



Revenue and Capital Budget Monitoring & Forecast Outturn 2020-21

November 2020-21

By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services,
Peter Oakford
Corporate Director of Finance, Zena Cooke
Corporate Directors

To Cabinet – 25 January 2021

Unrestricted

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Contact Details

Corporate Director of Finance – Zena Cooke
Head of Finance Operations – Cath Head
Chief Accountant – Emma Feakins
Capital Finance Manager – Jo Lee
Capital Finance Manager – Julie Samson

03000 419 205 | zena.cooke@kent.gov.uk
03000 416 934 | cath.head@kent.gov.uk
03000 416 082 | emma.feakins@kent.gov.uk
03000 416 939 | joanna.lee@kent.gov.uk
03000 416 950 | julie.samson@kent.gov.uk








1 Introduction

This report provides the budget monitoring position up to 30 November 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 have 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 The budget amendment included £72.2m of Covid-19 budgets allocated by directorate but held corporately

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

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 continues to have a huge impact on the way the Council works. It is 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.

1.3 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.

1.4 The Revenue forecast as at the end of November is an underspend of -£11.8m excluding Covid-19.

The Revenue forecast for the currently available Covid-19 grant funding as at the end of November is £17.4m.

All directorates are reporting an underspend. The largest is -£4.4m in ASCH, followed by FI&U (-£4.1m), S&CS (-£2.4m), CYPE (-£0.7m) and GET (-£0.2m). The forecast underspend has increased by £7.3m since the last report in September. This is an exceptional year and is not an indication of future spending or saving levels, and although this level of underspend is encouraging, it is important to note the position does not consider the impact of the third lockdown.

The Covid-19 emergency grant has not yet been fully allocated. However, it is important to recognise that the timing of this report was just as the tiered localised approach was introduced and before the third national lockdown and we do not yet know the full financial impact of this. We

1 Introduction

also have £7.4m of additional risks identified as part of our MHCLG government return. It should be noted that £18.6m underspend has been assumed in 2021-22 to help balance the budget. £20.8m of recurring COVID budget amendment items have also been built into the 2021-22 MTFP.

- 1.5 The Capital forecast as at the end of November is an underspend of £179.4m excluding Covid-19. The forecast underspend has increased by £41.4m
- The underspend is made up of -£1.1m real and -£178.3m rephasing variance. This represents 35.6% of the capital budget.
- The largest real variance is an underspend of -£2.8m in CYPE (-£4.0m due to some Basic Need Kent Commissioning Plan 17 projects no longer taking place in 20-21 and underspends as a result of detailed feasibilities and costings for School Roofs projects and +£1.3m due to Basic Need Kent Commissioning Plan 16 projects where there have been contract variations and additional costs, including highways works as a result of Section 278 agreements.
- The major rephasing variances are -£78.9m in GET, -£58.4m in S&CS and -£37.3m in CYPE.
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- 1.6 Schools' Delegated Budgets are reporting a £34.5m overspend
- The overspend position of +£34.5m reflects the impact of high demand and high cost per child of High Needs Placements.

2 Recommendations

The recommendations are as set out in the covering report.

The revenue monitoring position as at the end of November is showing a variance of **-£11.8m excluding Covid-19**. The Covid-19 forecast as at the end of November is showing available grant funding of **£17.4m** but there will still be further financial challenges as the pandemic continues and we do not know the impact of the further national lockdowns or the local tiering system.

The capital monitoring position is **-£179.4m** of which **-£178.3m** relates to rephasing of projects and **-£1.1m** are real variances.

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| 3.1 | There is a variance of -£11.8m on the 20-21 revenue budget excluding Covid-19 | All directorates are reporting an underspend. -£4.4m ASCH with underspends across all divisions, -£4.1m in FI&U, -£2.4m in S&CS predominately in the Infrastructure division, -£0.7m in CYPE with a -£1.1m underspend in the Education division and -£0.2m in GET. |
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| 3.2 | The use of the Corporately held Covid-19 allocation is currently showing available grant £17.4m | <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 net available grant funding £17.4m including additional spending incurred to date, delayed savings, income losses and underspends on the approved budget. The +£2.4m in the Capital position table matches the -£2.4m referred to the Covid-19 Funding Summary table in Section 4.</p> |
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| 3.3 | There is a variance of -£179.4m on the 20-21 capital budget excluding Covid-19 | This is made up of -£1.1m real variance and -£178.3m 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 (Sept) £m	Movement (+/-) £m
Adult Social Care & Health	402.5	-4.4	+1.3	-5.7
Children, Young People & Education	281.7	-0.7	-1.1	+0.4
Growth, Environment & Transport	173.8	-0.2	-0.1	-0.1
Strategic & Corporate Services	90.2	-2.4	-1.1	-1.3
Financing Items & Unallocated	79.6	-4.1	-3.4	-0.7
	1,027.7	-11.8	-4.5	-7.3
Schools' Delegated Budgets	0.0	+34.5	+34.7	-0.2
	1,027.7	+27.7	+30.3	-7.5

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
Older People – Community Based Services (Adult Social Care & Health Operations)	-£1.6m	Less clients/hours being commissioned; and cessation of Home to Decide contract	<p>The Homecare line is showing an underspend of £1.7m due to less clients/hours being commissioned, there is a related £0.7m less income, giving a net underspend of £1.0m. This needs to be considered alongside additional expenditure on Homecare which has been attributed to Covid.</p> <p>There is an underspend of £0.4m on Discharge to Assess, largely due to the cessation of the Home to Decide contract saving £600k</p>
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Health Operations)	-£1.2m	There is a decrease in 'one off payments' made to clients receiving Direct Payments.	The underspend on these services relates to Direct Payments (-£1.3m) where the normal level of one-off payments to clients has significantly decreased during the year. There are small off setting underspend and overspends on this line including +£290k on Supported Living (including Autism) and -£280k on Homecare.

