

REPORT TO: CABINET – 29 MARCH 2010

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

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SUMMARY:

Members are asked to:

- note the latest monitoring position on the revenue and capital budgets,
- note and agree the changes to the capital programme,
- agree that £19.537m of re-phasing on the capital programme is moved from 2009-10 capital cash limits into future years
- note the latest financial health indicators and prudential indicators

1. INTRODUCTION

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

1.2 The format of this report is:

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

1.3 **Headlines:**

	Variance before mgmt action (£m)		movement
	This report	Last report	
Revenue (excl Asylum & schools)	-6.465	-3.323	-3.142
Capital (excl PFI & schools)	-19.477	*	*

* *Capital cash limits are amended each month for re-phasing, therefore a comparison of the variance to the previous report would not be relevant.*

1.3.1 **Revenue:**

1.3.1.1 The latest forecast revenue position (excl Schools and Asylum) before the implementation of management action is an underspend of £6.465m, which is an increase in the underspend of £3.142m since the last report to Cabinet in February. Management action is currently expected to increase the underspend to £7.356m. The £3.142m movement is mainly within the Children, Families & Education, Environment, Highways & Waste and Finance portfolios.

1.3.1.2 Within this position are a number of projects which are re-phasing into 2010-11 and therefore £0.835m of funding will be required to roll forward in order to complete the projects. Further details are provided in the annex reports (£0.606m EH&W portfolio; £0.121m CS&PM portfolio & £0.108m PH&I portfolio).

1.3.1.3 The current position on Asylum is a pressure of £2.780m, which is an improvement of £1.039m since the last report. Within this is a slight worsening of the underlying pressure by £0.026m, but negotiations with Ministers and the UK Borders Agency have been successful in securing £2.3m towards the shortfalls for 2008-09 (£1.235m) and 2009-10 (£1.065m) as a result of a 50% increase in the per capita funding rate for 18+ care leavers and agreement to fully fund the costs of the intake team. Following a telephone conversation with the UKBA on 9 March, it is expected that approximately half of this additional £2.3m will be received before 31 March with the balance being paid during 2010-11 and therefore will need to be raised as a debtor in the 2009-10 accounts.

The shortfall for 2008-09, which was funded from the Asylum reserve, was £3.125m when we closed the 2008-09 accounts but was subject to further negotiations. However, following the data matching exercise this shortfall increased by £0.684m to £3.809m, as a number of clients were not accepted within the grant claim. But, following this latest offer which includes £1.235m for 2008-09, the shortfall reduces to £2.574m, which is an improvement of £0.551m compared to the £3.125m assumed when we closed the 2008-09 accounts. This £0.551m will be transferred back to the Asylum reserve.

The position going forward is that the UKBA and the Home Office have promised to significantly speed up the removal process thus further reducing the financial burden placed upon local authorities. For the first time, UKBA have also agreed to provide some funding towards the cost of those who are All Right of Appeal Exhausted. We have also accepted their offer to help us further with procuring suitable accommodation which should also help to reduce costs and some detailed work on this, in conjunction with Corporate Policy, is now underway prior to discussions with UKBA. This will enable us to substantially reduce the pressure but not completely remove it at present, therefore we have provided £1.3m in the budget for 2010-11.

- 1.3.1.4 We continue to forecast that schools will draw down a further £6m of their reserves this year in response to the tighter balance control mechanism, where reserves above a certain level will be recovered. This is significantly lower than the schools' monitoring forecasts suggest but traditionally schools have tended to be over cautious with their forecasting.
- 1.3.1.5 Recent recruitment campaigns internationally have resulted in the recruitment of additional children's social workers, funded from the from additional money made available in the 2009-12 MTP, however national drives have met with more limited success and there is still a significant number of vacancies. The shortage of children's social workers is reflected nationally. The high level of vacancies in front-line staff is putting pressure on other children's social services, particularly respite care and preventative services, as the safety of children continues to be the highest priority. Recruitment to these posts is crucial to alleviate that pressure, and make social worker caseloads more manageable enabling the delivery of LAC commitments in a more proactive and cost effective way. These pressures together with pressures on fostering, adoption and residential care are currently being offset by the high level of vacancy savings.
- 1.3.1.6 The number of fostering placements continues to increase and is placing significant pressure on both the in-house and independent fostering allowances budgets. This is in part due to the increase in the number of 16+ children choosing to remain with their foster family up to age 18, or 25 if undergoing further education, rather than move to supported lodgings at age 16. The budget for the 16+ service has historically only covered the cost of supported lodgings which is lower than remaining in foster care, although this has now been adjusted through the 2010-13 Medium Term Plan.
- 1.3.1.7 There is some risk that the KASS portfolio will not achieve a balanced position by year end as the current forecast still assumes reductions in the number of residential and nursing placements in line with expected trends, however recently attrition rates have been lower than expected and if this continues it will impact on the forecast. In addition to this, although the numbers of frail people over 65 being admitted into residential care are generally not increasing, those being admitted with dementia are increasing, and these placements are at a higher cost. In the past couple of months there seems to be an increasing trend of clients presenting themselves for residential or nursing care who are former self funders. This appears to be the case with both Older People and Mental Health, we are unsure at this stage whether this will be an ongoing trend. Other authorities are continuing to approach KASS regarding the costs of Learning Disability cases, which they deem should fall upon Kent due to the client now being "ordinarily resident" here. There is potential that further cases will be presented in the remaining weeks of the year. Although KASS is still committed to achieve a balanced position, it is felt that the risks outlined above need to be flagged, as they could have a detrimental effect on the financial position of the portfolio.
- 1.3.1.8 As the Communities portfolio is now forecasting an underspend position, the possibility of setting up a renewals reserve for the Adult Education service is being investigated as originally planned at the beginning of the year, but because the portfolio has been forecasting an overall pressure (before management action) up until now, this was not possible. The requirement for this reserve is currently being assessed. Once this exercise is complete and the level of the annual contributions has been calculated, then the forecast will be amended to reflect the contribution for the current year, thereby reducing the current forecast underspend.

1.3.1.9 So far we have recovered £5.282m of our principal investments in the collapsed Icelandic Banks, which all relates to the UK registered Heritable Bank.

1.3.2 Capital:

- The latest forecast capital position is a variance of -£19.477m mainly on schemes which we are re-phasing.

2. OVERALL MONITORING POSITION

2.1 Revenue

The net projected variance against the combined portfolio revenue budgets is an underspend of £7.356m after management action. Section 3 of this report provides the detail, which is summarised in Table 1a below.

Table 1a – Portfolio position – net revenue position **after** management action

Portfolio	Budget £k	Gross Variance £k	Proposed Management Action £k	Net Variance £k
Children, Families & Education	-687,660	-2,001	0	-2,001
Kent Adult Social Services	+340,612	+580	-580	0
Environment, Highways & Waste	+151,887	-645	0	-645
Communities	+57,416	-395	0	-395
Localism & Partnerships	+7,661	+193	0	+193
Corporate Support & Performance Mgmt	+9,759	-123	-311	-434
Finance	+108,110	-3,922	0	-3,922
Public Health & Innovation	+790	-108	0	-108
Regen & Economic Development	+8,092	-44	0	-44
TOTAL (excl Schools)	-3,333	-6,465	-891	-7,356
Asylum	0	+2,780	0	+2,780
TOTAL (excl Schools)	-3,333	-3,685	-891	-4,576
Schools	+897,633	+6,000	0	+6,000
TOTAL	+894,300	+2,315	-891	+1,424

2.2 Capital (excluding PFI & budgets delegated to schools)

In line with previous practice, the capital cash limits have been adjusted in this report to reflect the re-phasing of capital projects which has been built into the 2010-13 MTP. County Council approved the 2010-13 MTP on 18 February 2010 which included the revised capital programme for 2009-10. This report reflects the current monitoring position against this revised programme, where a pressure of £0.777m and re-phasing of -£20.254m of expenditure into future years is forecast, giving a total variance in 2009-10 of -£19.477m. Further details are provided in section 4 of this report.

3. REVENUE

3.1 Virements/changes to budgets

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

- the inclusion of a number of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set or adjustments to the level of grant allocation assumed in the budget following confirmation from the awarding bodies. These are detailed in Appendix 2.
- All other changes to cash limits reported this quarter are considered “technical adjustments” i.e. where there is no change in policy, including allocation of grants and previously unallocated budgets and savings targets where further information regarding allocations and spending plans has become available since the budget setting process.

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

Portfolio	Budget	Variance	Directorate						
			CFE	KASS	EH&W	CMY	CED	FI	
			£k	£k	£k	£k	£k	£k	
Children, Families & Educ	-687,660	-2,001	-2,001						
Kent Adult Social Services	+340,612	+580		+580					
Environ, Highways & Waste	+151,887	-645			-645				
Communities	+57,416	-395				-395			
Localism & Partnerships	+7,661	+193					+193		
Corporate Support & Performance Mgmt	+9,759	-123					-61	-62	
Finance	+108,110	-3,922					0	-3,922	
Public Health & Innovation	+790	-108					-108		
Regen & Economic Dev	+8,092	-44					-44		
SUB TOTAL (excl Schools)	-3,333	-6,465	-2,001	+580	-645	-395	-20	-3,984	
Asylum	0	+2,780	+2,780						
TOTAL (excl Schools)	-3,333	-3,685	+779	+580	-645	-395	-20	-3,984	
Schools	+897,633	+6,000	+6,000						
TOTAL	+894,300	+2,315	+6,779	+580	-645	-395	-20	-3,984	

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

Portfolio	CASH LIMIT			VARIANCE		
	Gross	Income	Net	Gross	Income	Net
	£k	£k	£k	£k	£k	£k
Children, Families & Educ	+419,949	-1,107,609	-687,660	+713	-2,714	-2,001
Kent Adult Social Services	+442,759	-102,147	+340,612	+4,755	-4,175	+580
Environ, Highways & Waste	+168,448	-16,561	+151,887	-798	+153	-645
Communities	+145,181	-87,765	+57,416	+88	-483	-395
Localism & Partnerships	+8,066	-405	+7,661	+122	+71	+193
Corporate Support & Performance Mgmt	+50,199	-40,440	+9,759	+5,546	-5,669	-123
Finance	+127,178	-19,068	+108,110	+1,093	-5,015	-3,922
Public Health & Innovation	+1,410	-620	+790	-272	+164	-108
Regen & Economic Dev	+11,514	-3,422	+8,092	-4	-40	-44
SUB TOTAL (excl Schools)	+1,374,704	-1,378,037	-3,333	+11,243	-17,708	-6,465
Asylum	+14,129	-14,129	0	0	+2,780	+2,780
TOTAL (excl Schools)	+1,388,833	-1,392,166	-3,333	+11,243	-14,928	-3,685
Schools	+979,061	-81,428	+897,633	+6,000	0	+6,000
TOTAL	+2,367,894	-1,473,594	+894,300	+17,243	-14,928	+2,315

A reconciliation of the above gross and income cash limits to the position reported to Cabinet in November is detailed in **Appendix 2**.

