions in placement moves during the

Key Service (Division)	Variance	Summary	Detail
			lockdown period of the pandemic, although as with older people it is not possible to confirm an exact cause to correlate with this level of underspend.
Adult Mental Health - Community Based Services (Adult Social Care & Health Operations)	+£1.6m	Increased number of Supported Living clients in Mental Health Clients	Our Mental Health service has seen an increase in the number of clients placed in Supported Living Placements. Further analysis is being undertaken to understand the increases in client numbers seen this month.
Strategic Management & Directorate Support (ASCH) (Strategic Management & Directorate Budgets (ASCH))	-£1.2m	Some funds are held centrally to distribute later in the year.	-£1.9m of these combined underspends relate to centrally held funds still to be allocated which cover underlying overspends already recognised within the forecast. These centrally held funds will be allocated later in the year when we can more clearly understand the effect of the current climate on the core client services. We have additional underspends on a number of centrally held projects.
Business Delivery (Business Delivery Unit)	-£1.2m		
Older People - Residential Care Services (Adult Social Care & Health Operations)	+£1.0m	Overspend due to increased market prices and complexity	The expected additional costs arising from increasing market prices and complexity have been slightly greater than expected which has resulted in a pressure. As this service is demand led, and the budget has been built assuming a similar trend to previous years, it is not easy to give an exact cause of any variance. However, it is likely that admission patterns and placement moves have been different this year due to the pandemic, which may have contributed to this variance.

Capital

The ASCH directorate is currently forecasting a capital variance excluding Covid-19 of -£3.6m, made up of a +£0.1m real and a -£3.7m rephasing variance. As this is the first report of the year there are no previously reported variances.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance	Rephasing Variance	Detail
New variances to report:			
Home Support Fund & Equipment	-0.1m		This is a reactive budget subject to in-year fluctuations
Learning Disability Good Day Programme		-2.9m	Whilst major projects at Meadowside and Southfields are ready to proceed, all capital projects within this programme

are on hold pending review

Previously reported variances:

Adult Social Care Case Management +0.2m

It is proposed that this overspend is covered by the rolling budget reserve

Covid-19 Forecast

The ASCH directorate is currently forecasting a surplus of -£12.5m against corporately held budgets of £33.7m. This is predominantly due to the underspend of -£15.1m. Whilst there is a forecast surplus as at the end of September it does not take into account the impact of the national lockdown or the tiering system on the projected outturn.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£33.7m	
Additional spend (Revenue)	£15.3m	The cost of supporting additional demand for services resulting from Covid-19, including: equipment for supporting clients in the community; additional care packages after hospital discharge (residential and community care); increases in bad debts, essential system improvements; and domestic abuse.
One off payments to the market	£17.2m	We have supported the Residential and Homecare markets by providing £17.2m, the equivalent of 2 weeks payments. We have also provided financial support to the VCSE (Voluntary, Community and Social Enterprise) sector through additional contracts totalling £3.7m.
Unrealised savings	£3.3m	Due to Covid, we have been unable to realise the planned Whole System Change saving of £2.3m. The planned savings from Targeted Interventions (£0.6m) and Bad Debt (£0.5m) have also not been realised due to Covid.
Loss of income	£0.4m	Relates to the period where day services are still not providing the same level and type of service as before meaning that clients cannot be charged for those periods
Underspends	-£15.1m	We are continuing to see the number of people over the age of 65 being admitted to long-term residential and nursing care running at much lower levels than previous years, in particular Nursing. Further underspends have been observed in areas including client travel to day care, staff travel and use of commissioned day care.
Payments for undelivered services (variable fee)	£0.1m	
Total Revenue Forecast	£21.2m	
Revenue surplus	-£12.5m	

Revenue

The CYPE directorate is forecasting a revenue variance excluding Covid-19 of -£1.1m, predominantly in the Education division. The variance position has moved from a £6.7m overspend to an underspend of -£1.1m underspend, a movement of -£7.8m, mainly due to Business As Usual changes made as part of the Budget Amendment.

A summary table at Key Service Level can be found in Appendix 1

Revenue Variance by Division

Division	Revenue Budget £m	Variance excl. Covid-19 £m	Last reported position (Jul) £m	Movement £m
Integrated Children's Services	158.5	-0.4	+4.7	-5.1
Special Educational Needs & Disabilities	70.3	+0.2	+1.0	-0.7
Education	49.1	-1.2	+0.9	-2.1
Strategic Management & Directorate Budgets	4.2	+0.3	+0.2	+0.1
	282.0	-1.1	+6.7	-7.8

The biggest Key Service variances in the directorate are as follows, in numerical order:

Key Service (Division)	Variance	Summary	Detail
Looked After Children – Care & Support (Integrated Children's Services)	+£0.8m	Unachieved Change for Kent Children savings	Pressure mainly arising from delay in achieving the CfKC savings, the expected profile of savings has changed from when the savings were included in the MTFP. The Directorate has agreed to identify other compensating savings which are reflected in this report.
Care Leavers Service (Integrated Children's Services)	-£0.6m	Council Tax underspend	As part of an enhanced offer, from April 2021 the council agreed to pay council tax for care leavers aged 18-21. Current activity indicates the number of care leavers claiming this benefit is far lower than originally estimated. Work is underway to determine the reasons behind this low take up and an update will be given in future monitoring reports.