3 Revenue & Capital Positions

Revenue Variance -11.8m underspend
Capital Variance -179.4m underspend

Key Service (Division)	Variance £m	Summary	Detail
Looked After Children – Care & Support (Integrated Children’s Services)	+£1.3m	Unachieved Change for Kent Children (CfKC) 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.
Adoption & Special Guardianship Arrangements & Service (Integrated Children’s Services)	-£1.1m	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.
Other School Services (Education)	-£1.2m	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. There is -£0.5m underspend on the use of mobile classrooms to meet basic need requirements.
Property Related Services (Infrastructure)	-£1.2m	In year staff capitalisation relating to return of Gen2 staff	The Property related budget has been adjusted for the return of Gen2 staff and will need to be realigned once the Division is restructured. In year, the capitalisation of staff is generating an underspend of -£0.9m. Oakwood House operating costs (£0.35m) are being met from the Asylum Service as the building is being used for asylum seeker accommodation.
Financing Items & Unallocated	-£4.1m	Underspending against the budget for the retender of contracts in ASCH	A -£3.4m 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. There are also small underspends against other budgets.

3 Revenue & Capital Positions

Revenue Variance -11.8m underspend
Capital Variance -179.4m underspend

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 November 2020. It shows available grant of £17.4m. More detail can be found in Section 4.

Directorate	Covid-19 Allocation £m	Covid-19 Forecast £m	Covid-19 Available Grant £m
Adult Social Care & Health	33.7	24.2	-9.6
Children, Young People & Education	7.7	-1.0	-8.7
Growth, Environment & Transport	9.9	7.2	-2.6
Strategic & Corporate Services	7.2	12.0	+4.4*
Financing Items	6.7	5.8	-0.9
Unallocated	7.0	7.0	0.0
	72.2	55.2	-17.4

*The Strategic & Corporate Services variance includes a drawdown from the Public Health Reserve of £0.4m to cover their additional costs.

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	-3.7	0.0	-3.7	0.0	-3.7
Children, Young People & Education	154.3	-40.1	-2.8	-37.3	1.7	-38.4
Growth, Environment & Transport	273.9	-78.0	0.9	-78.9	0.1	-77.9
Strategic & Corporate Services	71.5	-57.6	0.8	-58.4	0.6	-57.0
	503.9	-179.4	-1.1	-178.3	2.4	-177.0

Nb. The Covid forecast of has reduced from £4.5m as some has been rephased into 21-22.

As a result of the Budget Amendment, we have held budgets corporately for Covid-19 response and recovery of £72.2m. Taking account of Covid related revenue costs, additional Covid related risks and compensating forecasted underspends and capital costs, there is currently £17.4m one-off emergency grant funding available for 2020-21. This does not take account of the impact of the latest restrictions.

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| <p>4.1 The Covid-19 related spend is currently showing available grant funding of £17.4m compared to the corporately held budget</p> | <p>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 £17.4m available grant funding is largely as a result of lower numbers of social care clients moving into nursing and residential care, reduced demand for home to school/college transport, public transport costs eligible for government grant and reduced waste tonnage.</p> |
| <p>4.2 £7.4m additional Covid-19 related risks have been estimated in the November MHCLG Return, taking the total gross additional spending and forecast income losses to £104.1m.</p> | <p>The total Covid-19 related spend reported in the November return to Government was £104.1m. This includes potential future risks of £7.4m. In addition, the £7.4m 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 third national lockdown and the localised tiered approach Kent was in between the national lockdowns. No allowance has been made for any further outbreaks or a longer recession</p> |
| <p>4.3 We are estimating additional capital costs of around £2.4m</p> | <p>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.</p> |
| <p>4.4 Emergency funding of £77.2m has been provided by the Government</p> | <p>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.</p> |
| <p>4.5 We amended the 2020-21 budget at September County Council</p> | <p>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.</p> |
| <p>4.6 We have received a further £17.7m Covid emergency funding from government</p> | <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>4.7 To date, we have received specific grants amounting to £37m. These are being used to fund additional activity and will have no impact on the Council's budget.</p> | <p>We have received 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 & College Transport Capacity funding and Targeted support for UASC. The spend related to these grants is in addition to the £55.2m Covid related spend.</p> |

4 Covid-19

During December we have received notification of further specific grants to support the Covid-19 pandemic and these will be reflected in future budget monitoring forecasts.

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*				0.4			
Revenue Forecasts							
Actual spend	17.0	4.7	5.7	13.3		7.0	47.8
Underspends	-16.5	-12.9	-10.2	-2.8			-42.5
Additional Income	-1.4						-1.4
Loss of income	4.3	1.9	8.1	1.1	4.0		19.4
Unrealised savings	3.3	1.3	0.1		1.8		6.5
One off payments to the market	17.2	0.4	0.2				17.8
Payments for undelivered variable fee services	0.2	3.7	3.3	0.3			7.5
Total Revenue forecast	24.2	-1.0	7.2	12.0	5.8	7.0	55.2
Covid-19 Grant available compared with Budgets held corporately	-9.6	-8.7	-2.6	+4.4	-0.9	0.0	-17.4
Reconciliation to MHCLG Return							
Removal of underspends and additional income not included	17.9	12.9	10.2	2.8			43.9
Removal of capital forecasts not included		-1.7	-0.1	-0.6			-2.4
Additional risks identified							7.4
Total per MHCLG Return	42.0	10.2	17.4	14.2	5.8	7.0	104.1
Variance to Covid-19 Budgets held corporately							+31.9
Capital Forecasts							
Actual spend to be covered by Revenue Contribution		1.7	0.1	0.6			2.4

*Public Health are forecasting a net spend of £0.4m in response to Covid-19 which will currently be funded by a drawdown from the Public Health reserve