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

Annex 1 Children, Families & Education

Annex 2 Kent Adult Social Services

Annex 3 Environment, Highways & Waste

Annex 4 Communities

Annex 5 Chief Executives

incl. Public Health & Innovation, Regeneration & Economic Development, Localism & Partnerships, Corporate Support & Performance Management and Finance portfolios

Annex 6 Financing Items

Incl. elements of the Corporate Support & Performance Management and Finance portfolios

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools delegated budgets - expected draw down from reserves	+6,000	FIN	Treasury savings - lower debt charges and savings on interest on cash balances budget	-6,978
FIN	Transfer to reserves of net proceeds from Turner settlement	+6,000	FIN	Original Turner Contemporary settlement	-6,000
CFE	Asylum - shortfall in Home Office income (income)	+2,780	EHW	Reduced waste tonnage	-3,900
CMY	Supporting People - planned increased in levels of floating support	+2,690	CFE	Assessment & Related - staffing vacancies (gross)	-3,376
FIN	Pressure on Insurance Fund	+2,332	CMY	Drawdown from Supporting People	-2,690
EHW	KHS - revenue contribution to capital in order to reduce backlog of capital maintenance	+2,100	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-2,332
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+2,086	FIN	2009-10 write down of discount saving from 2008-09 debt restructuring	-1,971
FIN	Contribution to economic downturn reserve of 2009-10 write down of discount saving from 2008-09 debt restructuring	+1,971	CSPM	Information Systems income from additional pay as you go activity	-1,966
CSPM	Information Systems costs of additional pay as you go activity	+1,966	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for maintenance	-1,300
KASS	LD Residential gross - activity in excess of affordable level in independent sector placements	+1,640	KASS	Older People Residential income resulting from higher contribution per client per week	-1,113
FIN	Contribution to reserves to support 2010-11 budget	+1,570	CFE	ASK - Early Years - badging of unspent sure start grant to free up base budget (gross)	-1,088
FIN	Contribution to economic downturn reserve to provide contingency for the impact of the recession	+1,500	CFE	Mainstream Home to School Transport - contract renegotiations, fewer pupils travelling & reduced costs of transport during the snow (gross)	-992
EHW	Adverse weather emergencies	+1,400	CSPM	Information Systems income from EIS additional services/projects	-890
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector placements	+1,375	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-843
KASS	LD Domiciliary gross - pressure relating to change in unit cost in independent sector care	+1,154	KASS	Older People Domiciliary gross - in house activity below affordable level	-798
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,123	CFE	Independent Sector Residential Care - additional income from Health & KASS towards placements	-717
CFE	Independent Sector Residential Care - additional placements (gross)	+1,002	KASS	Older People Domiciliary gross - reduction in hours in independent care	-711
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+912	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
CSPM	Information Systems costs of EIS additional services/projects	+890	KASS	Older People Residential gross - Preserved Rights increased attrition	-523
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+886	KASS	Strategic Business Support gross - vacancy management	-500
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+717	CMY	Supporting Independence: Review of service & change in emphasis of the service from establishing to supporting the programmes within its remit.	-480

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	Independent Sector Residential Care - reduction in no of secure accommodation placements (gross)	-471
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+699	KASS	Older People Nursing income resulting from additional activity	-452
KASS	Older People Residential gross - in house provision staffing	+676	CSPM	Property - Additional income from PAYG activity	-451
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments (gross)	+669	KASS	Older People Nursing income resulting from higher contribution per client per week	-423
CFE	Personnel & Development - pressure on the pensions budget (gross)	+643	CFE	14-24 unit - additional income from schools to KS4 engagement & Skillsforce programme (income)	-418
CFE	Other Preventative Services - pressure on section 17 payments (gross)	+612	KASS	Older People Nursing income - additional income due to higher RNCC activity	-413
EHW	Shortfall in streetlighting energy saving due to delay in renegotiating consumption levels	+567	EHW	re-phasing of MIDAS replacement	-405
CFE	Adoption Service - increase in special guardianship orders (gross)	+549	CFE	Fostering Service - reduction in no of Related Fostering related payments (gross)	-396
CSPM	Legal services cost of additional work (offset by increased income)	+493	CFE	SEN Transport - cancellation of transport during the snow and potential savings from additional contract renegotiations	-387
CFE	Fostering Service - increase in no of in-house fostering placements (districts & disability, gross)	+492	CFE	Fostering Service - county fostering team vacancies (gross)	-385
EHW	Traffic Management Act Permit scheme costs	+474	CSPM	Personnel - increased income from Learning & Development courses	-384
KASS	PD Domiciliary gross - activity in excess of affordable level	+472	KASS	OP Nursing income - additional contributions from Health	-354
CFE	14-24 unit - Expansion of KS4 engagement and Skillsforce programme (fully funded from schools contributions) (gross)	+418	CFE	CSS Business Support - training underspend due to levels of vacancies	-331
KASS	Older People Nursing gross - additional spend due to higher RNCC activity	+413	KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-329
CSPM	Property Group - Additional costs of increased PAYG activity	+393	KASS	OP Domiciliary gross - lower level of activity against block contracts and enablement	-318
CFE	Awards - home to college transport prices and demand (gross)	+392	CSPM	Legal services increased income relating to Disbursements	-314
EHW	KHS - Signs and lines refresh	+390	CMY	Adult Education: Support staff savings	-313
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+379	KASS	LD Supported Accommodation gross - activity below affordable level	-310
CSPM	Personnel - increased trainer costs in Learning & Development	+378	KASS	Assessment & Related - Over-recovery of income from additional health contributions	-300
EHW	Freedom Pass - higher than expected number of passenger journeys	+360	CFE	Fostering Service - delays in expansion of therapeutic fostering scheme (gross)	-300
KASS	Older People Residential gross - pressure relating to change in unit cost in independent sector placements	+354	KASS	PD Residential gross - unit cost below affordable level	-297
KASS	LD Supported Accommodation gross - contribution to reserve	+331	KASS	OP Residential income resulting from increased occupancy in in-house units	-293
CSPM	Legal services increased costs of Disbursements	+314	CFE	Leaving Care/16+ service - fewer section 24/leaving care payments (gross)	-293

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+307	KASS	LD Residential income resulting from higher contribution per client per week	-267
CMY	Registration: reduced income from ceremonies, due to declining number of marriages	+275	R&ED	staff savings within Regeneration	-266
KASS	LD Direct Payments gross - independent sector activity in excess of affordable level	+270	CFE	Leaving Care/16+ service - fewer independent sector residential care placements (gross)	-265
EHW	KHS - dilapidation charge on Beer Cart lane premises	+250	KASS	LD Residential income - additional income resulting from additional activity	-258
CMY	Policy & Resources: costs of SE Strategic Partnership on migration & Community Cohesion projects matched by external income	+243	CMY	Policy & Resources: new income streams from UKBA to fund costs of SE Strategic Partnership on migration & Community Cohesion projects	-243
CSPM	Personnel - increased costs of trading activity, including new telephony system for Employee Services	+234	CMY	Libraries: Staff savings to mitigate against reduced income from AV issues, merchandising and contribution towards directorate-wide savings.	-236
CFE	CSS Business Support - additional costs of NQSW training scheme	+233	CSPM	Personnel - Increased external income in Employee Services, partly from shared HR with DCs at East Kent	-234
CMY	Centrally Managed Costs: Directorate-wide pressures managed centrally, including dilapidations, service awards, rental costs & other central costs that are then funded through contributions from within units.	+228	CFE	CSS Business Support - additional income from the CWDC for NQSW training scheme	-233
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117	+228	CFE	Other Preventative Services - delays in implementing community based programmes	-230
CMY	Coroners: Increased pressure arising from increasing Pathology, Mortuary, Body Removal, Histology and Toxicology costs	+219	CMY	Centrally Managed Budgets: Contributions from Services to mitigate Directorate pressures.	-228
CFE	Extended Services - Family Liaison Officer Support Service (FLOSS) (matched by additional income) (gross)	+208	KASS	PD Other Services - underspend on independent sector day-care	-222
KASS	Older People Nursing gross - attrition in preserved rights lower than expected	+201	KASS	Assessment & Related gross - underspend resulting from vacancy management	-222
R&ED	Contribution to Kent Contemporary Campaign from staff underspend	+200	KASS	PD Residential gross - Preserved Rights increased attrition	-221
CFE	ASK Primary - School Improvement Partners service (gross) - increased support to schools in challenging circumstances	+200	CFE	Other Preventative Services - additional contributions received from health (income)	-218
CFE	ICT - enhanced broadband provision for schools (offset by additional income from schools) (gross)	+195	CFE	Residential Care Not Looked After Children - reduction in placements (gross)	-218
KASS	Older People Residential income - reduced Preserved Rights activity	+191	KASS	LD Other Services gross - reduced activity in independent sector/ transfer to direct payments	-214
KASS	LD Supported Accommodation gross - backdated cost relating to Ordinary Residence	+189	KASS	MH Residential gross - Preserved rights decreased activity due to higher attrition	-213
CFE	Residential Care provided by KCC - additional costs of Rainbow Lodge Respite Unit (gross)	+184	EHW	Resources - staff vacancies	-210