Key Service (Division)	Variance	Summary	Detail
Adoption & Special Guardianship Arrangements & Service (Integrated Children's Services)	-£1.0m	Means testing review of Adoption allowances	In 2017-18 changes were made to the means-testing of permanency related payments. The full year impact of this review has been much greater than originally estimated resulting in both a reduction in the number of allowances issued along with overall unit cost.
Adult Learning & Physical Disability Pathway – Residential Care/Community Based Services (Special Educational Needs & Disabilities)	-£0.1m	Reduction in the cost of supporting 18-25 year old young people with a disability	There are several compensating variances across 0-25 disability services showing a small underspend of at least -£0.1m. There is some work being undertaken around year end creditors from 2019-20 and early indications suggest that there will be one-off savings on creditors set up at the end of 2019-20 which have not been invoiced for. The impact of this will be forecast in the next monitoring report.
Other School Services (Education)	-£0.9m	Various schools related costs	There is a forecast underspend of -£0.8m on the School Improvement Grant due to late notification of the extension of this grant for a further year. There are no further commitments expected against this grant in 2020-21.
Asylum (Integrated Children's Services)	£0.0m	Breakeven position for 2020-21 following Home Office announcement on funding rate changes. Prior year funding shortfall still an issue	<p>Over the last year, the council had seen a significant rise in the number of UASC being supported, due to an increasing number of referrals, and the stopping of the National Transfer Scheme previously used by the Home Office to encourage other local authorities to support UASC. The number of UASC reached similar levels to that experienced at the height of the 2015 crisis. This culminated in the council not taking new arrivals until such time that it would be considered safe to do so. Since this point there has been some success with the relaunch of the National Transfer Scheme with some other local authorities agreeing to offer places to both new arrivals and those initially supported by Kent. As at the 3 November 186 UASC have been transferred to other local authorities since June 2020 and there are 440 UASC and 985 Care leavers currently being supported in Kent.</p> <p>The grant was increased from April 2021 and this will help to ensure the rise in the number of UASC does not result in a shortfall in funding in 2020-21, as seen in previous years, however due to the higher number of children and the need to implement appropriate social distancing measures it has not always been possible use the most cost effective accommodation. The council continues to discuss the position with both the Home office and the DfE in relation to both continual high number of new arrivals and the impact of Covid-19.</p>

Capital

The CYPE directorate is currently forecasting a capital variance excluding Covid-19 of -£32.3m. This is made up of a -£4.0m real and a -£28.3m rephasing variance. The underspends predominately relate to Schools projects. Previously reported variances are shown in italics.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance	Rephasing Variance	Detail
New variances to report:			
Annual Planned Enhancement Programme	-0.3m	-3.3m	Rephasing: Due to Covid, the uncertainty of buildings being operational and contractors unable to work, there has been a delay on projects across the programme Real: £0.3m to be vired to basic need to cover works being undertaken as part of the basic need project
Basic Need KCP16 and Previous Years	+0.3m	+0.5m	Real: £0.3m to be vired from Annual Planned Enhancement Programme to cover works being undertaken as part of the basic need project
Basic Need KCP17	-2.4m	-4.3m	Rephasing: Delays on a project due to contract variations and listed buildings time delays Real: Following a review of the programme some projects which were due to take place this financial year are no longer required
<i>Previously reported variances:</i>			
<i>Barton Court Free School</i>		<i>-11.6m</i>	<i>This is a Department for Education (DfE) project being managed by KCC. The delivery date has been pushed back from September 2021 to September 2022 by the DfE.</i>
<i>School Roofs</i>	<i>-1.6m</i>	<i>-5.5m</i>	<i>The rephasing is reflecting that construction will now start in 21-22. Previously reported rephasing was -£5.1m The real variance is due to the detailed feasibilities and costings having now taken place resulting in an expected underspend</i>
<i>Priority School Build Programme</i>		<i>-1.7m</i>	<i>This reflects the later planned construction start date.</i>
<i>Nest 2</i>		<i>-1.6m</i>	<i>Revenue funding for the project is being sought and the</i>

project initiation document is to be submitted to the NHS by 31 March 2021

Covid-19 Forecasts

The CYPE directorate is currently forecasting a surplus of -£4.7m against corporately held budgets of £7.7m. This is a combination of forecast spend and payments for undelivered variable fee services being offset by underspends. Whilst there is a forecast surplus as at the end of September it does not take into account the impact of the national lockdown or the tiering system on the projected outturn.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£7.7m	
Underspends	-£11.8m	Revised estimate based on reduced demand for home to school/college transport.
Additional spend (Revenue)	£7.9m	Additional demand across a range of services including: increased costs of placing looked after children due to reduced availability of foster care provision and more limited movement of children, estimate of increased demand following the return of children from September in both social work and SEND and a revenue contribution to capital to cover extra construction costs for the basic need programme.
Loss of income	£1.6m	Loss of income across a range of CYPE services during lockdown mainly in 16+ travel saver and adult learning services.
Unrealised savings	£1.3m	Non delivery of service integration savings due to reprioritisation of resources to Covid-19 response and recovery.
One off payments to the market	£0.4m	Additional payments to support tutors in adult learning and children social work placements.
Payments for undelivered variable fee services	£3.7m	Payments to Home to School Transport providers to support their financial stability during the pandemic.
Total Revenue Forecast	£3.0m	
Actual spend (Capital)	£4.4m	Additional forecast costs relating to construction delays due to Covid-19.
Revenue Surplus	-£4.7m	
Capital Deficit	+£4.4m	

Revenue

The GET directorate is currently forecasting a revenue variance, excluding Covid-19 adjustments, of -£0.1m, with forecast pressures of +£1.7m being more than offset by underspends of -£1.8m. The biggest variance is +£0.5m within the Highways, Transportation & Waste division, and most specifically in Highway Asset Management (Other).

A summary table at Key Service Level can be found in Appendix 1

Revenue Variance by Division

Division	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Jul) £m	Movement (+/-) £m
Highways, Transportation & Waste	141.7	+0.5	-0.4	+0.9
Environment, Planning & Enforcement	17.3	-0.2	-0.1	-0.1
Libraries, Registration & Archives	8.7	-0.2	-0.6	+0.4
Economic Development	4.6	-0.2	-0.1	-0.1
Strategic Management & Directorate Budgets	1.4	-0.1	-0.2	+0.1
	173.8	-0.1	-1.4	+1.2

The biggest Key Service variances in the directorate are as follows, in numerical order:

Key Service (Division)	Variance	Summary	Detail
Highway Asset Management (Other) (Highways, Transportation & Waste)	+1.0m	Drainage overspends slightly offset by streetlight energy and maintenance underspends	This budget is showing an overspend within drainage (+£1.2m) following the recent storms and adverse weather. Underspends against streetlight energy and maintenance combine to reduce this down by -£0.2m.
Kent Travel Saver (Highways, Transportation & Waste)	-0.6m	Lower than anticipated payments to operators	The current underspend, which will be subject to change, is due to anticipated additional costs on a number of Kent Travel Saver focused services not materialising in year
Waste Facilities & Recycling Centres (Highways, Transportation & Waste)	+0.4m	Price related overspend mainly within the material recycling facilities contract	Material Recycling Facility tonnage price pressures resulting from delays in contract negotiations (+£0.3m) are offset in part by reduced prices in food composting (-£0.1m). Several small variances make up the balance (+£0.2m).
Highway Asset	-0.3m	Release of uncommitted	Although this reflects the release of all uncommitted

Management (Roads and Footways) (Highways, Transportation & Waste)		budgets offset by overspends within staffing and inspection works.	budgets (-£0.7m) to help mitigate the issues with drainage in Highway Asset Management (Other), the impact is reduced due to overspends within staffing and inspection works (+£0.4m).
Highway Transportation (including School Crossing Patrols) (Highways, Transportation & Waste)	-0.3m	Staffing and other minor variances	Staffing vacancy management and several other minor variances.