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

4.8	£17.0m 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 £13.5m, 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	-£16.5m 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	£4.7m 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	-£12.9m underspend in CYPE	Mainly due to reduced demand for home to school/college transport. Other general underspends including, savings from closure of open access settings, more limited supported living & direct payments services to 18-25 year olds, delay in commissioning SEND parenting programme, reduced travel and room hire costs across social care teams and early help units.
4.13	£5.7m actual spend in GET	Additional service provision for emergency mortuary provision and associated staffing costs, along with a number of Waste-related expenditure. Including significant increase in kerbside tonnes being presented at Waste Transfer Stations (higher cost than at Recycling Facilities) during lockdown and with people home-working; providing additional support to districts for Waste Collection; 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	-£10.2m underspends in GET	Public Transport costs eligible for Government grant and reductions in Waste tonnage at our HWRC's, which were initially closed during lockdown. Subsequently there were then lower than budgeted visits/tonnes as the booking system was introduced to ensure

4 Covid-19

compliance with social distancing. Other general underspends across the directorate due to home-working etc.

4.15 £8.1m loss of income in GET Income Loss including Kent Travel Saver, libraries, registration, and country parks.

4.16 £13.3m 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 and other revenue grants to the VCS. Revenue contribution to capital outlay for delayed capital schemes.

£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 £4.0m loss of income in FI&U Anticipated reduction in the return from our companies.

Revenue

The ASCH directorate is currently forecasting a revenue variance excluding Covid-19 of **-£4.4m**. This includes a **-£1.9m** variance in Adult Social Care & Health Operations, **-£1.2m** and **-£1.3m** 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 (Sept) £m	Movement (+/-) £m
Adult Social Care & Health Operations	372.6	-1.9	+3.3	-5.2
Strategic Management & Directorate Budgets	19.4	-1.2	-1.2	0.0
Business Delivery	10.4	-1.3	-0.8	-0.5
	402.5	-4.4	+1.3	-5.7

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.
Adult Physical Disability - Residential Care Services (Adult Social Care & Health Operations)	+£2.0m	The number and complexity are greater than budgeted.	In addition to having increased number of clients, the level of complexity we are seeing in clients with both autism and physical disability is also increasing with associated higher unit costs. The combination of these has resulted in an overspend on this line.
Older People – Community Based Services (Adult Social Care & Health Operations)	-£1.6m	Less clients/hours being commissioned; and cessation of Home to Decide contract	The Homecare line is showing an underspend of £1.7m due to less clients/hours being commissioned, there is a related £0.7m less income, giving a net underspend of £1.0m. This needs to be considered alongside additional expenditure on Homecare which has been attributed to Covid.

Key Service (Division)	Variance	Summary	Detail
			There is an underspend of £0.4m on Discharge to Assess, largely due to the cessation of the Home to Decide contract saving £600k
Strategic Management & Directorate Support (ASCH) (Strategic Management & Directorate Budgets (ASCH))	-£1.4m	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 areas such as Design & Learning Centre (-£300k)
Business Delivery (Business Delivery Unit)	-£1.3m		
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Health Operations)	-£1.2m	There is a decrease in 'one off payments' made to clients receiving Direct Payments.	The underspend on these services relates to Direct Payments (-£1.3m) where the normal level of one-off payments to clients has significantly decreased during the year. There are small off setting underspend and overspends on this line including +£290k on Supported Living (including Autism) and -£280k on Homecare.

Capital

The ASCH directorate is currently forecasting a capital variance excluding Covid-19 of **-£3.7m**, made up of a **-£0.034m** real and a **-£3.7m** 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>			
<i>Previously Reported Variances:</i>			
<i>Adult Social Care Case Management</i>	<i>+0.05</i>		<i>It is proposed that this overspend is covered by the rolling budget reserve.</i>
<i>Home Support Fund & Equipment</i>	<i>-0.1</i>		<i>This is a reactive budget and is subject to in-year fluctuations.</i>
<i>Learning Disability Good Day Programme</i>		<i>-2.9</i>	<i>Whilst major projects at Meadowside and Southfields are ready to proceed, all capital projects within this programme are on hold pending review.</i>

Covid-19 Forecast

The ASCH directorate is currently forecasting available Covid-19 emergency grant of **-£9.6m** against corporately held budgets of **£33.7m**. Whilst there is a forecast surplus as at the end of November it does not take into account the impact of the third national lockdown or fully the impact of the tiering system on the projected outturn. This will be updated in subsequent months.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£33.7m	
Additional spend (Revenue)	£17.0m	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 £13.5m, 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 £2.1m. The planned savings from Targeted Interventions (£0.7m) and Bad Debt (£0.5m) have also not been realised due to Covid.
Loss of income	£4.3m	The majority of this (£3.85m) relates to income lost due to reduced activity resulting from Covid. The balance 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	-£16.5m	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.
Additional Income	-£1.4m	Additional income arising from additional Homecare hours as a result of Covid.
Payments for undelivered services (variable fee)	£0.2m	Honouring commitments to visits unable to be completed during the disruption of Covid.
Total Revenue Forecast	£24.2m	
Available Grant Funding	-£9.6m	

Revenue

The CYPE directorate is forecasting a revenue variance excluding Covid-19 of -£0.7m, predominantly in the Education division. The variance position has moved from a -£1.1m underspend to an underspend of -£0.7m underspend, a movement of +£0.4m, mainly due to the several additional higher cost Looked After Children Placements.

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 (Sept) £m	Movement £m
Integrated Children's Services	158.1	-0.2	-0.4	+0.2
Special Educational Needs & Disabilities	70.3	+0.2	+0.2	+0.0
Education	49.3	-1.1	-1.2	+0.1
Strategic Management & Directorate Budgets	4.0	+0.4	+0.3	+0.1
	281.7	-0.7	-1.1	+0.4

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)	+£1.3m	Unachieved Change for Kent Children (CfKC) 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.