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	Libraries - contribution towards directorate-wide savings & other centrally held costs	+175	CFE	Extended Services - additional income from Kent Childrens Fund to fund additional expenditure on FLOSS (income)	-208
CSPM	MTP saving 'In year management action'	+175	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
CSPM	Policy & PIE- Staffing costs to strengthen performance management & corporate assurance across KCC	+170	KASS	OP Other Services gross - release of the balance of the Managing Director's contingency	-200
KASS	LD Residential gross - contribution to provision	+170	KASS	OP Other Services gross - lower than anticipated demand for Fast-track Occupational Therapy equipment	-200
CMY	Libraries - Reduced forecast in relation to Libraries' audio visual income streams due to declining demand and alternative sources of supply. Shortfall in merchandising income	+158	CFE	ICT - additional income from schools for enhanced broadband service (offset by additional expenditure) (income)	-195
PH&I	Public Health - reduced income relating to delayed Mobile House and Communities for Health programmes	+153	CMY	Trading Standards: Staff underspend to enable contribution to central costs	-193
CSPM	increased running costs and one-off costs of new Gateways	+152	EHW	Env Grp - Additional external income and re-phasing of Land Use survey	-185
KASS	MH Residential gross - unit cost in excess of affordable level	+152	KASS	LD Supported Accommodation income - resulting from higher contribution per client per week and additional Health funding	-169
KASS	LD Residential gross - in house provision staffing	+148	KASS	Older People Residential income resulting from higher contribution per client per week from Preserved Rights clients	-157
CFE	Fostering Service - additional placements in the Kinship service for non LACs (gross)	+143	EHW	increased waste recycling income	-156
KASS	Gypsy & Traveller Unit gross - write back of capital costs incurred on a failed bid to redevelop a site	+140	PH&I	Public Health - reduced costs for delayed Mobile House and Communities for Health programmes	-153
CFE	CSS Business Support - admin costs of Social Work Pilot project	+135	KASS	Older People Residential gross - Preserved Rights saving relating to change in unit cost	-151
CFE	ASK - Professional Development - children's trust development team staffing costs (gross)	+135	CFE	Personnel & Development - CRB checks	-141
CSPM	Personnel - increased costs of trading activity with Schools	+133	CFE	CSS Business Support - Social Work Pilot project income from DCSF	-135
CMY	Trading Standards: Contribution to central costs	+131	CSPM	Personnel - increased income from trading activity with Schools	-133
KASS	LD Domiciliary gross - pressure against Independent Living Scheme	+126	CMY	Community Safety: Staff underspends to offset reduced levels of income	-130
L&P	Committee Manager post to March 2010 plus maternity covers.	+120	KASS	PD Residential income - additional activity	-125
CFE	ASK Secondary - Additional payments to schools for intervention projects (gross)	+118	KASS	Strategic Business Support income - additional training income for Practice Placement scheme	-118
KASS	PD Residential income - income per week below expected level	+113	CFE	Strategic Planning & Review - delays in development of LCSPs pending restructure (gross)	-115
CSPM	Kent Works - Increased costs for Health & Safety checks in Schools	+112	CFE	Direct Payments - rebadge of eligible expenditure to the sure start pathfinder project (gross)	-113

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Personnel & Development - employee tribunal pressure resulting from compromise agreements (gross)	+112	CSPM	Kent Works - Increased Income from Health & Safety checks in Schools	-112
CFE	Client Services - additional provision of milk to primaries & settings (offset by additional income) (gross)	+100	CMY	Libraries: One-off rates rebates being used to mitigate against declining AV issues, merchandising income & contribution towards directorate-wide savings	-110
			PH&I	Public Health - delayed Publicity campaign for Healthwatch	-108
			CMY	Key Training: Staff underspends arising from service restructure	-107
			CFE	Other Preventative Services - underspends on daycare services (gross)	-104
			KASS	LD Residential gross - Preserved rights decreased activity due to higher attrition	-102
			CFE	Client Services - additional milk subsidy income (offset by additional expenditure)	-100
			CFE	Specialist Teaching Service - low take-up of personal educational allowances for looked after children (gross)	-100
		+60,388			-56,323

3.4 Key issues and risks

3.4.1.1 Children, Families & Education portfolio: Forecast (excl. schools & Asylum) -£2.001m

Pressures continue within this portfolio mainly on the children's social services budgets for residential care, fostering and adoption, fostering related payments within the 16+ service and other preventative services. Other pressures include increased pension costs from early retirements in previous years; the costs of maintenance and boarding up of unused school buildings which are likely to continue until the property market recovers and pressure on the Home to College transport budget. However, these pressures are more than offset by savings mainly as a result of difficulties in recruiting to social worker posts, the rebadging of eligible expenditure against underspending on the sure start grant arising from delays in the round 3 Children's Centres and savings on mainstream and SEN home to school transport. All of these pressures and savings are detailed in Annex 1.

3.4.1.2 Children, Families & Education portfolio - Asylum: Forecast +£2.780m

This forecast fully reflects the new 2009-10 grant rules and the additional funding offered following negotiations with Ministers and the UK Borders Agency (UKBA). The majority of this pressure (£2.692m) relates to 18+ care leavers, as the Home Office grant does not fund clients once they have exhausted all right of appeal for residency but the Authority has a duty of care under the Leaving Care Act to support these clients until they are deported or reach age 21.

£2.3m additional funding has been offered as a result of the recent negotiations towards costs in 2008-09 and 2009-10: the UKBA has now agreed to a 50% increase in the per capita funding rate for 18+ care leavers from £100 to £150, which equates to £1.9m over the two years (£0.915m for 2009-10 and £0.985m for 2008-09). In addition, the UKBA has also agreed to fully fund the costs of the intake team, which equates to £0.4m for the two years (£0.150m for 2009-10 and £0.250m for 2008-09). Following a telephone conversation with the UKBA on 9 March, it is expected that approximately half of this additional £2.3m will be received before 31 March with the balance being paid during 2010-11 and therefore will need to be raised as a debtor in the 2009-10 accounts.

The previously reported position for the current year was £3.819m and there are further pressures of £0.026m this month, but this is now offset by £1.065m of additional funding for 2009-10, resulting in the current £2.780m reported pressure.

With regard to previous years, the shortfall for 2008-09 was £3.125m at the time of closing the accounts, however this has subsequently increased by £0.684m to £3.809m following the data matching exercise. The new funding offered in relation to 2008-09 is £1.235m which reduces the shortfall to £2.574m. This is an improvement of £0.551m since closing the accounts, and this amount will be repaid to the asylum reserve.

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

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

3.4.2 **Kent Adult Social Services portfolio: Forecast +£0.580m**

The pressure is mainly as a result of demographic and placement pressures, primarily within services for people with learning disabilities and to a lesser degree within services for people with physical disabilities and mental health services, offset by savings from vacancy management and underspending within services for older people due to a general decline in domiciliary care and residential care compared to previous years, although there is an increase in demand for services for people with dementia. Further details are provided in Annex 2.

3.4.3 **Environment, Highways & Waste portfolio: Forecast -£0.645m**

There is underspending on waste management due to lower waste tonnage than budgeted and savings resulting from agreed downtime for maintenance at the Allington waste to energy plant, but part of this underspending is being used to help reduce the backlog of capital maintenance on highways, as approved by Cabinet on 14th September. The rest of the waste underspend is being largely offset by the costs of the adverse weather emergencies; increased costs of the Freedom Pass due to a higher number of passenger journeys than expected; a shortfall in the street lighting energy saving following a delay in renegotiating consumption levels and pressure on the signs and lines and dilapidations budgets within Kent Highways Services. In addition there are a number of projects which are re-phasing into 2010-11. Further details are provided in Annex 3.

3.4.4 **Communities portfolio: Forecast -£0.395m**

The main issues faced by this portfolio are the continuing pressure on the Coroners budget as a result of more deaths being investigated and increased costs arising from the re-tender of the body removal contract and pressure on the Registration Service ceremonial fee income budget due the declining number of marriages. These pressures are being offset by savings identified following a comprehensive service review of the Supporting Independence service and a saving from vacancy management of support staff within Adult Education. It was hoped that this saving could be used to contribute to a repairs and renewals reserve to meet the future replacement costs of plant and equipment, and now that the directorate is forecasting an underspending position for 2009-10 the requirement for this reserve is currently being assessed. Once this exercise is complete and the level of the annual contributions has been calculated, then the forecast will be amended to reflect any contribution for the current year agreed with Corporate Finance, thereby reducing the current forecast underspend. Further details are provided in Annex 4.

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

3.4.5.1 **Localism & Partnerships portfolio: Forecast +£0.193m**

This pressure largely relates to the continuation of the Committee Manager post through to March 2010, the costs of providing maternity cover and a part year effect of the restructuring of Member Allowances.

3.4.5.2 **Corporate Support & Performance Management portfolio: Forecast -£0.061m**

This position is largely due to increased income within Legal Services, due to both increased internal and external demand, and projects re-phasing into 2010-11 within Personnel & Development. However this underspending is largely offset by a pressure held within Centrally Managed Budgets resulting from the budgeted saving for in year management action; permanent and temporary appointments within the Central Policy and Improvement and Engagement teams in order to strengthen these areas in preparation for developing plans to improve performance management and corporate assurance across KCC; and additional running costs and one-off costs of the new Gateways.

3.4.5.4 **Public Health & Innovation portfolio: Forecast -£0.108m**

This underspend relates to re-phasing of the publicity and marketing campaign for Healthwatch into 2010-11.

3.4.5.5 **Regeneration & Economic Development portfolio: Forecast -£0.044m**

This saving mainly arises because a number of staff vacancies were frozen pending the arrival of the new director and there are further one-off staffing savings due to maternity leave and secondments but these savings are largely offset by a contribution to the Kent Contemporary Campaign.

Further details are provided in Annex 5.

3.4.6 The key issues within the Financing Items budgets are:

3.4.6.1 **Finance portfolio: Forecast -£3.922m.**

Treasury savings as a result of lower debt charges, as no new borrowing has been undertaken in 2009-10 and a saving on the interest on cash balances budget, are partially offset by contributions to reserves for the impact of the recession and to support the 2010-11 budget, as approved at County Council on 18 February. In addition the current year write down of the discount saving from the debt restructuring undertaken in 2008-09 is being transferred to the Economic Downturn reserve, as planned. A pressure on the Insurance Fund is to be covered by a transfer from the Insurance Reserve and the net proceeds from the Turner settlement are to be repaid to reserves to be used to offset running costs of the Turner Contemporary in future years.

Further details are provided in Annex 6

3.4.7 Almost £0.9m of management action across two of the directorates is still expected to be achieved by year end. £0.311m within the CS&PM portfolio is to come from a transfer from reserves so has no risk, but there is a risk that not all of the £0.580m within KASS will be achieved, as highlighted in section 1.3.1.7. The position will be closely monitored throughout the remainder of the financial year and updates will be provided in the monthly monitoring reports.