Capital

The GET directorate is currently forecasting a capital variance excluding Covid-19 of -£44.6m. This is made up of a +£15.5m real and -£60.1m rephasing variance. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
<u>New Variances to Report:</u>			
Highway Major Enhancement (Highways Transportation & Waste)	+13.9m	-3.9m	Real: Additional grant funding is due to be received from the Department for Transport for works to maintain KCC highways. Rephasing: Relates to Thanet Way Challenge Fund 2b for works that will now be undertaken early in 21-22.
Integrated Transport (Highways, Transportation & Waste)	+0.9m		Various additional schemes to be funded by external funding and developer contributions. (<i>Previously reported +£0.3m</i>).
Kent Thameside Strategic Transport Programme (Highways, Transportation & Waste)		-8.9m	The rephasing is due to the Thames Way project being put on hold pending the completion of the master planning in the area by Ebbsfleet Development Corporation. (<i>Previously reported -£2.0m</i>)
Thanet Parkway (Highways, Transportation & Waste)		-2.9m	The delays to this project are due to Covid 19 and the subsequent delays to the planning determination from May 20 to September 20 when approval was granted.
Sturry Link Road (Highways, Transportation & Waste)		-3.5m	The project has been delayed by 6-9 months due to Covid 19 and developer funding delays.

Kent Thameside LSTF (Highways, Transportation & Waste)	-1.5m	The Kent Thameside LGF project has increased the scope of the Gravesend Bus Hub to incorporate additional elements to join up with the Fastrack service. There is additional funding to cover the additional costs, with most being required in 2021-22.
Dartford Town Centre (Highways, Transportation & Waste)	-1.4m	Delays are due to Covid 19.
A2 Off Slip Wincheap, Canterbury	-1.5m	Project timescales have changed due to external pressures and the requirement for Highways England agreement for a desired scheme.
M2 Junction 5 (Highways, Transportation & Waste)	-1.6m	Rephasing in line with expected revised timescales.
Fastrack Full Network – Bean Road Tunnels (Highways, Transportation & Waste)	-5.3m	The funding agreements have taken longer than expected and Covid-19 has also slowed progress since March. Consequently the engagement of a contractor and the design phase has been delayed. (<i>Previously reported - £2.3m</i>).
Leigh (Medway) Flood Storage Areas (Highways, Transportation & Waste)	-1.5m	Due to last winter's flooding there have been delays to the project due to ongoing talks with partners on where best to implement schemes. Talks have also been delayed due to Covid 19.
Digital Autopsy (Environment, Planning & Enforcement)	-2.0m	The forecast has been reprofiled to fit with the expected build profile. Some delays have occurred due to Covid 19 as this was the site of the temporary mortuary facility, plus land surveys were delayed as a result.
Kent & Medway Business Fund (Economic Development)	-11.4m	Rephasing of -£11.4m due to the on-going business uncertainty due to the COVID-19 outbreak (<i>Previously reported -£9.5m</i>)
Javelin Way Development (Economic Development)	-3.0m	The start on site is later than anticipated, resulting in rephasing.
<i>Previously Reported Variances:</i>		
National Productivity Investment Fund – Kent Medical Campus (Highways, Transportation & Waste)	-3.8m	The rephasing is due to delays relating to Covid-19 where the contractors had furloughed staff. A 5-week extension has been agreed but the cost is not yet known.
Maidstone Integrated Transport (Highways, Transportation & Waste)	-3.4m	Covid-19 has affected the ability to deliver this full programme as was initially expected and therefore some works will need to be rolled into future financial years.
Dover Bus Rapid Transit (Highways, Transportation & Waste)	-2.0m	KCC is the delivery partner of this project and any Covid-19 impact will not be a risk to KCC, however the spend associated with the project has been re-profiled.

*Kent Strategic
Congestion Management
(Highways, Transportation & Waste)* **+0.1m**

This project has had a successful Kent Lane Rental bid for the renovation of traffic lights in the Dover area.

Covid-19 Forecasts

The GET directorate is currently forecasting a surplus of -£0.4m against corporately held budgets of £9.9m. This is a combination of forecast spend and loss of income being offset by underspends. Whilst there is a forecast surplus as at the end of September it does not take into account the impact of the national lockdown or the tiering system on the projected outturn.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£9.9m	
Additional spend (Revenue)	£5.1m	Additional service provision for emergency mortuary provision and associated staffing costs and increases in Waste expenditure (increased kerbside tonnes going into Transfer Stations, providing additional support to districts, impact on commodity prices for recycled materials, costs associated with the closing and re-opening of household waste recycling centres). Also costs of PPE, cleaning, sanitiser, ICT, etc.
Underspends	-£7.1m	Public Transport costs eligible for Government grant, reductions in Waste tonnage at our HWRC's as they were closed during lockdown and the booking system in place controls the number of visits to allow for compliance with social distancing, delay in new highways term maintenance contract.
Loss of income	£8.1m	Income Loss including Kent Travel Saver, libraries, registration, and country parks.
Unrealised savings	£0.1m	Delay in awarding of a new food waste contract.
Market sustainability – one off payments	£0.2m	Support to maintain financial stability in the Waste sector.
Payments for undelivered variable fee services	£3.1m	Support to maintain financial stability mainly in public transport.
Total Revenue forecast	£9.5m	
Capital spend	£0.1m	
Revenue surplus	-£0.4m	
Capital deficit	£0.1m	

The S&CS Directorate is currently forecasting a revenue variance, excluding the impact of Covid-19 adjustments, of -£1.3m with Directorate net underspends of -£1.1m alongside an underspend of -£0.2m within the Corporate Landlord estate.