Key Service (Division)	Variance	Summary	Detail
Adoption & Special Guardianship Arrangements & Service (Integrated Children's Services)	-£1.1m	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)	-£0.2m	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 -£0.2m. 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 future monitoring reports.
Other School Services (Education)	-£1.2m	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. There is -£0.5m underspend on the use of mobile classrooms to meet basic need requirements.
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 any new arrivals between September and November. Since June 2020 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 5 January 200 UASC have been transferred to other local authorities since June 2020 and there are 374 UASC and 1,045 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 to 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 numbers of new arrivals and the impact of Covid-19.</p>

Capital

The CYPE directorate is currently forecasting a capital variance excluding Covid-19 of -£40.1m. This is made up of a -£2.8m real and a -£37.3m 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 £m	Rephasing Variance £m	Detail
<u>New Variances to Report:</u>			
Basic Need KCP16 and Previous Years	+1.3	+0.4	Real: Two projects which started in 2015-16 have had contract variations and incurred additional costs due to pre-construction service agreement costs and additional highways works as a result of Section 278 agreements. This real variance is being managed across the basic need programme as a whole.
Basic Need Kent Commissioning Plan 17		-7.7	Delays on a project due to contract variations and listed buildings time delays. (Previously reported -£4.3m)
Basic Need Kent Commissioning Plan 18		-2.5	Delays due to Covid, feasibility costs coming in higher than expected and delays with a DfE led project.
Basic Need Kent Commissioning Plan 19		-1.4	Delays due to Covid, feasibility costing coming in higher than expected and pending implementation of a funding agreement between KCC and a school.
<u>Previously Reported Variances:</u>			
<i>Annual Planned Enhancement Programme</i>		-3.3	<i>Rephasing: Due to Covid, with the uncertainty of buildings being operational and contractors unable to work, there has been a delay on projects across the programme.</i>
<i>Baron Court Free School</i>		-11.1	<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>Basic Need KCP17</i>	-2.4		<i>Following a review of the programme some projects which were due to take place this financial year are no longer required.</i>

School Roofs	-1.6	-5.9	<i>The rephasing is reflecting that construction will now start in 21-22. Previously reported rephasing was -£5.1m</i>
			<i>The real variance is due to the detailed feasibilities and costings having now taken place resulting in an expected underspend.</i>
Priority School Build Programme		-2.1	<i>This reflects the later planned construction start date.</i>
Nest 2		-1.6	<i>Revenue funding for the project is being sought and the project initiation document is to be submitted to the NHS by 31 March 2021.</i>

Covid-19 Forecasts

The CYPE directorate is currently forecasting available Covid-19 emergency grant of -£8.7m 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 November it does not take into account the impact of the third national lockdown or fully the impact of the tiering system on the projected outturn. This will be updated in subsequent months.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£7.7m	
Underspends	-£12.9m	Mainly due to reduced demand for home to school/college transport. Other general underspends including, savings from closure of open access settings, more limited supported living & direct payments services to 18-25 year olds, delay in commissioning SEND parenting programme, reduced travel and room hire costs across social care teams and early help units.
Additional spend (Revenue)	£4.7m	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	£1.9m	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.

6 Children, Young People & Education

Revenue Variance -£0.7m underspend
Capital Variance -£40.1m underspend

One off payments to the market	£0.4m	Additional payments to support tutors in adult learning and children social work placements.
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Payments for undelivered variable fee services	£3.7m	Payments to Home to School Transport providers to support their financial stability during the pandemic.
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Total Revenue Forecast	-£1.0m
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Actual spend (Capital)	£1.7m	Additional forecast costs relating to construction delays due to Covid-19.
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Available Grant Funding	-£8.7m
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Capital Deficit	+£1.7m
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Revenue

The GET Directorate is currently forecasting a net revenue variance, excluding Covid-19 adjustments, of -£0.2m, with forecast pressures of +£1.7m being more than offset by projected underspends of -£2.2m.

The largest variance to cash limit is a net +£0.4m within the Highways, Transportation & Waste division, consisting of forecast pressures in Waste Facilities & Recycling Centres and Drainage (Highways Asset Management – Other) offset by forecast underspends in Kent Travel Saver and Streetlight Energy and Maintenance (Highways 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 (Sept) £m	Movement (+/-) £m
Highways, Transportation & Waste	141.7	+0.5	+0.5	+0.0
Environment, Planning & Enforcement	17.3	-0.3	-0.2	-0.1
Libraries, Registration & Archives	8.7	-0.2	-0.2	+0.0
Economic Development	4.6	-0.2	-0.2	0.0
Strategic Management & Directorate Budgets	1.4	-0.1	-0.1	0.0
	173.8	-0.2	-0.1	-0.1

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

Key Service (Division)	Variance	Summary	Detail
Waste Facilities & Recycling Centres (Highways, Transportation & Waste)	+0.9	Increased haulage costs, plus price-related overspend mainly within the material recycling facilities contract	Increased haulage costs (+£0.6m), plus material recycling facility tonnage price pressures (+£0.3m) which are offset in part by reduced prices in food composting (-£0.2m).
Highway Asset Management (Other) (Highways, Transportation & Waste)	+0.5	Drainage overspends following recent adverse weather, partly offset by streetlight energy and maintenance.	This budget is showing an overspend within drainage (+£1.4m) following the recent storms and adverse weather. Underspends against streetlight energy and maintenance combine to reduce this down by (-£0.9m).