3.5 Implications for future years/MTP

3.5.1 The key issues and risks identified above have been addressed in directorate medium term financial plans (MTP) for 2010-13. Although these are forecast to be offset by management action this year, a lot of the management action is one-off or not sustainable for the longer term. Consequently the MTP has put all services into a fully funded base budget position for the start of 2010-11 and reflects predicted changes in activity levels and service delivery.

These and other pressures and savings are detailed in the Annex reports.

3.5.2 As we move into 2010-11, we will also review the costs of transport across the directorates, particularly looking at the relationship between Home to School Transport and the Freedom Pass.

4. CAPITAL

4.1 Changes to budgets

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

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

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

4.1.2 The 2009-10 capital programme was revised as part of the 2010-13 MTP process, to reflect the revised anticipated phasing of projects. This was approved by County Council on 18 February 2010 and forms the basis for this monitoring report. Since the approval of this programme, the following adjustments have been made to the 2009-10 capital budget:

		£000s	£000s
		2009-10	2010-11
1	Budget approved at County Council 18 February	380,902	460,330
2	Gateway - virement to CMY Ashford Gateway Plus - CSS&PM portfolio	-93	-7
3	Ashford Gateway Plus - virement from CED Gateway - CMY portfolio	100	
4	Major Schemes Design Fees - additional GAF grant - EH&W portfolio	635	
5	Non-grant supported land claims - additional GAF grant - EH&W portfolio	500	
		382,044	460,323
6	PFI	54,983	45,101
		437,027	505,424

4.2 Table 3 – Portfolio/Directorate position – capital

Portfolio	Budget	Variance	Directorate				
			CFE	KASS	E,H&W	CS	CED
	£k	£k	£k	£k	£k	£k	£k
CFE	+185,876	-10,002	-10,002				
KASS	+4,347	-769		-769			
E,H&W	+106,176	-4,767			-4,767		
Community Services	+17,451	-1,474				-1,474	
Regen & ED	+8,532	-2,828					-2,828
Corporate Support & PM	+15,357	+363					+363
Localism & Partnerships	+584	0					0
TOTAL (excl Schools)	+338,323	-19,477	-10,002	-769	-4,767	-1,474	-2,465
Schools	+43,721	0	0				
TOTAL	+382,044	-19,477	-10,002	-769	-4,767	-1,474	-2,465

Real Variance		+777	+111		+369		+297
Re-phasing (detailed below)		-20,254	-10,113	-769	-5,136	-1,474	-2,762
		2009-10	2010-11	2011-12	Future yrs		Total
Re-phasing		-20,254	+25,390	-2,456	-2,680		0

4.2.1 Table 3 shows that there is an overspend of £0.777m on the capital programme for 2009-10 and -£20.254 of re-phasing of expenditure into later years.

4.3 Table 4 below, splits the forecast variance on the capital budget for 2009-10 as shown in table 3, between projects which are:

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

Table 4 – Analysis of forecast capital variance by project status

Project Status	budget £'000s	Variance			total £'000s
		real variance £'000s	re-phasing £'000s	total £'000s	
Rolling Programme	111,690	553	-4,834	-4,281	
Approval to Spend	211,505	203	-11,327	-11,124	
Approval to Plan	15,128	21	-4,093	-4,072	
Preliminary Stage	0	0	0	0	
Total	338,323	777	-20,254	-19,477	
	2009-10	2010-11	2011-12	future years	total
	£'000s	£'000s	£'000s	£'000s	£'000s
Re-phasing:					
Rolling Programme	-4,834	4,720	114	0	0
Approval to Spend	-11,327	17,598	-4,398	-1,873	0
Approval to Plan	-4,093	3,072	1,828	-807	0
Preliminary Stage	0	0	0	0	0
Total	-20,254	25,390	-2,456	-2,680	0

4.3.1 Table 4 shows that of the -£19.477m forecast capital variance (excluding devolved capital to schools), -£4.072m is due to projects which are still only at the approval to plan or preliminary stages and their timing remains uncertain. This leaves a variance of -£15.405m which relates to projects that are either underway or are part of our year on year rolling programme.

4.3.2 Table 5 below shows the effect of the capital variance on the different funding sources. The variance against borrowing (supported, prudential, prudential/revenue and PEF2 borrowing) is -£9.208m.

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

	Capital Variance £m
Supported Borrowing	-1.561
Prudential	-6.543
Prudential/Revenue (directorate funded)	-0.280
PEF2	-0.824
Grant	-9.351
External Funding - Other	-1.093
External Funding - Developer contributions	+0.067
Revenue & Renewals	+0.511
Capital Receipts	-0.389
General Capital Receipts (generated by Property Enterprise Fund)	-0.014
Transfer of Land in payment	0.000
TOTAL	-19.477

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CSS&PM	Commercial Services	real	+538			
			+538	+0	+0	+0
		Real	+538	+0	+0	+0
		Phasing	+0	+0	+0	+0
portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Underspends/Projects behind schedule						
CFE	Children Centres	phasing		-3,859		
R&ED	Capital Regeneration Fund	phasing			-1,874	
CFE	Annual Maintenance Programme	phasing	-1,806			
CFE	Archbishop Courtenay	phasing	-1,477			
EH&W	East Kent Access Phase 2	phasing		-1,449		
EH&W	Sittingbourne Northern Relief Rd	phasing		-1,443		
EH&W	Victoria Way & Matalan R/about	phasing			-1,337	
CMY	Turner Contemporary	phasing		-741		
R&ED	Dover Sea Change	phasing		-663		
CFE	Dartford Grammar for Girls	phasing	-500			
EH&W	Rushenden Link Road	phasing		-500		
CFE	Multi Agency Specialist Hubs	phasing			-368	
EH&W	Old schemes residual works	real	-338			
CMY	Tunbridge Wells Library	phasing		-332		
CFE	Practical Cooking Spaces	phasing		-325		
CFE	Primary Improvement Programme	phasing			-304	
EH&W	Re-shaping Kent Highways Accom	phasing		-276		
KASS	Modernisation of Assets	phasing	-273			
CFE	Services Redesign	phasing			-251	
			-4,394	-9,588	-4,134	0
		Real	-338	+0	+0	+0
		Phasing	-4,056	-9,588	-4,134	+0
			-3,856	-9,588	-4,134	+0
		Real	+200	+0	+0	+0
		Phasing	-4,056	-9,588	-4,134	+0

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

4.5.1 The real variance identifies the actual over and underspends on capital schemes and not re-phasing of projects. Table 3 shows that there is currently a +£0.777m real variance forecast. The main areas of under and overspending in 2009-10 are listed below together with their resourcing implications:-

- **Commercial Services Vehicles, Plant & Equipment +£0.538m** (in 2009/10): The increase in expenditure on vehicles, plant & equipment will be funded by an increased contribution from their Renewals Fund.
- **Old schemes residual works -£0.338m** (in 2009/10): This total underspend includes various completed schemes that had some outstanding creditor provisions which are now being settled either for a lesser amount, or they are no longer required. The reversal of these creditor provisions has given additional funding which is now earmarked to fund Salt Storage infrastructure and Works Asset Management system enhancements as part of Reshaping KHS Accommodation.
- **Highway Major Maintenance & Integrated Transport +£0.298m** (in 2009/10): This overspend is due to the following:
 - Drop Kerb works which is done in conjunction with the programmed footways resurfacing. The cost of this work is met from third party contributions.
 - The implementation of real time bus information and car park signing system which is being met by contributions from some district councils.
- **Salt Storage Infrastructure +£0.175m** (in 2009/10): This was part of a spend to save programme which was approved by County Council in the 2007/08 budget process. It is now estimated that £0.175m is needed to purchase the remaining five salt spreading vehicles to complete the original programme.
- **Re-shaping Kent Highways Accommodation +£0.234m** (in 2009/10): This major project includes providing co-locations for the alliance and implementing Works Asset Management System (WAMS) to enable the alliance partnership to work efficiently. The expenditure incurred for WAMS 2 is due to system development required as a result of the Kent Highway Service compliance audit and a requirement to increase the number of licences for the system.

In summary, these 'overspends' are being met by additional funding streams.

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

4.6 Main projects re-phasing and why.

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

- **Early Years & Children's Centre Programme – re-phasing of -£3.859m**
There are 2 elements to the re-phasing of this programme: Development & Sustainability £3.569m & the Children Centres programme £0.290m.
Development & Sustainability:
The major re-phasing on this programme relates to Development & Sustainability, which has a total budget of £18.444m, and has 3 main aims:
 1. to improve the quality of the learning environment in early years settings to support the delivery of the Early Years Foundation Stage with particular emphasis on improving play and physical activities.
 2. to ensure all children, including disabled children, are able to access provision.
 3. to enable private, voluntary and independent providers to extend free nursery provision entitlement to include all 3 and 4 year olds, and to do so flexibly.

The programme has re-phased by £3.569 million which represents 19.3% of the total value of the programme.

The forecast for this element of the programme is based on applications and expressions of interest submitted by childcare providers, however as we are relying on the childcare business submitting an application this can sometimes take longer than expected due to their individual commitments. There are also many situations where applications are submitted that are incomplete, causing delays while the situation is clarified and updates are received.

Details of individual schemes are included within the annex report.

- Maintenance Programme – re-phasing of -£1.806m**

The budget allocation for maintenance is used to meet the County Council's responsibilities to ensure schools are kept safe warm, and dry. The maintenance funding stream is used to deliver programmes of planned and reactive maintenance work, and servicing and inspection arrangements to comply with legislative and health and safety responsibilities. The latter includes Asbestos surveys and Water Hygiene surveys.

The anticipated expenditure has re-phased by £1.806m which represents 10.4% of the total value of the programme. The re-phasing affects our planned and reactive maintenance as well as our health and safety programmes. Further details are included within the annex report.
- Archbishop Courtenay - re-phasing of -£1.477m**

This is a project to relocate the Archbishop Courtenay CEP School onto a new site in Tovil. Currently the school operates from two sites, one in Maidstone and one in Tovil. As a first part to the project, KCC is engaged in the Compulsory Purchase of the old BT Depot site in Tovil. The programme has re-phased by £1.477million which represents 29.5% of the total value of the programme.