A summary table at Key Service Level can be found in Appendix 1

Revenue Variance by Division

Division	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Jul) £m	Movement (+/-) £m
Infrastructure	24.6	-0.8	-0.2	-0.5
Corporate Landlord	24.4	-0.2	+2.1	-2.3
People & Communication	13.2	-0.0	-0.1	+0.1
Finance	10.2	+0.1	+0.0	+0.1
Strategic Commissioning including Public Health	8.0	-0.1	-0.1	-0.0
Governance, Law & Democracy	8.8	+0.0	-0.1	+0.1
Strategy, Policy, Relationships & Corporate Assurance	2.0	-0.1	+0.1	-0.2
Strategic Management & Directorate Budgets	-1.2	-0.3	-0.0	-0.2
	89.9	-1.3	1.7	-3.0

The biggest Key Service variances in the directorate are as follows, in numerical order:

Key Service (Division)	Variance	Summary	Detail
Property Related Services (Infrastructure)	-£0.4m	Oakwood House costs recharged to Asylum Seekers grant	This underspend is due to Oakwood House operating costs (£0.35m) being met from the Asylum Service as the building is being used for Asylum seekers accommodation, and vacancy management in Asset Strategy and Transformation (-£0.068m).
ICT Related Services (Infrastructure)	-0.4m	Vacancy management	This forecast underspend is due to staffing variances on ICT core client (-£0.3m) and vacancy management in ICT Business Partnerships and Relationships (-£0.1m).
Strategic Management & Divisional Budgets	-£0.3m	Reduced early retirement costs	Strategic Management underspend is due to reduced early retirement costs this year.

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord (CLL)	-£0.2m	Phased implementation of survey work for properties transferred to Corporate Landlord	The CLL underspend is on properties which transferred to the CLL last financial year and relates to the time required to set up and agree Change Control Notices (CCNs) for statutory compliance and planned preventative maintenance.
Strategy Policy Relationships & Corporate Assurance	-£0.1m	Additional income to fund existing work	Strategy, Policy, Relationships & Corporate Assurance underspend is due to additional income from Public Health for Civil Society Strategy with no additional expenditure required.
Finance	+£0.1m	One-off staffing costs	The Finance division overspend is due to increased staffing and software costs in CFS and agency staff costs in Internal Audit.
Strategic Commissioning	-£0.1m	Staffing vacancies	Strategic Commissioning underspend is due to short term staff vacancies.

Capital

The S&CS directorate is currently forecasting a capital variance excluding Covid-19 of -£57.5m, made up of a +£0.9m real variance and a -£58.4m rephasing variance. Previously reported variances are shown in *italics*.

Real variances over £0.1m and rephasing variances over £1.0m are as follows:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report			
Modernisation of Assets	+0.9m	+0.8m	The real variance relates to the works at the Turner Trust, for which additional revenue funds have been secured.
Acquisition of Strategic Assets		-41.8m	Strategic acquisitions are not being pursued.
Asset Utilisation – Oakwood House		-6.0m	There are delays due to emergency use of the Oakwood House as asylum accommodation. <i>Previously reported -£1m rephasing.</i>
MOA Plus		-2.5m	Spend has been reprofiled in line with expectations.
Asset Utilisation		-1.8m	Service level requirements have been re-evaluated due to Covid and the forecast has been rephased.

Live Margate	-1.6m	This money has been rephased pending a review of the options for the development of some properties.
Dover Discovery Centre	-1.4m	Following stage 2, design consultants have now quoted their fees for the remaining stages and there is now a clearer picture of the spread of costs for this project, which has resulted in rephasing.
Property Investment Fund (PIF) 1 & 2	-5.4m	No investments are planned.
Options for Strategic Estate	+1.3m	Money has been brought forward to fund the development costs for the next phase of the strategic headquarters project.
<i>Previously Reported Variances:</i>		
Modernisation of Assets	+1.8m	Due to programme demands money has been rolled forward.

Covid-19 Forecasts

The S&CS directorate is currently forecasting a deficit of +£3.0m against corporately held budgets of £7.2m. This is due to higher than anticipated forecast additional spend, particularly on the provision PPE. Whilst there is a forecast surplus as at the end of September it does not take into account the impact of the national lockdown or the tiering system on the projected outturn.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£7.2m	
Additional Spend (Revenue)	£11.4m	Additional council-wide costs including: the provision of PPE and sanitiser across all services; additional staffing to handle increased call volumes in the KCC contact centre; and additional ICT infrastructure to enable staff to work from home, such as laptops and licenses for A2K and Microsoft Teams and early implementation of Microsoft E5 licence. Also, costs related to reopening buildings, surveys and adaptations to make offices Covid secure and enhanced cleaning specification. Members' Grants given for Covid related community support.
		£0.9m relates to Public Health, made up of support to the voluntary sector, additional capacity for substance misuse and mental health services, Digital Inclusion initiatives for Children, and provision of alternative pharmaceutical services, including phone triage and a home delivery service for pregnant smokers and emergency contraception.
Underspends	-£2.6m	Reduced costs for printing and copying with an offsetting reduction included in Loss of Income below. There are savings on TFM and electricity costs due to some properties not being reopened. An underspend is forecast in Member Services for

Members' Grants due to grants being diverted to Covid related initiatives, there is an offsetting cost in Real Additional Spend. Forecast reductions in travel, room hire and printing costs.

-£0.9m relates to Public Health made up of costs eligible for the Hospital Discharge Grant, supplier relief payments for GPs and Pharmacies already budgeted for.

Loss of income £1.0m For Managed Print, there is forecast reduced income with an offsetting cost saving in underspends. Also forecast potential loss of rental income for KCC properties.

Payments for undelivered services £0.3m Support to maintain the financial stability of GP practices and (variable fee) pharmacies.

Total Revenue forecast £10.2m

Revenue deficit +£3.0m

Revenue

FI&U is currently forecasting a revenue variance excluding Covid-19 of -£3.4m.