Highway Asset Management (Roads and Footways) (Highways, Transportation & Waste)	-0.3	Release of uncommitted reactive budgets to help towards offsetting the drainage pressure above.	Reactive budgets are held centrally (-£0.7m) and have been released to help mitigate the issues with drainage (above). Enhanced capital expenditure has enabled this release. There are offsetting overspends within staffing and inspection works (+£0.5m).
Highway Transportation (including School Crossing Patrols) (Highways, Transportation & Waste)	-0.3	Staffing and other minor variances	Staffing vacancy management and other minor variances.
Libraries, Registration & Archives	-0.2	Staffing and other minor variances	Staffing vacancy management and other minor variances across many budget lines.
Public Protection (Enforcement) (Environment, Planning & Enforcement)	-0.4	Staffing and other minor variances	Staffing vacancy management and several other minor variances.
Kent Travel Saver (Highways, Transportation & Waste)	-0.6	Payments to operators at below budgeted levels.	This is due to anticipated additional costs on a number of Kent Travel Saver focused services not materialising.

Capital

The GET Directorate is currently forecasting a capital variance, excluding Covid-19, of -£78.0m. This is made up of a +£0.9m real and -£78.9m 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)		-14.8	Rephasing relates to both the Thanet Way Challenge Fund 2b allocation for works that will now be undertaken early in 21-22, as well as maintenance schemes that are expected to be delayed until early summer 2021 due to engineering and design requirements, plus the onset of winter and associated weather restrictions.
Manston Green (Highways Transportation & Waste)		-1.2	The previously allocated Homes England funding has been withdrawn due to an impasse in negotiations with the developer. The project will be pushed back by two years in order to seek alternative funding.
Kent Empty Property Initiative – No Use Empty (Economic Development)		-1.5	Rephasing in line with the profile of approved and forecast loans.
<u>Previously Reported Variances:</u>			
<i>Integrated Transport (Highways, Transportation & Waste)</i>	<i>+0.9</i>		<i>Various additional schemes to be funded by external funding and developer contributions.</i>
<i>Kent Thameside Strategic Transport Programme (Highways, Transportation & Waste)</i>		<i>-8.9</i>	<i>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>
<i>National Productivity Investment Fund – Kent Medical Campus (Highways, Transportation & Waste)</i>		<i>-6.6</i>	<i>The rephasing is due to Covid-19 and where the contractors had furloughed staff. A 5-week extension has been agreed but the impact on cost is not yet known. (Previously reported -£3.8m).</i>

<i>Fastrack Full Network – Bean Road Tunnels (Highways, Transportation & Waste)</i>	-5.3	<i>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>
<i>Maidstone Integrated Transport (Highways, Transportation & Waste)</i>	-5.1	<i>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 (previously reported -£3.4m).</i>
<i>Sturry Link Road (Highways, Transportation & Waste)</i>	-3.6	<i>The project has been delayed by 6-9 months due to Covid 19 and developer funding delays (previously reported - £3.5m).</i>
<i>Thanet Parkway (Environment, Planning & Enforcement)</i>	-3.2	<i>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 (previously reported -£2.9m).</i>
<i>Dover Bus Rapid Transit (Highways, Transportation & Waste)</i>	-2.0	<i>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.</i>
<i>Kent Thameside LSTF (Highways, Transportation & Waste)</i>	-1.5	<i>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 increased scope costs, with most being required in 2021-22.</i>
<i>A2 Off Slip Wincheap, Canterbury (Highways, Transportation & Waste)</i>	-1.5	<i>Project timescales have changed due to external pressures and the requirement for Highways England agreement for a desired scheme.</i>
<i>Leigh (Medway) Flood Storage Areas (Environment, Planning & Enforcement)</i>	-1.5	<i>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.</i>
<i>Dartford Town Centre (Highways, Transportation & Waste)</i>	-1.4	<i>Delays are due to Covid 19.</i>
<i>Digital Autopsy (Environment, Planning & Enforcement)</i>	-2.0	<i>The forecast has been reprofiled to fit with the expected build profile. Some delays have occurred due to Covid 19 as this is the site of the temporary mortuary facility, plus land surveys were delayed as a result.</i>
<i>Kent & Medway Business Fund (Economic Development)</i>	-11.4	<i>Rephasing of -£11.4m due to the on-going business uncertainty due to the COVID-19 outbreak (Previously reported -£9.5m)</i>

*Javelin Way Development (Economic Development)**-3.0 The start on site is later than anticipated, resulting in rephasing.*

Covid-19 Forecasts

The GET Directorate is currently forecasting available Covid-19 emergency grant of -£2.4m against a corporately held budget allocation 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 November it does not take into account the impact of the third national lockdown or fully the impact of the tiering system on the projected outturn. This will be updated in subsequent months.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£9.9m	
Additional spend (Revenue)	£5.7m	Additional service provision for emergency mortuary and associated staffing costs, along with a number of Waste-related expenditure. Including significant increase in kerbside tonnes being presented at Waste Transfer Stations (higher cost than at Recycling Facilities) during lockdown and with people home-working; providing additional support to districts for Waste Collection; 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	-£10.2m	Public Transport costs eligible for Government grant and reductions in Waste tonnage at our HWRC's, which were initially closed during lockdown. Subsequently there were then lower than budgeted visits/tonnes as the booking system was introduced to ensure compliance with social distancing. Other general underspends across the directorate due to home-working etc.
Loss of income	£8.1m	Income Loss including Kent Travel Saver (less passes in issue), as well as reduced operations at Libraries, Registration, and Country Parks. Other minor income impacts across various services.
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	£3.3m	Support to maintain financial stability mainly in public transport, partially offset by Government grant.
Total Revenue forecast	£7.2m	
Capital spend	£0.1m	
Available Grant Funding	-£2.6m	
Capital deficit	£0.1m	

The S&CS Directorate is currently forecasting a revenue variance, excluding the impact of Covid-19 adjustments, of -£2.4m with Directorate net underspends of -£1.8m alongside an underspend of -£0.6m within the Corporate Landlord estate.