BT, the organisation that we are purchasing the site from, has relocated to a new temporary depot. We will not know how much compensation BT will seek until the new depot has been completed. Our Estates department now estimate that we should know and be in a position to take possession of the site some time during the summer of 2010. At that stage, following negotiations and if the figures are agreed, the purchase will be made.
- Capital Regeneration Fund (R&ED) – re-phasing of -£1.874m**

Capital Regeneration fund has been re-phased as there are various bids in the pipeline but no spend will occur in 2009/10.
- Victoria Way & Matalan Roundabout - re-phasing of -£1.337m**

Victoria Way is a major scheme to support the growth agenda for new jobs and homes in Ashford. The scheme will provide a strategic link within the town centre that will be a catalyst for growth in this part of Ashford. The scheme has secured money from the Community Infrastructure Fund (CIF) and this must be spent by 31 March 2011.

The scheme was originally programmed to start in the latter part of this financial year. The re-phasing is mainly due to with land acquisition complexities. This has delayed the anticipated start of utilities works and the main contract that was scheduled in this financial year. Despite this delay, it is still expected that the scheme can be delivered by the CIF funding deadline.
- Sittingbourne Northern Relief Road – re-phasing of -£1.443m**

Sittingbourne Northern Relief Road is a 1.4km of new single carriageway in the north east of Sittingbourne, with bridges over Milton Creek and the Sittingbourne and Kemsley Light Railway. The new road will connect two sections of road built by developers.

The works started on site on 2 November 2009, following the award of the contract to Jackson Civils Limited in late September.

Poor weather has been a particular problem for this scheme, as the site is on a low lying field and next to Milton Creek. The scheme has re-phased by £1.443m in this financial year. The latest estimate assumes that the programme will recover and the completion will be on target. The Department of Transport has confirmed that any underspend on the grant can be rolled forward to spend in future years.
- East Kent Access Phase 2 (EKA ph2) – re-phasing of -1.449m**

EKA Phase 2 is the improvement of the A299 and the A256 leading to the Lord of the Manor junction and connecting with phase 1 at the old Richborough power station site.

The purpose of the scheme is to improve accessibility and safety. It will help support the economy of east Kent and connect the ports of Dover and Ramsgate.

The revised estimate shows that the scheme has re-phased by £1.449m in this financial year. The adverse weather conditions have hindered the archaeological dig on site, and this has delayed construction and utility works. The council has submitted the revised spend profile to the Department of Transport to inform them of the grant requirements.

4.7 **Key issues and risks**

- 4.7.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 6 above, are highlighted in section 1.2.4 of the annex reports.
- 4.7.2 Kent County Council has made a commitment to Kent businesses, including maintaining our capital programme. None of the reported variances in this report affects that commitment and those projects that have been brought forward from the original timetable, positively support our 'backing Kent business' campaign.

4.8 **Implications for future years/MTP**

- 4.8.1 Directorates are continuously addressing issues around their capital programmes, in particular, careful consideration is given to the funding of these projects to ensure that as far as possible capital receipts and external funding, or agreement to utilising PEF2 is in place before the project is contractually committed.

4.9 **Resourcing issues**

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

4.10 **Capital Project Re-phasing**

The table below summarises the proposed re-phasing this month, details of individual projects are listed within the directorate sections.

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

Portfolio	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	£k
CFE					
Amended total cash limits	185,876	208,303	236,539	409,404	1,040,122
Re-phasing	-9,864	7,889	2,701	-726	0
Revised cash limits	176,012	216,192	239,240	408,678	1,040,122
KASS					
Amended total cash limits	4,347	10,835	7,857	1,488	24,527
Re-phasing	-523	523	0	0	0
Revised cash limits	3,824	11,358	7,857	1,488	24,527
E,H&W					
Amended total cash limits	106,176	153,024	123,883	310,154	693,237
Re-phasing	-5,060	11,656	-4,708	-1,888	0
Revised cash limits	101,116	164,680	119,175	308,266	693,237
Community Services					
Amended total cash limits	17,451	24,407	10,887	3,194	55,939
Re-phasing	-1,453	1,950	-497	0	0
Revised cash limits	15,998	26,357	10,390	3,194	55,939
Regen & ED					
Amended total cash limits	8,532	7,455	4,230	6,222	26,439
Re-phasing	-2,537	2,537	0	0	0
Revised cash limits	5,995	9,992	4,230	6,222	26,439
Corporate Support & PM					
Amended total cash limits	15,357	22,109	16,631	18,575	72,672
Re-phasing	-100	100	0	0	0
Revised cash limits	15,257	22,209	16,631	18,575	72,672
Localism & Partnerships					
Amended total cash limits	584	500	500	500	2,084
Re-phasing	0	0	0	0	0
Revised cash limits	584	500	500	500	2,084
TOTAL RE-PHASING >£100k	-19,537	24,655	-2,504	-2,614	0
Other re-phased Projects below £100k	-717	+735	+48	-66	0
TOTAL RE-PHASING	-20,254	+25,390	-2,456	-2,680	0

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

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
CFE					
Primary Improvement Project - The Manor					
Original budget	+5,687	+294			+5,981
Amended cash limits	-1,743	+1,718	+25		0
additional re-phasing	-146	+146			0
Revised project phasing	+3,798	+2,158	+25	0	+5,981
Children Centres					
Original budget	+20,944	+9,582			+30,526
Amended cash limits	-5,319	+5,312	+7		0
additional re-phasing	-3,859	+3,859			0
Revised project phasing	+11,766	+18,753	+7	0	+30,526
Transforming Short Breaks					
Original budget	+2,584	+2,407	+1,493		+6,484
Amended cash limits	-1,813	+1,813			0
additional re-phasing	-238	+238			0
Revised project phasing	+533	+4,458	+1,493	0	+6,484
Annual Maintenance Programme					
Original budget	+11,331	+14,433	+14,361	+14,361	+54,486
Amended cash limits	+6,000	-6,000	+25		+25
additional re-phasing	-1,806	+1,806			0
Revised project phasing	+15,525	+10,239	+14,386	+14,361	+54,511
Dartford Grammar School for Girls					
Original budget	+1,761	+437			+2,198
Amended cash limits	-361	+361			0
additional re-phasing	-500	+500			0
Revised project phasing	+900	+1,298	0	0	+2,198
Primary Improvement Programme (approval to plan)					
Original budget	+3,687	+6,833	+9,580	+11,415	+31,515
Amended cash limits	-2,310	+2,310	-62	+62	0
additional re-phasing	-304	-717	+1,828	-807	0
Revised project phasing	+1,073	+8,426	+11,346	+10,670	+31,515
EH&W					
Non-grant supported Land, Part 1 Compensation claims					
Original budget	+1,700	+1,566	+1,366	+1,268	+5,900
Amended cash limits	-710	+1,709	-557	-442	0
additional re-phasing	-114	0	+114		0
Revised project phasing	+876	+3,275	+923	+826	+5,900
Rushenden Link Road					
Original budget	+8,781	+2,577			+11,358
Amended cash limits	-781	-1,608	+1,624	+765	0
additional re-phasing	-500	+100	+400		0
Revised project phasing	+7,500	+1,069	+2,024	+765	+11,358
Reshaping Highways Accommodation					
Original budget	+6,489	-2,020			+4,469
Amended cash limits	-5,939	+5,939			0
additional re-phasing	-276	+276			0
Revised project phasing	+274	+4,195	0	0	+4,469

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Ashford Futures - Victoria Way & Matalan Roundabout					
Original budget	+7,205	+8,876	+132		+16,213
Amended cash limits	-3,168	+3,300	-132		0
additional re-phasing	-1,337	+1,337			0
Revised project phasing	+2,700	+13,513	0	0	+16,213
Energy and Water Efficient Investment					
Original budget	+1,429	+88	+120	+426	+2,063
Amended cash limits	-546	+92	+378	+76	0
additional re-phasing	+59	+84	-143		0
Revised project phasing	+942	+264	+355	+502	+2,063
East Kent Access phase 2					
Original budget	+22,243	+27,745	+21,574	+15,176	+86,738
Amended cash limits	-10,082	+9,541	+6,627	-6,086	0
additional re-phasing	-1,449	+9,758	-8,309		0
Revised project phasing	+10,712	+47,044	+19,892	+9,090	+86,738
Sittingbourne Northern Relief Road					
Original budget	+10,058	+15,177	+5,571		+30,806
Amended cash limits	-851	-1,301	-2,547	+4,699	0
additional re-phasing	-1,443	+101	+3,230	-1,888	0
Revised project phasing	+7,764	+13,977	+6,254	+2,811	+30,806
CMY					
Modernisation of Assets					
Original budget	+1,585	+2,336	+1,905	+2,084	+7,910
Amended cash limits	+385	-385			0
additional re-phasing	-107	+107			0
Revised project phasing	+1,863	+2,058	+1,905	+2,084	+7,910
Library Upgrade					
Original budget	+932	+407	+460	+460	+2,259
Amended cash limits	-487	+487			0
additional re-phasing	-144	+144			0
Revised project phasing	+301	+1,038	+460	+460	+2,259
Turner Contemporary					
Original budget	+10,512	+3,774	+222		+14,508
Amended cash limits	-2,904	+2,827	+77		0
additional re-phasing	-741	+754	-13		0
Revised project phasing	+6,867	+7,355	+286	0	+14,508
Ashford Gateway Plus					
Original budget	+4,761	+1,978			+6,739
Amended cash limits	-4,264	+3,372	+892		0
additional re-phasing	-125	+125			0
Revised project phasing	+372	+5,475	+892	0	+6,739

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Gravesend Library					
Original budget	+1,700	+763			+2,463
Amended cash limits	-1,474	+843	+631		0
additional re-phasing	-4	+488	-484		0
Revised project phasing	+222	+2,094	+147	0	+2,463
KASS					
Modernisation of Assets					
Original budget	+1,233	+406	+267	+275	+2,181
Amended cash limits	-428	+428			0
additional re-phasing	-273	+273			0
Revised project phasing	+532	+1,107	+267	+275	+2,181
Mental Health					
Original budget	+214	+100			+314
Amended cash limits	-100	+100			0
additional re-phasing	-112	+112			0
Revised project phasing	+2	+312	0	0	+314
Public Access					
Original budget	+443	+225	+149	+153	+970
Amended cash limits	-122	+122			0
additional re-phasing	-138	+138			0
Revised project phasing	+183	+485	+149	+153	+970
CSS&PM					
Gateway Multi-Channel Service Delivery					
Original budget	+300				+300
Amended cash limits	-200	+200			0
additional re-phasing	-100	+100			0
Revised project phasing	0	+300	0	0	+300
R&ED					
Dover Sea Change					
Original budget	+2,295				+2,295
Amended cash limits	-750	+750			0
additional re-phasing	-663	+663			0
Revised project phasing	+882	+1,413	0	0	+2,295

5. FINANCIAL HEALTH

- 5.1 The latest Financial Health indicators, including cash balances, our long term debt maturity, outstanding debt owed to KCC and the percentage of payments made within 20 and 30 days are detailed in **Appendix 3**.
- 5.2 The latest monitoring of Prudential Indicators is detailed in **Appendix 4**.