A summary table at Key Service Level can be found in Appendix 1

Revenue Variance by Division

Division	Revenue Budget £m	Variance excl. Covid-19 £m	Last reported position (Jul) £m	Movement (+/-) £m
Financing Items & Unallocated	79.6	-3.4	-1.9	-1.5

The variance is explained below:

Key Service (Division)	Variance	Summary	Detail
Financing Items & Unallocated	-£3.4m	Underspending against the budget for the retender of contracts in ASCH	An underspend against the budget for the retender of Care & Support in the Home and LD/PD/MH residential care, which is partly due to there only being a part year effect in 2020-21.

Covid-19 Forecasts

The FI&U directorate is currently forecasting a surplus of -£0.5m against corporately held budgets of £6.7m. Whilst there is a forecast surplus as at the end of September it does not take into account the impact of the national lockdown or the tiering system on the projected outturn.

Grant Category	Forecast	Explanation
Covid-19 Allocation Held Corporately	6.7m	
Loss of Income	£4.1m	Anticipated reduction in the return from our companies.
Unrealised savings	£2.0m	Loss of investment income target in 2020-21 because of a shortfall in dividends and the impact of a lower base rate on interest receipts.
Total Revenue Forecast	£6.1m	
Revenue Surplus	-£0.5m	

The latest forecast for the Schools' Delegated Budget reserves as at the end of September estimates a deficit of £20.8m, compared to a surplus of £13.8m at the start of the financial year.

This is made up of a forecast surplus of £34.7m on individual maintained school balances, and a deficit on the central schools' reserve of £55.5m. The table below provides the detailed movements on each reserve.

Dedicated Schools Grant (DSG) budgets held centrally are forecast to overspend by £2.9m and this is predominately linked to the additional cost of supporting Special Educational Needs services.

	Individual School Reserves	Central Schools Reserve	Total School Reserves	<i>Note: a negative figure indicates a drawdown from reserves/deficit</i>
Balance brought forward	35.3	-21.5	13.8	
Forecast movement in reserves:				
Academy conversions and closing school deficits	-0.6		-0.6	
School Growth		0.5	0.5	
Falling Rolls		0.7	0.7	
High Needs		-33.4	-33.4	
Various		1.1	1.1	
Overspend on Central DSG Budgets		-2.9	-2.9	
Forecast reserve balance	34.7	-55.5	-20.8	

The Department of Education (DFE) has advised that local authorities are not expected to repay deficits on the DSG from the General Fund and Secretary of State approval is now required if a local authority wishes to do so. The Ministry of Housing, Communities & Local Government (MHCLG) have confirmed they will be implementing a statutory override, whereby DSG deficits should be held in a separate unusable reserve from the main council reserves. The statutory override is expected to be in place for the next three years whilst Councils implement recovery plans. The Council is working with the Schools Funding Forum to set out the challenge and agreeing a plan. The DFE has yet to confirm their long-term strategy in how to deal with deficits where it is clear a local authority is unable to repay these deficits within a reasonable timescale. The DFE is expected to contact local authorities to discuss the detail of their plan and next steps.

Key Issues	Details
Reduction in government funding for Central Services	<p>In 2020-21, the Government reduced the amount used to support some of the central services currently funded from the DSG. In the short-term this has been addressed in the 2020-23 Medium Term Financial Plan without any direct impact to schools however during the next year we will need to review our relationship with schools in line with Government policy and funding.</p>
Higher demand and higher cost for high needs placements	<p>The in-year funding shortfall for High Needs placements is expected to continue in 2020-21 (+£33.4m) due to a combination of both higher demand and higher cost per child. The forecast has been updated to reflect September activity and it assumes in future months, there will be similar levels of growth in the use of higher cost placements as seen in previous years since the introduction of the legislative changes in 2014.</p> <p>The overall pressure has increased since the initial forecast due to higher than initially expected numbers of children being placed in the highest cost placements. It is important to note this is not a Kent phenomenon; and this pressure is being experienced in many other local authorities to varying extents. In response, the Government launched a major review into support for children with SEN however the outcome has been delayed and is not expected until Spring 2021. In the interim, further funding is being provided, however, as can be seen from the forecast, this has been insufficient to meet the demand. This position reflects the fact that more funding can only be part of the answer and that there is need for a wider legislative reform.</p> <p>The Written Statement of Action (WSOA), put in place to address a number of areas of concern raised in last year's Ofsted/CQC Local Area SEND Inspection, overlaps in a number of places with our strategy for reducing the pressure on the High Needs budget which includes:</p> <ul style="list-style-type: none"> • Reviewing our commissioning strategy for SEN provision across the county including supporting the development of new special schools and SRPs to reduce our increasing reliance on independent schools • Reviewing commissioning arrangements with independent providers. • Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools • Further collaborative working with Health and Social Care partners <p>Work is progressing however this has been slowed/paused due to the COVID outbreak. There are also wider concerns on the longer-term impact of children being out of school during the Summer Term on this budget.</p>

11 Capital Budget Changes

Cabinet is asked to note the following changes to the Capital Budget:

Project	Year	Amount (£m)	Reason
Highway Major Enhancement (GET)	20-21	+3.000	Additional grant awarded by the Department of Transport
Highway Major Enhancement (GET)	20-21	+3.978	Additional grant Challenge Fund 2B re Thanet Way
Government Transition Works (GET)	20-21	+11.9	Additional grant
Electric Vans Scheme (GET)	20-21	+1.277	Additional grant to encourage use of electric vehicles.
A226 St Clements Way (GET)	20-21	-0.096	Reduction of developer contributions in line with spend.
Kent Strategic Congestion Management (GET)	20-21	-0.1	Decrease in grant due to a successful lane rental bid.
Fastrack Full Network – Bean Road Tunnels (GET)	20-21	-0.07	Reduction of external funding due to third party paying directly for legal fees.
Integrated Transport Schemes (GET)	20-21	+0.065	Additional revenue funding.
Public Rights of Way (PROW) (GET)	20-21	+0.12	Additional grant to aid Covid recovery.
Emergency Active Travel Fund (GET)	20-21	+1.01	Additional grant to aid Covid recovery.
Basic Need KCP16 (CYPE)	21-22	+2.072	Additional Priority School Building Programme grant.
Basic Need KCP19 (CYPE)	21-22	+6.118	Additional Schools Condition Allocation grant
Market Square, Dover (GET)	20-21	+0.35	Additional external funding
	20-21	+0.22	Additional grant
	21-22	+2.210	Additional grant
	21-22	+0.150	Additional external funding
	22-23	+0.005	Additional grant
	23-24	+0.005	Additional grant
LCMS (GET)	20-21	+0.044	Additional revenue contribution