The Directorate's Divisional Management Team have taken a balanced and prudent approach to deliver a significant underspend in recognition of the authority's current risks and financial position.

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 (Sept) £m	Movement (+/-) £m
Infrastructure	24.4	-1.1	-0.6	-0.5
Corporate Landlord	24.4	-0.6	-0.2	-0.4
People & Communication	13.3	-0.1	+0.0	-0.1
Finance	10.2	+0.1	+0.1	+0.0
Strategic Commissioning including Public Health	8.3	-0.3	-0.1	-0.2
Governance, Law & Democracy	8.8	+0.1	+0.0	+0.1
Strategy, Policy, Relationships & Corporate Assurance	2.0	-0.1	-0.1	-0.0
Strategic Management & Directorate Budgets	-1.2	-0.4	-0.3	-0.1
	90.2	-2.4	-1.1	-1.2

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

Key Service (Division)	Variance	Summary	Detail
Property Related Services (Infrastructure)	-£1.2m	In year staff capitalisation relating to return of Gen2 staff	The Property related budget has been adjusted for the return of Gen2 staff and will need to be realigned once the Division is restructured. In year, the capitalisation of staff is generating an underspend of -£0.9m. Oakwood House operating costs (£0.35m) are being met from the Asylum Service as the building is being used for asylum seeker accommodation.
ICT Related Services (Infrastructure)	+0.1m	Vacancy management off-setting 3rd party contract costs	Underspend (-£0.3m) is due to staffing variances on ICT core client whilst structure is amended. Off-set by overspend +£0.3m on 3rd party

Key Service (Division)	Variance	Summary	Detail
			contracts relating to final quarter dual costs of Oracle support whilst transitioning to alternative support arrangement in 2021/22.
Corporate Landlord (CLL)	-£0.6m	Phased implementation of survey work for properties transferred to Corporate Landlord; underspends on Total Facilities Management (TFM) fixed and variable budgets due to management action	The CLL underspend has three parts: (-£200k) 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. (-£254.9k) management action to release TFM fixed fee budget no longer required and (-£150k) management action to reduce variable TFM spend.
Strategic Management & Divisional Budgets	-£0.4m	Reduced early retirement costs	Strategic Management underspend is due primarily to reduced early retirement costs this year.
Strategic Commissioning	-£0.3m	Staffing vacancies	Strategic Commissioning underspend is due to short term staff vacancies and temporary transfer of some staff to Track and Trace duties, separately funded.
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.
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 in year.
Governance, Law and Democracy	+£0.1m	Staffing	Increased legal fees and use of counsel.

Capital

The S&CS Directorate is currently forecasting a capital variance excluding Covid-19 of -£57.6m, made up of a +£0.8m 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
<u>New variances to report:</u>			
Community Sexual Health Services	-0.1		The variance relates to the Fleet and Rowen tree scheme which will be happening in 2021-22.
<u>Previously Reported Variances:</u>			
<i>Modernisation of Assets</i>	<i>+0.9</i>	<i>+0.8</i>	<i>The real variance relates to the works at the Turner Trust, for which additional revenue funds have been secured. Rephasing: due to programme demands money has been rolled forward.</i>
<i>Acquisition of Strategic Assets</i>		<i>-41.8</i>	<i>No strategic acquisitions are expected in this financial year.</i>
<i>Asset Utilisation – Oakwood House</i>		<i>-6.0</i>	<i>There are delays due to emergency use of Oakwood House as asylum accommodation. Previously reported -£1m rephasing.</i>
<i>MOA Plus</i>		<i>-2.5</i>	<i>Spend has been reprofiled in line with expectations.</i>
<i>Asset Utilisation</i>		<i>-1.8</i>	<i>Service level requirements have been re-evaluated due to Covid and the forecast has been rephased.</i>
<i>Live Margate</i>		<i>-1.6</i>	<i>This money has been rephased pending a review of the options for the development of some properties.</i>
<i>Dover Discovery Centre</i>		<i>-1.4</i>	<i>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.</i>
<i>Property Investment Fund (PIF) 1 & 2</i>		<i>-5.4</i>	<i>No investments are expected to be made in this financial year.</i>

*Options for Strategic Estate**+1.3 Money has been brought forward to fund the development costs for the next phase of the strategic headquarters project.*

Covid-19 Forecasts

The S&CS Directorate is currently forecasting a deficit of +£4.4m against corporately held budgets of £7.2m. This is due to higher than anticipated forecast additional spend, on the provision of PPE, work to make buildings Covid safe, and ICT equipment. Whilst there is a forecast deficit as at the end of November it does not take into account the impact of the third national lockdown or fully the impact of the tiering system on the projected outturn. This will be updated in subsequent months.

Grant Category	Forecast	Explanation
Covid-19 Allocation held corporately	£7.2m	
Additional Spend (Revenue)	£13.3m	<p>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 and other revenue grants to the VCS. Revenue contribution to capital outlay for delayed capital schemes.</p> <p>£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.</p>
Underspends	-£2.8m	<p>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.</p> <p>-£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.</p>
Loss of income	£1.1m	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.

8 Strategic & Corporate Services

Revenue Variance -2.4m underspend
Capital Variance -57.6m underspend

Payments for undelivered services (variable fee)	£0.3m	Support to maintain the financial stability of GP practices and pharmacies.
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Total Revenue forecast	£12.0m
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Capital spend	£0.6m
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Revenue deficit	+£4.4m
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Capital deficit	£0.1m
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Revenue

FI&U is currently forecasting a revenue variance excluding Covid-19 of -£4.1m.

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 (Sept) £m	Movement (+/-) £m
Financing Items & Unallocated	79.6	-4.1	-3.4	-0.7

The variance is explained below:

Key Service (Division)	Variance	Summary	Detail
Financing Items & Unallocated	-£4.1m	Underspending against the budget for the retender of contracts in ASCH	A -£3.4m 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. There are also small underspends against other budgets.