6. RISK MANAGEMENT

- 6.1 The new Head of Audit and Risk joined KCC in November and is based within CED Finance. Over the next few months he will undertake a review of the strategic management of risk across the Council.

- 6.2 The strategic risk register was updated by Resource Directors in December 2009 and presented to Chief Officer Group (COG) in February 2010. Changes to the register included updates to mitigating controls and the inclusion of three new risks graded medium relating to placement of vulnerable children and adults of all ages in Kent by other local authorities, funding of service transfers and adherence to EU procurement legislation. COG also requested the inclusion of an additional risk around the ability to retain and recruit Social Workers. This revised register is included in the 2010-13 Medium Term Plan.
- 6.3 The Strategic Risk Register will be presented to the Governance & Audit Committee in April 2010 for information.
- 6.4 The strategic risk register will continue to be updated and reported to COG on a quarterly basis to ensure appropriate actions are delivered.
- 6.5 The Head of Audit and Risk and the Corporate Risk & Insurance Manager are in the early stages of procuring an electronic Risk Management Information Systems that will make the process of updating the strategic risk register more efficient and allow for more effective tracking of actions.

7. BALANCE SHEET AND CONSOLIDATED REVENUE ACCOUNT

7.1 Impact on reserves

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

Account	Projected balance at 31/3/10 £m	Balance at 31/3/09 £m
Earmarked Reserves	99.0	102.0
General Fund balance	25.8	25.8
Schools Reserves *	57.2	63.2

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

- 7.1.2 The reduction of £3m in earmarked reserves is mainly due to the planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, PRG, earmarked reserve to support 09-10 budget, insurance reserve, economic downturn reserve, earmarked reserve to support 10-11 budget and PFI equalisation reserves together with the anticipated movements in the rolling budget, Asylum, DSG, Workforce Reduction and Supporting People reserves as reflected in the annex reports.
- 7.1.3 The latest monitoring returns from schools detailing their nine monthly monitoring position continue to indicate a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6m by the end of the financial year although this is substantially less than the schools' forecasts suggest. At the end of this financial year all schools will be subject to the balance control mechanism where reserves in excess of their original budget allocation of 5% for secondary or 8% for primary schools will be recovered, except funding relating to reorganisation, an approved capital project or late allocation of government grants passed on by the local authority.

8. RECOMMENDATIONS

Cabinet is asked to:

- 8.1 **Note** the latest monitoring position on both the revenue and capital budgets.
- 8.2 **Note** and **agree** the changes to the capital programme, as detailed in sections 4.1 and 4.4.
- 8.3 **Agree** that £19.537m of re-phasing on the capital programme is moved from 2009-10 capital cash limits into future years. Further details are included in section 4.10 above.
- 8.4 **Note** the latest Financial Health Indicators and Prudential Indicators.

Balance Sheet

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

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

Balance Sheet

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

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

Portfolio	CASH LIMIT			
	Gross	Income	Net	
	£k	£k	£k	
TOTAL per Nov report	+2,334,922	-1,440,868	+894,054	
Subsequent changes:				
CFE	125		125	Additional ABG for Education Health Partnerships
CFE	29		29	Additional ABG allocation for Care Matters uplift (DCSF)
CFE	3		3	Additional ABG allocation for Social Care checks (DCSF)
FIN	24		24	Additional ABG allocation Community Call for Action (HO)
FIN	65		65	Additional ABG allocation for Pitt review implementation (SWMPs)
				Changes to grant/income allocations:
CFE	40	-40	0	Kent Safe Schools specific projects funded from LSC and District Council
CFE	216	-216	0	Specific grants received by Advisory Service Kent from the Teacher Development Agency
CFE	139	-139	0	Additional income from The Youth Sports Trust
CFE	146	-146	0	Recharge of health funded posts funded by the PCT
CFE	505	-505	0	Standards Fund: Aim Higher
CFE	368	-368	0	DCSF Think Family Grant
CFE	25	-25	0	Admin support funded from Children's Workforce Development Council (CWDC) Grant
CFE	57	-57	0	Kent Children Safeguarding Board contribution adjustment to cover costs of running the Board
CFE	4	-4	0	HE Compact Grant from Swale Borough Council for small scale community projects
CFE	260	-260	0	DCSF Parent Support Advisors grant
CFE	2,495	-2,495	0	Standards Fund: National Challenge
CFE	440	-440	0	DCSF Poverty Pilot Grant
CFE	38	-38	0	External income for recharge of Teacher to Life Education Centre
CFE	62	-62	0	Standards Fund: Targeted support for Primary Strategy Final Adjustments
CFE	25	-25	0	Standards Fund: Travel Plan Grant Academic year 2009-10 (PRU allocations)
CFE	28	-28	0	DCSF Playbuilder Grant
CFE	244	-244	0	DSCF Kent Community Action Pilot Grant (2009/10 element only)
CFE	353	-353	0	Standards Fund: Targeted Improvement Grant
CFE	29	-29	0	Standards Fund: Making Good Progress final adjustments
CFE	60	-60	0	Sensory Impairment grants from DCSF and Guide Dogs for the Blind
CFE	106	-106	0	Disagreement resolution work recouped from other local authorities
CFE	461	-461	0	Additional LSC grant for those schools experiencing growth in the number of 6th form pupils

Portfolio	CASH LIMIT			
	Gross	Income	Net	
CFE	200	-200	0	Young Apprentice Grant (LSC)
CFE	100	-100	0	Dover Skills Centre funded from Schools Income
CFE	82	-82	0	Thanet Works Grant from District Council
CFE	8,901	-8,901	0	PFI grant from DCLG
CFE	7,584	-7,584	0	PFI contributions from schools
CFE	241	-241	0	PFI interest & contribution from Communities
CFE	276	-276	0	Federation of Music Grant for musical Instruments
CFE	103	-103	0	Parent Support Advisors funding from Kent Children's Fund
KASS	27	-27	0	OP Other Services / Specific Grant - Dementia Demonstrator
KASS	917	-917	0	OP Residential - increased costs of Integrated Care Centres which are rechargeable to Health
KASS	16	-16	0	OP Other Services gross - additional partner funding for Dementia Web
CMY	96	-96	0	KDAAT: Additional income from Canterbury Prison to support Integrated Drug Treatment Services (Home Office grant)
CMY	196	-196	0	KDAAT: Additional income from East Coastal Primary Care Trust to support Integrated Drugs Treatment Services (Home Office grant)
CMY	265	-265	0	KDAAT: Income from Blantyre House & East Sutton Park to support Integrated Drugs Treatment Services (Home office grant)
CMY	39	-39	0	KDAAT: Additional income from West Kent PCT to support single sourced tender.
CMY	15	-15	0	KDAAT: Additional income from CFE to support Kin Care services.
CMY	44	-44	0	KDAAT: Additional income from West Kent PCT to support single source tender
CMY	399	-399	0	Youth: Additional funding from GOSE to fund Youth Opportunities Fund.
CMY	50	-50	0	Youth: Additional funding from the Department of Public Health to fund the House project
CMY	48	-48	0	Youth: Income from Sanctuary Housing to support youth work in the Canterbury area.
CMY	26	-26	0	P&R: Migration Impact Fund funding from CLG
CMY	75	-75	0	Adult Ed: Local Education Authorities Forum for the Education of Adults (LEAFEA) funding for Festival of Learning project.
CMY	30	-30	0	Adult Ed: National Institute of Adult Continuing Education (NIACE) funding for Camel Technology project.
L&P	46	-46	0	Dem Servs - Lord Chancellors support continued in 09/10 funded from Her Majesty's Court Services
CS&PM	-123	123	0	SDU - Delay to Gateway Multichannel project resulting in rephased expenditure & income from REIP.
CS&PM	-133	133	0	SDU - Delay to Gateway Multichannel project resulting in rephased expenditure & income from Kent & Medway Improvement Partnership.

Portfolio	CASH LIMIT			
	Gross	Income	Net	
CS&PM	-25	25	0	SDU - Delay to Interreg project resulting in rephased expenditure & income
CS&PM	-28	28	0	SDU 'Tell us once project' income forecasted to Mar10 but ceased Aug09.
CS&PM	-17	17	0	SDU Terms of Gateway funding from Dover changed from a 5 year repayment of loan to 8 year repayment term.
R&ED	160	-160	0	CLG funding for Eco Assessment project
R&ED	25	-25	0	Empty Property Initiative - Increase of management fees & interest repayments due to loan take up rate.
R&ED	60	-60	0	Transfer of administration of site to R&E, as management agency went into liquidation in Nov 09. External rents income, running costs expenditure
R&ED	537	-537	0	Increase in final LABGI allocation
				Technical Adjustments:
CFE	-80	80	0	Removal of historic income target in ASK
CFE	-25	25	0	Primary Intervention Project and Youth Inclusion Support Panel self funded projects income adjustment
CFE	178	-178	0	Support System for Kids & Young People Project funded from LCSP contributions
CFE	5,469	-5,469	0	LCSP internal commissioning budgets for Alternative Curriculum
CFE	450	-450	0	Internal recharge of ASK PA recharge
CFE	-140	140	0	Removal of historic income target in Policy
CFE	104	-104	0	Internal recharging for Newly Qualified Social Worker Scheme
KASS	105	-105	0	Strat Bus Supp - correction to income targets as reflected in budget build for 2010/11
KASS	161	-161	0	All Adults Assess & Related - correction to income targets as reflected in budget build for 2010/11
KASS	-109	109	0	cessation of recharging of support service costs between OP Domiciliary & Strat Business Support
KASS	30	-30	0	Gypsy & Traveller unit - correction to income targets as reflected in budget build for 2010-11
R&ED	250	-250	0	LABGI income incorrectly netted off against gross expenditure in budget
Revised Budget	2,367,894	-1,473,594	894,300	