11 Capital Budget Changes

Cabinet is asked to approve the following changes:

Project	Year	Amount (£m)	Reason
Annual Planned Enhancement Programme (CYPE)	20-21	-0.3	Virement of grant to Basic Need
Basic Need Kent Commissioning Plan 16	20-21	+0.3	Virement from Annual Planned Enhancement Programme
Kent Empty Property Initiative – No Use Empty (GET)	20-21	+1.108	Reallocation of funding from No Use Empty.
No Use Empty – Rented Affordable Homes (GET)	20-21	-1.108	Reallocation of funding to Kent Empty Property Initiative.
Kent Thameside Strategic Transport Programme (GET)	20-21	-1.480	Reallocation of grant funding to Kent Thameside Local Sustainable Transport project
Kent Thameside Local Sustainable Transport (GET)	20-21	+1.480	Reallocation of grant funding from the Kent Thameside Strategic Transport Programme
Kent & Medway Business Fund	20-21	-4.000	Virement from the core Kent & Medway Business Fund pot into the two new streams of support to businesses
Kent & Medway Business Fund – Recovery Loans	20-21	+2.000	
Kent & Medway Business Fund – Capital Growth	20-21	+2.000	
Basic Need KCP 16 and Previous (CYPE)	20-21 21-22 22-23	-1.069 +7.393 +1.000	Rephasing from budget re-alignment exercise.
Basic Need KCP 17 (CYPE)	20-21 21-22 22-23	-26.564 +28.998 +11.465	Rephasing from budget re-alignment exercise, including additional developer contributions.
Basic Need KCP 18 (CYPE)	20-21 21-22 22-23	-6.442 -9.325 +3.500	Rephasing from budget re-alignment exercise, including additional developer contributions.
Basic Need KCP 19 (CYPE)	20-21 21-22 22-23	-18.019 +14.292 +7.904	Rephasing from budget re-alignment exercise, including additional developer contributions.

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement +/- £m
Community Based Preventative Services	13.4	+0.0	-0.0	+0.0
Housing Related Support	7.0	+0.1	+0.1	-0.0
Transfers to and from Reserves	-7.5	+0.0	+0.0	+0.0
Strategic Management & Directorate Support (ASCH)	3.3	-1.2	-1.2	-0.0
Social Support for Carers	3.0	-0.0	-0.0	+0.0
Partnership Support Services	0.0	-0.0	-0.0	+0.0
Strategic Safeguarding	0.2	-0.1	+0.0	
Strategic Management & Directorate Budgets	19.3	-1.2	-1.1	+0.0
Adult In House Carer Services	2.6	-0.1	-0.1	+0.0
Adult In House Community Services	7.3	-0.2	+0.7	-0.9
Adult In House Enablement Services	3.2	-0.0	+0.0	-0.0
Adult Learning Disability - Case Management & Assessment Service	6.1	-0.6	-0.6	+0.1
Adult Learning Disability - Community Based Services & Support for Carers	79.6	-1.6	-0.7	-0.9
Adult Learning Disability - Residential Care Services & Support for Carers	62.1	+1.4	+2.4	-1.0
Adult Mental Health - Case Management & Assessment Services	9.9	-0.2	-0.3	+0.1
Adult Mental Health - Community Based Services	6.7	+1.6	+1.6	-0.0
Adult Mental Health - Residential Care Services	13.0	+0.8	+0.3	+0.5
Adult Physical Disability - Community Based Services	17.3	+0.6	+0.4	+0.2
Adult Physical Disability - Residential Care Services	14.0	+2.0	+1.9	+0.1
ASCH Operations - Divisional Management & Support	0.6	-0.0	-0.1	+0.0
Looked After Children (with Disability) - In House Provision	2.9	+0.0	+0.1	-0.1
Older People - Community Based Services	39.4	+0.3	+5.8	-5.5
Older People - In House Provision	15.8	-0.5	-0.4	-0.1
Older People - Residential Care Services	51.1	+1.0	-4.4	+5.4
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	24.8	-0.2	-0.4	+0.2
Older People & Physical Disability - In House Community Homecare Service	4.0	-0.1	-0.0	-0.1
Older People & Physical Disability Carer Support - Commissioned	0.6	-0.5	-0.5	-0.0
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	6.4	+0.1	-0.0	+0.1
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.2	-0.1	-0.1	+0.1
Sensory & Autism - Assessment Service	1.8	+0.0	-0.0	+0.0

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement +/- £m
Service Provision - Divisional Management & Support	0.5	+0.2	+0.1	+0.1
Adaptive & Assistive Technology	2.0	-0.6	-0.8	+0.2
Adult Social Care & Health Operations	373.1	+3.3	+5.0	-1.7
Business Delivery	8.0	-1.2	-1.1	-0.1
Safeguarding Adults	0.3	+0.0	+0.0	-0.0
Independent Living Support	0.7	+0.0	+0.1	
Statutory and Policy Support	1.1	+0.3	-0.1	+0.4
Business Delivery Unit	10.1	-0.8	-1.1	+0.3
Adult Social Care & Health	402.4	+1.3	+2.8	-1.3
Strategic Management & Directorate Budgets	4.2	+0.3	+0.2	+0.1
Community Learning & Skills (CLS)	-0.7	-0.0	+0.8	-0.8
Early Years Education	0.0	-0.0	-0.0	+0.0
Education Management & Division Support	1.1	+0.0	+0.2	-0.2
Education Services provided by The Education People	3.9	+0.1	+0.1	+0.0
Fair Access & Planning Services	0.0	+0.0	+0.0	+0.0
Home to School & College Transport	44.5	-0.4	-0.5	+0.1
Other School Services	0.3	-0.9	+0.3	-1.2
Education	49.1	-1.2	+0.9	-2.1
Adoption & Special Guardianship Arrangements & Service	14.8	-1.0	+0.1	-1.1
Asylum	-0.1	-0.0	-0.0	-0.0
Care Leavers Service	8.6	-0.6	+0.0	-0.6
Children in Need - Care & Support	3.3	-0.1	-0.1	-0.0
Children's Centres	3.6	+0.2	-0.1	+0.3
Children's Social Work Services - Assessment & Safeguarding Service	46.8	+0.6	-0.0	+0.6
Early Help & Preventative Services	7.1	+0.0	+0.3	-0.3
Integrated Services (Children's) Management & Directorate Support	5.0	-0.4	-0.4	-0.0
Looked After Children - Care & Support	64.6	+0.7	+4.8	-4.1