Covid-19 Forecasts

The FI&U Directorate is currently forecasting available Covid-19 emergency grant of -£0.5m against corporately held budgets of £6.7m. Whilst there is a forecast surplus as at the end of November 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	£4.0m	Anticipated reduction in the return from our companies.
Unrealised savings	£1.8m	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	£5.8m	
Available Grant Funding	-£0.9m	

The initial forecast for the Schools' Delegated Budget reserves estimates a deficit of £20.7m, 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 £55.4m. The table below provides the detailed movements on each reserve.

Dedicated Schools Grant (DSG) budgets held centrally are forecast to overspend by £3.2m 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		1.0	1.0	
Falling Rolls		0.7	0.7	
High Needs		-32.6	-32.6	
Various		0.3	0.3	
Overspend on Central DSG Budgets		-3.2	-3.2	
Forecast reserve balance	34.7	-55.4	-20.7	

The Department for 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 agree a plan. The DfE has yet to confirm their long-term strategy of 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 make contact with local authorities to discuss the detail of their plan and next steps.

Key Issues	Details
Reduction in government funding for Central Services	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.

Higher demand and higher cost for high needs placements

The in-year funding shortfall for High Needs placements is expected to continue in 2020-21 (+£32.6m) due to a combination of both higher demand and higher cost per child. The forecast has been updated to reflect November 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. The overall pressure has reduced slightly since the position reported in September (+£33.4m) due to the revision in the expected level of spend in 2020-21 on supporting inclusive practices in mainstream schools. Most of the activity in relation to this programme of spend is now expected to occur in 2021-22 partly due to COVID related delays.

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 wider legislative reform.

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:

- 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

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.

12 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	+13.017	Additional grant from the Department of Transport for roads, structures and lighting
		+0.062	Additional external funding
M2 Junction 5 (GET)	20-21	+1.600	Additional LGF grant
		-0.700	Reduction in prudential borrowing as a result of the award of additional grant. Nb. A contribution of £0.9m is still required by KCC hence only a reduction of £0.7m prudential.
Public Rights of Way (GET)	20-21	+0.008	Additional developer contributions
Tunbridge Wells Cultural Hub - The Amelia (GET)	20-21	+0.036	Additional developer contributions
		+0.005	Additional external funding

Cabinet is asked to approve the following changes:

Project	Year	Amount (£m)	Reason
Annual Planned Enhancement Programme (CYPE)	20-21	-0.055	Virement of grant to Basic Need
Basic Need Kent Commissioning Plan 16 (CYPE)	20-21	+0.055	Virement from Annual Planned Enhancement Programme
Basic Need Kent Commissioning Plan 19 (CYPE)	20-21	-0.490	Virement to Priority School Build Programme
Priority School Build Programme (CYPE)	20-21	+0.490	Virement from Basic Need Kent Commissioning Plan 19
Digitally Connecting Kent & Medway (GET)	20-21 21-22	+0.261 +2.030	Additional LGF grant. This is a new project in the capital programme.
Government Transition Works (GET)	20-21	+23.634	Additional grant received from the Department of Transport to progress the works at Ashford. This is a new project in the capital programme.
Kent Strategic Congestion Management (GET)	20-21	+0.125	Additional revenue following a successful Kent Lane Rental bid for the renovation of traffic lights in the Dover area.
Area of Outstanding Natural Beauty (AONB) Vehicles (GET)	20-21	+0.037	Additional revenue contribution for vehicles.

Appendix 1 - Key Service Summary

	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
Community Based Preventative Services	13.4	+0.2	+0.0	+0.2
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	-1.4	-1.2	-0.2
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	0.4	-0.1	-0.1	-0.0
Strategic Management & Directorate Budgets	19.4	-1.2	-1.2	+0.0
Adult In House Carer Services	2.6	-0.1	-0.1	-0.0
Adult In House Community Services	7.3	-0.3	-0.2	-0.1
Adult In House Enablement Services	3.2	-0.0	-0.0	+0.0
Adult Learning Disability - Case Management & Assessment Service	6.0	-0.6	-0.6	-0.1
Adult Learning Disability - Community Based Services & Support for Carers	79.6	-1.2	-1.6	+0.4
Adult Learning Disability - Residential Care Services & Support for Carers	62.1	+1.4	+1.4	-0.0
Adult Mental Health - Case Management & Assessment Services	9.9	-0.2	-0.2	-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	+0.8	-0.0
Adult Physical Disability - Community Based Services	17.3	+2.3	+0.6	+1.7
Adult Physical Disability - Residential Care Services	14.0	+2.0	+2.0	-0.0
ASCH Operations - Divisional Management & Support	0.5	+0.0	-0.0	+0.1
Looked After Children (with Disability) - In House Provision	2.9	+0.2	+0.0	+0.1
Older People - Community Based Services	39.4	-1.6	+0.3	-1.9
Older People - In House Provision	15.8	-0.8	-0.5	-0.3
Older People - Residential Care Services	51.1	-0.1	+1.0	-1.1
Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	24.6	-0.5	-0.2	-0.2
Older People & Physical Disability - In House Community Homecare Service	4.0	-0.2	-0.1	-0.1
Older People & Physical Disability Carer Support - Commissioned	0.6	-0.3	-0.5	+0.3
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	6.4	-3.3	+0.1	-3.4
Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.2	-0.5	-0.1	-0.4
Sensory & Autism - Assessment Service	1.8	+0.0	+0.0	+0.0