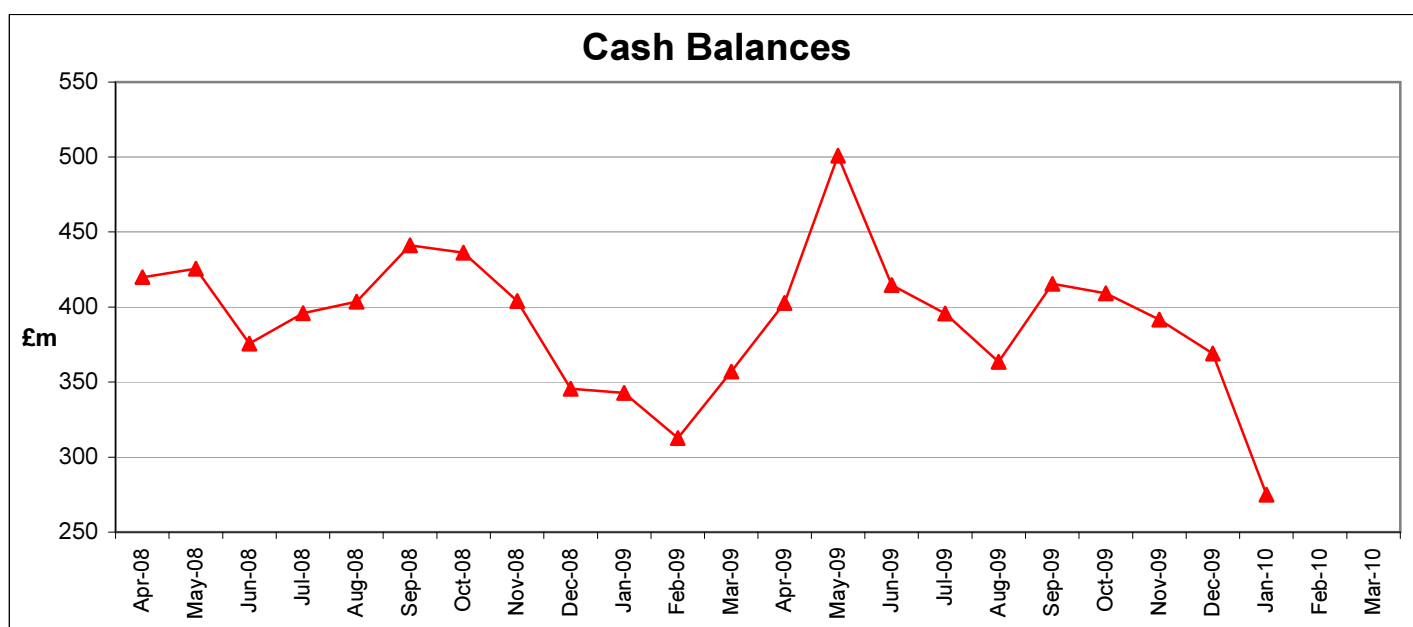
FINANCIAL HEALTH INDICATORS

1. CASH BALANCES

The following graph represents the total cash balances under internal management by KCC at the end of each month in £m. This includes principal amounts currently at risk in Icelandic bank deposits (£45.068m), Pension Fund cash (£63.7m), Kent Fire and Rescue balances (£15.3m), balances of schools in the corporate scheme (£67.6m), other reserves, and funds held in trust. KCC will have to honour calls on all held balances such as these, on demand. The remaining deposit balance represents KCC working capital created by differences in income and expenditure profiles.

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

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2008-09	419.9	425.7	375.7	395.8	403.5	441.1	436.3	403.9	345.5	342.8	312.6	357.0
2009-10	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0		



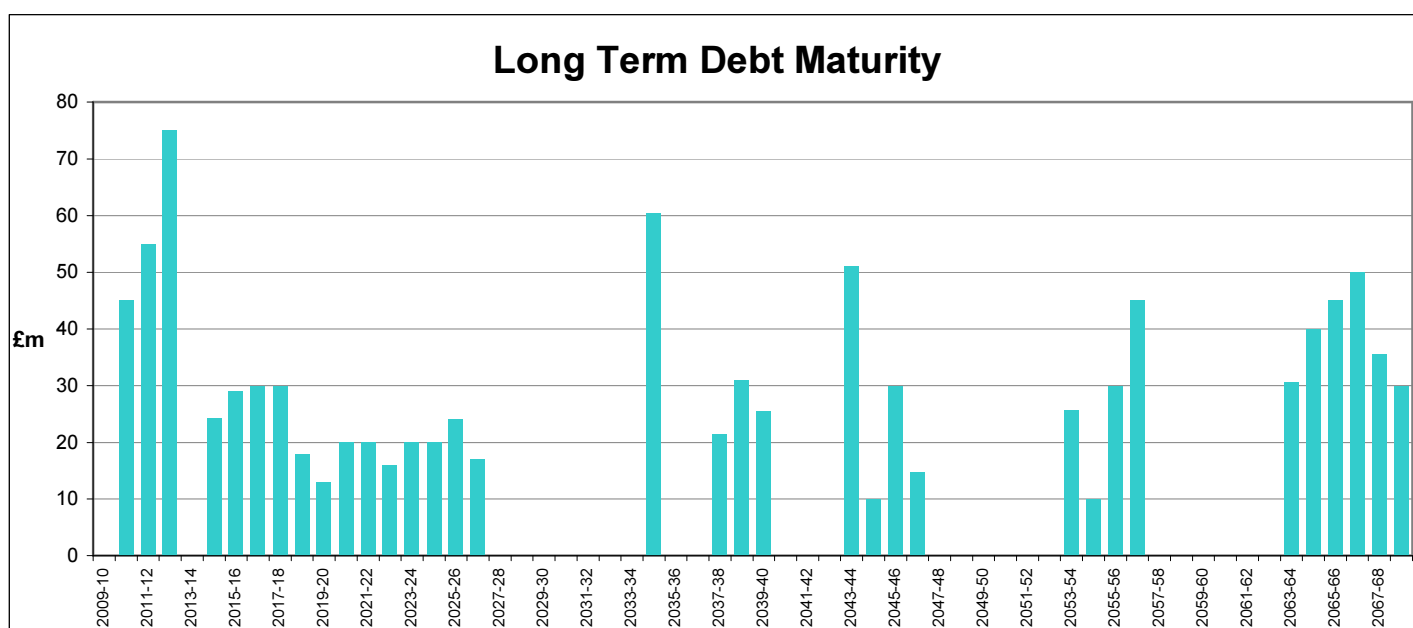
2. LONG TERM DEBT MATURITY

The following graph represents the total external debt managed by KCC, and the year in which this is due to mature. This includes £49.6m pre-Local Government Review debt managed on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding council (£2.6m), Magistrates Courts (£1.4m) and the Probation Service (£0.24m). These bodies make regular payments of principal and interest to KCC to service this debt. The graph shows total principal repayments due in each financial year. Small maturities indicate repayment of principal for annuity or equal instalment of principal loans, where principal repayments are made at regular intervals over the life of the loan. The majority of loans have been taken on a maturity basis so that principal repayments are only made at the end of the life of the loan. These principal repayments will need to be funded using available cash balances (i.e. internalising the debt), by taking new external loans or by a combination of the available options.

The total debt fall out for 2009-10 is £60.505m, £60.47m maturity loan and £0.030m relating to small annuity and equal instalment of principal loans has already been repaid during this year from cash balances, hence the figure in the table of £0.005m represents the remaining principal debt still to be repaid in this financial year.

The overall total debt has reduced by £60.47m since the last report due to the repayment of PWLB maturity loan on 21 January. As previously reported, a loan was taken in October as early refinancing for this debt.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2009-10	0.005	2022-23	16.001	2035-36	0.000	2048-49	0.000	2061-62	0.000
2010-11	45.031	2023-24	20.001	2036-37	0.000	2049-50	0.000	2062-63	0.000
2011-12	55.024	2024-25	20.001	2037-38	21.500	2050-51	0.000	2063-64	30.600
2012-13	75.021	2025-26	24.001	2038-39	31.000	2051-52	0.000	2064-65	40.000
2013-14	0.015	2026-27	17.001	2039-40	25.500	2052-53	0.000	2065-66	45.000
2014-25	24.193	2027-28	0.001	2040-41	0.000	2053-54	25.700	2066-67	50.000
2015-16	29.001	2028-29	0.001	2041-42	0.000	2054-55	10.000	2067-68	35.500
2016-17	30.001	2029-30	0.001	2042-43	0.000	2055-56	30.000	2068-69	30.000
2017-18	30.001	2030-31	0.001	2043-44	51.000	2056-57	45.000	2069-70	0.000
2018-19	18.001	2031-32	0.000	2044-45	10.000	2057-58	0.000		
2019-20	13.001	2032-33	0.000	2045-46	30.000	2058-59	0.000	TOTAL	1,042.369
2020-21	20.001	2033-34	0.000	2046-47	14.800	2059-60	0.000		
2021-22	20.001	2034-35	60.470	2047-48	0.000	2060-61	0.000		