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement +/- £m
Pupil Referral Units & Inclusion	0.0	+0.0	+0.0	+0.0
Youth Services	4.7	+0.2	+0.1	+0.1
Integrated Children's Services (East & West)	158.4	-0.4	+4.7	-5.1
Adult Learning & Physical Disability Pathway - Community Based Services	25.9	-0.8	-1.0	+0.2
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.4	+0.7	+1.9	-1.3
Children in Need (Disability) - Care & Support	5.1	-0.4	-0.9	+0.5
Children's Disability 0-18 Commissioning	1.7	+0.0	+0.0	-0.0
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	7.9	-0.2	-0.2	-0.0
Looked After Children (with Disability) - Care & Support	10.1	+0.9	+0.4	+0.5
Special Educational Needs & Psychology Services	10.2	+0.1	+0.7	-0.6
Special Educational Needs & Disabilities	70.3	+0.2	+1.0	-0.7
Children, Young People & Education	282.0	-1.1	+6.7	-7.8
Strategic Management & Directorate Budgets	1.4	-0.1	-0.2	+0.1
Arts	1.5	-0.0	+0.0	-0.0
Economic Development	3.1	-0.2	-0.1	-0.0
Economic Development	4.6	-0.2	-0.1	-0.0
Highway Transportation (including School Crossing Patrols)	6.2	-0.3	-0.2	-0.1
Highway Asset Management (Roads and Footways)	8.0	-0.3	+0.3	-0.5
Highway Asset Management (Other)	17.0	+1.0	-0.3	+1.3
Subsidised Buses and Community Transport	6.5	-0.0	-0.0	+0.0
Concessionary Fares	17.2	-0.0	-0.0	-0.0
Kent Travel Saver	8.1	-0.6	-0.5	-0.1
Residual Waste	39.7	+0.1	-0.4	+0.4
Waste Facilities & Recycling Centres	33.7	+0.4	+0.6	-0.3
Highways, Transport & Waste Management Costs and Commercial Operations	5.3	+0.2	+0.1	+0.1
Highways, Transportation & Waste	141.7	+0.5	-0.4	+0.9

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement +/- £m
Environment & Planning	5.6	+0.1	+0.1	-0.0
Environment, Planning & Enforcement Management Costs	0.7	-0.0	-0.0	-0.0
Public Protection (Enforcement)	11.0	-0.2	-0.1	-0.1
Environment, Planning & Enforcement	17.3	-0.2	-0.1	-0.1
Libraries, Registration & Archives	8.7	-0.2	-0.6	+0.4
Growth, Environment & Transport	173.8	-0.1	-1.4	+1.2
Strategic Management & Directorate Budgets	-1.2	-0.3	-0.0	-0.2
Customer Contact, Communications & Consultations	5.4	+0.1	+0.1	+0.0
Human Resources related services	7.7	-0.2	-0.2	+0.1
People & Communication	13.2	-0.0	-0.1	+0.1
Finance	10.2	+0.1	+0.0	+0.1
Governance & Law	6.1	+0.0	+0.1	-0.0
Local Member Grants	2.8	+0.0	-0.2	+0.2
Governance, Law & Democracy	8.8	+0.0	-0.1	+0.1
ICT related services	18.7	-0.2	-0.4	+0.2
Property related services	5.9	-0.4	+0.1	-0.5
Infrastructure	24.6	-0.6	-0.2	-0.3
Corporate Landlord	24.4	-0.2	+2.1	-2.3

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (July) £m	Movement +/- £m
Strategic Commissioning	7.9	-0.1	-0.1	-0.0
Public Health - Advice and Other Staffing	0.0	+0.0	-0.0	+0.0
Public Health - Children's Programme	0.0	+0.0	+0.0	+0.0
Public Health - Healthy Lifestyles	0.0	+0.0	+0.0	-0.0
Public Health - Mental Health, Substance Misuse & Community Safety	0.1	+0.0	+0.0	-0.0
Public Health - Sexual Health	0.0	+0.0	-0.0	+0.0
Strategic Commissioning including Public Health	8.0	-0.1	-0.1	-0.0
Strategy, Policy, Relationships & Corporate Assurance	2.0	-0.1	+0.1	-0.2
Total - Strategic & Corporate Services	89.9	-1.1	+1.7	-2.8
Financing Items & Unallocated	79.6	-3.4	-1.9	-1.4
Total excluding Schools' Delegated Budgets	1,027.7	-4.5	+7.9	-12.2

	Budget £m	Variance £m
Covid-19 budgets held corporately for:		
Adult Social Care & Health	33.7	-12.5
Children, Young People & Education	7.7	-4.7
Growth, Environment & Transport	9.9	-0.4
Strategic & Corporate Services	7.2	+2.7
Financing Items	6.7	-0.5
Unallocated	7.0	+0.0
	72.2	-15.4
Total including Unallocated Budgets	1,099.9	-19.9