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	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
Service Provision - Divisional Management & Support	0.5	+0.0	+0.2	-0.2
Adaptive & Assistive Technology	2.0	-0.5	-0.6	+0.1
Adult Social Care & Health Operations	372.6	-1.9	+3.3	-5.2
Business Delivery	8.3	-1.4	-1.2	-0.2
Safeguarding Adults	0.3	+0.0	+0.0	-0.0
Independent Living Support	0.7	+0.0	+0.0	-0.0
Statutory and Policy Support	1.2	-0.0	+0.3	-0.3
Business Delivery Unit	10.4	-1.3	-0.8	-0.5
Adult Social Care & Health	402.5	-4.4	+1.3	-5.7
Strategic Management & Directorate Budgets	4.0	+0.4	+0.3	+0.2
Community Learning & Skills (CLS)	-0.7	-0.0	-0.0	-0.0
Early Years Education	0.0	+0.0	-0.0	+0.0
Education Management & Division Support	1.4	-0.0	+0.0	-0.1
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	-0.0	-0.4	+0.4
Other School Services	0.3	-1.2	-0.9	-0.2
Education	49.3	-1.1	-1.2	+0.1
Adoption & Special Guardianship Arrangements & Service	14.8	-1.1	-1.0	-0.1
Asylum	-0.1	-0.0	-0.0	+0.0
Care Leavers Service	8.6	-0.6	-0.6	-0.1
Children in Need - Care & Support	3.3	-0.1	-0.1	+0.0
Children's Centres	3.6	+0.3	+0.2	+0.1
Children's Social Work Services - Assessment & Safeguarding Service	46.8	+0.6	+0.6	+0.1
Early Help & Preventative Services	7.1	-0.2	+0.0	-0.2
Integrated Services (Children's) Management & Directorate Support	5.0	-0.5	-0.4	-0.1
Looked After Children - Care & Support	64.3	+1.3	+0.7	+0.6

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	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
Pupil Referral Units & Inclusion	0.0	+0.1	+0.0	+0.1
Youth Services	4.7	+0.1	+0.2	-0.1
Integrated Children's Services (East & West)	158.1	-0.2	-0.4	+0.2
Adult Learning & Physical Disability Pathway - Community Based Services	25.9	-1.0	-0.8	-0.2
Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.4	+0.7	+0.7	+0.1
Children in Need (Disability) - Care & Support	5.1	-0.6	-0.4	-0.2
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	+0.0	-0.2	+0.2
Looked After Children (with Disability) - Care & Support	10.1	+0.7	+0.9	-0.2
Special Educational Needs & Psychology Services	10.2	+0.2	+0.1	+0.1
Special Educational Needs & Disabilities	70.3	+0.2	+0.2	-0.1
Children, Young People & Education	281.7	-0.7	-1.1	+0.4
Strategic Management & Directorate Budgets	1.4	-0.1	-0.1	-0.0
Arts	1.5	-0.0	-0.0	+0.0
Economic Development	3.1	-0.1	-0.2	+0.0
Economic Development	4.6	-0.2	-0.2	+0.0
Highway Transportation (including School Crossing Patrols)	6.2	-0.2	-0.3	+0.1
Highway Asset Management (Roads and Footways)	8.0	-0.3	-0.3	-0.0
Highway Asset Management (Other)	17.0	+0.5	+1.0	-0.5
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	-0.6	-0.0
Residual Waste	39.7	+0.0	+0.1	-0.0
Waste Facilities & Recycling Centres	33.7	+0.9	+0.4	+0.6
Highways, Transport & Waste Management Costs and Commercial Operations	5.3	+0.1	+0.2	-0.1
Highways, Transportation & Waste	141.7	+0.5	+0.5	+0.1

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	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
Environment & Planning	5.7	+0.1	+0.1	+0.1
Environment, Planning & Enforcement Management Costs	0.7	-0.0	-0.0	-0.0
Public Protection (Enforcement)	11.0	-0.4	-0.2	-0.2
Environment, Planning & Enforcement	17.3	-0.3	-0.2	-0.1
Libraries, Registration & Archives	8.7	-0.2	-0.2	+0.0
Growth, Environment & Transport	173.8	-0.2	-0.1	-0.0
Strategic Management & Directorate Budgets	-1.2	-0.4	-0.3	-0.1
Customer Contact, Communications & Consultations	5.4	+0.1	+0.1	-0.0
Human Resources related services	7.8	-0.2	-0.2	-0.0
People & Communication	13.3	-0.1	-0.0	-0.1
Finance	10.2	+0.1	+0.1	-0.1
Governance & Law	6.1	+0.1	+0.0	+0.1
Local Member Grants	2.8	-0.0	+0.0	-0.0
Governance, Law & Democracy	8.8	+0.1	+0.0	+0.1
ICT related services	18.9	+0.1	-0.2	+0.3
Property related services	5.5	-1.2	-0.4	-0.8
Infrastructure	24.4	-1.1	-0.6	-0.5
Corporate Landlord	24.4	-0.6	-0.2	-0.4

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	Revenue Budget £m	Variance excl. Covid-19 £m	Last Reported Position (Sept) £m	Movement +/- £m
Strategic Commissioning	8.2	-0.3	-0.1	-0.2
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	8.3	-0.3	-0.1	-0.2
Strategy, Policy, Relationships & Corporate Assurance	2.0	-0.1	-0.1	-0.0
Total - Strategic & Corporate Services	90.2	-2.4	-1.1	-1.2
Financing Items & Unallocated	79.6	-4.1	-3.4	-0.7
Total excluding Schools' Delegated Budgets	1,027.7	-11.8	-4.5	-7.3

	Budget £m	Variance £m
Covid-19 budgets held corporately for:		
Adult Social Care & Health	33.7	-9.6
Children, Young People & Education	7.7	-8.7
Growth, Environment & Transport	9.9	-2.6
Strategic & Corporate Services	7.2	+4.4
Financing Items	6.7	-0.9
Unallocated	7.0	+0.0
	72.2	-17.4
Total including Unallocated Budgets	1,099.9	-29.2