Appendix 2 - Subjective Analysis of Revenue Spend

	Revenue Budget £m	Revenue Forecast £m	Revenue Variance £m	<i>Actuals</i> <i>(Apr-Sep)</i> £m
Employees	332.3	339.0	6.7	165.7
Premises	36.2	36.8	0.6	19.3
Transport	58.4	48.5	-10.0	12.4
Supplies & Services	25.2	34.6	9.4	25.1
Professional Fees, Grants & Subscriptions	89.6	96.7	7.1	43.9
Commissioned Services	1,008.9	1,008.8	-0.1	474.6
Transfer & Internal Purchases	21.6	-6.7	-28.4	6.8
Income from Grants & Contributions	-455.7	-430.1	25.6	-109.2
Income from Sales, Fees, Charges & Other Sources	-168.6	-168.1	0.6	-63.9
Schools	0.0	-22.5	-22.5	0.0
Financing Items & Unallocated	79.6	76.3	-3.4	19.2
Covid-19 Adjustments		9.8	9.8	
Budget, Forecast & Variance excl. Covid-19	1,027.7	1,023.2	-4.5	593.9
Covid-19 Budget held corporately	72.2	57.1	-15.4 *	
Budget, Forecast & Variance incl. Covid-19	1,099.9	1,080.3	-19.9	

The £8.3m Covid-19 Adjustments row shows changes made to the add back and remove forecasts relating to Covid-19 to calculate the Variance excl. Covid-19.

The Covid-19 Forecast of £59.6m is held at summary level and is therefore not available for more detailed Subjective analysis.

Actuals include all spend from April-September 2020 inclusive.

*The Strategic & Corporate Services variance includes a drawdown from the Public Health Reserve of £0.3m to cover their additional costs.

Appendix 3 - Actions to close the Budget Gap - Savings Update

As part of closing the Budget Gap for the Budget Amendment, £12,779.0k policy savings were identified across GET, S&CS and FI&U. An update and comments on progress is below.

Area	Description	Amount
Growth, Environment & Transport		
All savings below are on track to be delivered during 2020-21. The £1,500.0k grant from government is yet to be received but is expected and has therefore been included in the monitoring.		
Highways Maintenance Contract	Delay in the recommissioning of the Highways Maintenance contract resulting in a delay in the projected increase in contract values	-1,994.3
Libraries	One-off reduction to the book fund	-300.0
Libraries, registration & archives	Defer some service development	-100.0
Libraries, registration & archives	Review of staffing and vacancy management	-49.5
Community Wardens	Review of staffing and vacancy management	-130.0
Strategic Planning	Review of staffing and vacancy management	-65.0
Sustainable Communities	Review of staffing and vacancy management	-60.0
Public protection	Review of staffing and vacancy management	-37.0
Emergency Planning & Kent Scientific Services	Review of staffing and vacancy management	-50.0
Highways, Transport & Waste	Review of staffing and vacancy management	-25.0
Strategic Management	One off release of underspend	-150.0
Highways Maintenance	Further capitalisation of eligible highway maintenance costs following receipt of additional Government grant	-3,000.0
Highways	Revenue costs chargeable to additional government grants	-1,500.0
Highways Maintenance	One-off release of reactive budget given Government grant for increased proactive maintenance spend	-100.0
Streetlight Energy	On-off release of streetlight energy budget due to delay in new streetlight adoptions at new housing developments etc	-200.0
Flood Protection	Deferral of planned Flood protection project until 2021-22	-70.0
Other	Other minor policy savings	-37.0
		-7,867.8
Strategic & Corporate Services		
The two savings below have been achieved by adjusting the cash limits and spending against the revised limits.		
Member Community Grants	£5k per Member reduction in Community Grants budget	-405.0
Member Allowances	5% reduction in Member Allowances from September	-55.2
		-460.2
Financing Items & Unallocated		
The two savings below have been achieved.		
Minimum Revenue Provision (MRP)	Reduction in MRP required based on assets completed in 2019-20	-1,151.0
Strategic Priorities Funding	Removal of remaining funding set aside for Strategic Priorities	-3,300.0
		-4,451.0
Total		-12,779.0

Appendix 4 – Monitoring of Revenue Reserves 2020-21 – Half-Year Position

1. Following the quarterly review of reserves, the table below shows the projected impact of the current forecast spend and activity for 2020/21 on our revenue reserves.

Account	Balance at 31/3/20	Projected balance at 31/3/21	Movement
	£m	£m	£m
General Fund balance	37.2	37.2	0.0
Earmarked Reserves	232.8	182.7	-50.1
Surplus on Trading Accounts	1.1	1.1	0.0
School Reserves	13.8	-20.9	-34.7

The movement in earmarked reserves is due to the following:

- Planned drawdowns of £9.1m as agreed in the MTFP
- The £50.1m movement in earmarked reserves includes the £37.3m drawdown of the Covid 19 emergency government grant funding
- Funding of approved roll forwards totalling £3.1m from the rolling budget reserve.

Details of the reasons for the movement in schools' reserves are provided in section 10 of the main report.

The half year reserves position does not include the forecast underspend.

Prudential Indicator 1 : Estimates of Capital Expenditure (£m)

	19-20 Actuals	20-21 Budget	20-21 Forecast
Total	241.53	471.9	326.40

Prudential Indicator 2: Estimate of Capital Financing Requirement (CFR) (£m)

	19-20 Actuals	20-21 Budget	20-21 Forecast
Total CFR	1,284.96	1,433.80	1,329.22

Prudential Indicator 3: Gross Debt and the Capital Financing Requirement (£m)

	19-20 Actuals	20-21 Budget	20-21 Forecast
Other Long-term Liabilities	245.20	254.90	245.20
External Borrowing	883.82	944.00	878.38
Total Debt	1,129.02	1,198.90	1,123.58
Capital Financing Requirement	1,284.96	1,433.80	1,329.22
Internal Borrowing	155.94	234.90	320.22

Prudential Indicator 4 : Authorised Limit and Operation Boundary for External Debt (£m)

	19-20 Limit	20-21 Limit	20-21 Position
Authorised Limit - borrowing	1,013	1,050	1,050
Authorised Limit - PFI and leases	263	246	246
Authorised Limit - total external debt	1,276	1,296	1,296
Operational Boundary - borrowing	988	995	995
Operational Boundary - PFI and leases	263	246	246
Operation Boundary - total external debt	1,251	1,241	1,241

Prudential Indicator 5: Proportion of Finance Costs to Net Revenue Stream (%)

	19-20 Actual	20-21 Budget	20-21 Forecast
Proportion of net revenue stream	10.81%	10.30%	10.13%