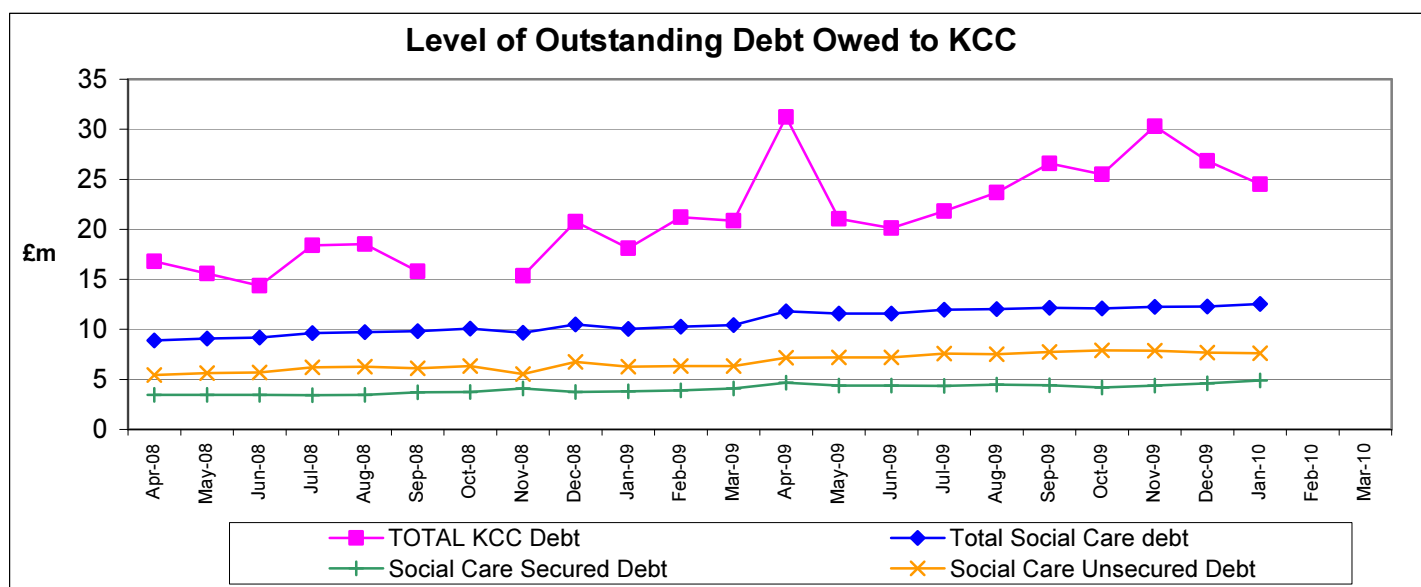
3. OUTSTANDING DEBT OWED TO KCC

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

	Social Care Secured Debt	Social Care Unsecured Debt	Total Social Care debt	KASS Sundry debt	TOTAL KASS debt	All Other Directorates Debt	TOTAL KCC Debt
	£m	£m	£m	£m	£m	£m	£m
April 08	3.468	5.437	8.905	2.531	11.436	5.369	16.805
May 08	3.452	5.626	9.078	1.755	10.833	4.736	15.569
June 08	3.464	5.707	9.171	1.586	10.757	3.619	14.376
July 08	3.425	6.195	9.620	2.599	12.219	6.174	18.393
Aug 08	3.449	6.264	9.713	3.732	13.445	5.075	18.520
Sept 08	3.716	6.114	9.830	1.174	11.004	4.800	15.804
Oct 08	3.737	6.334	10.071	*	*	6.021	*
Nov 08	4.111	5.540	9.651	1.206	10.857	4.504	15.361
Dec 09	3.742	6.740	10.482	2.004	12.486	8.269	20.755
Jan 09	3.792	6.266	10.058	1.517	11.575	6.519	18.094
Feb 09	3.914	6.345	10.259	1.283	11.542	9.684	21.226
March 09	4.100	6.326	10.426	1.850	12.276	8.578	20.854
April 09	4.657	7.161	11.818	6.056	17.874	13.353	31.227

	Social Care Secured Debt	Social Care Unsecured Debt	Total Social Care debt	KASS Sundry debt	TOTAL KASS debt	All Other Directorates Debt	TOTAL KCC Debt
	£m	£m	£m	£m	£m	£m	£m
May 09	4.387	7.206	11.593	1.078	12.671	8.383	21.054
June 09	4.369	7.209	11.578	1.221	12.799	7.323	20.122
July 09	4.366	7.587	11.953	1.909	13.862	7.951	21.813
Aug 09	4.481	7.533	12.014	1.545	13.559	10.126	23.685
Sept 09	4.420	7.738	12.158	2.024	14.182	12.391	26.573
Oct 09	4.185	7.910	12.095	2.922	15.017	10.477	25.494
Nov 09	4.386	7.859	12.245	6.682	18.927	11.382	30.309
Dec 09	4.618	7.677	12.295	6.175	18.470	8.376	26.846
Jan 10	4.906	7.627	12.533	2.521	15.054	9.445	24.499
Feb 10							
March 10							

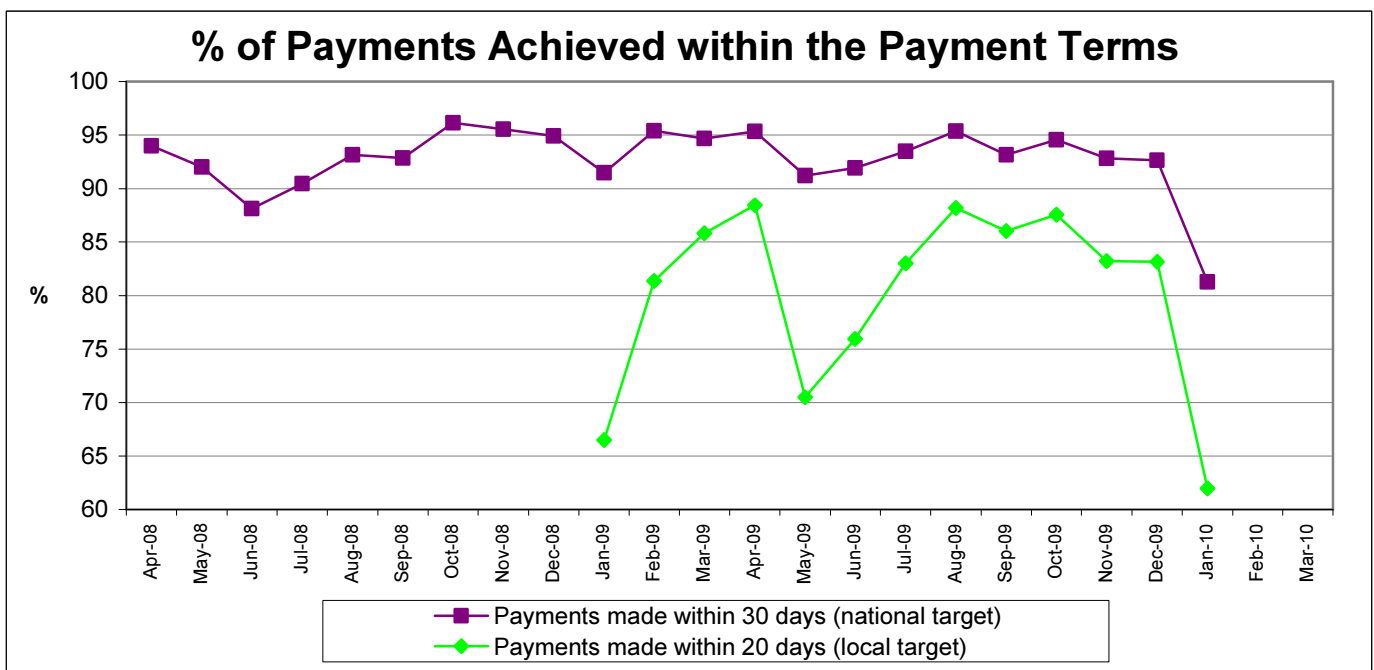
* In October 2008, KASS Social Care debt transferred from the COLLECT system to Oracle. The new reports were not available at this point; hence there is no data available for this period. The October Social Care debt figures relate to the last four weekly billing run in the old COLLECT system



4. PERCENTAGE OF PAYMENTS MADE WITHIN THE PAYMENT TERMS

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

	2008-09		2009-10	
	Paid within 30 days %	Paid within 20 days %	Paid within 30 days %	Paid within 20 days %
April	94.0	N/A	95.3	88.4
May	92.0	N/A	91.2	70.5
June	88.1	N/A	91.9	75.9
July	90.5	N/A	93.5	83.0
August	93.1	N/A	95.4	88.2
September	92.8	N/A	93.1	86.0
October	96.1	N/A	94.6	87.6
November	95.5	N/A	92.8	83.2
December	94.9	N/A	92.6	83.2
January	91.5	66.5	81.3	62.0
February	95.4	81.4		
March	94.7	85.8		



The percentages achieved for January are lower than other months due to the Christmas break. This is evident in both 2008-09 and 2009-10. This position has been exacerbated in 2009-10 due to the snow. The year to date figure for invoices paid within 20 days is 81.1%, and for 30 days is 92.3%.

2009-10 January Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actual 2008-09	£309.368m	
Original estimate 2009-10	£435.918m	
Revised estimate 2009-10	£362.567m	(this includes the rolled forward re-phasing from 2008-09)

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

	2008-09 Actual	2009-10 Original Estimate	2009-10 Forecast as at January 10
	£m	£m	£m
Capital Financing Requirement	1,167.532	1,285.728	1,251,454
Annual increase in underlying need to borrow	96.442	106.475	83,922

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actual 2008-09	9.67%
Original estimate 2009-10	11.42%
Revised estimate 2009-10	10.84%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

The operational boundary for debt will not be exceeded in 2009-10

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

	Prudential Indicator 2009-10 £m	Position as at January 10 £m
Borrowing	1,128.0	990.4
Other Long Term Liabilities	0.0	0.0
	1,128.0	990.4

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

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

5. **Authorised Limit for external debt**

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The revised limits for 2009-10 are:

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

	£m
Borrowing	1,168
Other long term liabilities	0
	<hr/>
	1,168
	<hr/>

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

	£m
Borrowing	1,219
Other long term liabilities	0
	<hr/>
	1,219
	<hr/>

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

6. **Compliance with CIPFA Code of Practice for Treasury Management in the Public Services**

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. **Upper limits of fixed interest rate and variable rate exposures**

The Council has determined the following upper limits for 2009-10

(a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	30%

(b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	20%

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

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.01.10
	%	%	%
Under 12 months	25	0	0
12 months and within 24 months	40	0	4.3
24 months and within 5 years	60	0	12.5
5 years and within 10 years	80	0	12.6
10 years and above	100	40	70.6

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

	Indicator	Actual
1 year to 2 years	£ 45m	£20m
2 years to 3 years	£ 45m	£ 0m
3 years to 4 years	£ 40m	£15m
4 years to 5 years	£ 40m	£ 0m
5 years to 6 years	<u>£ 20m</u>	<u>£ 0m</u>
	£190m	£35m

CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in appendix 2 to the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
Delegated Budget:							
- Delegated Schools Budget	976,868	-80,978	895,890	6,000	0	6,000	Expected drawdown from schools reserves
- Schools Unallocated	2,193	-450	1,743	0	0	0	
TOTAL DELEGATED	979,061	-81,428	897,633	6,000	0	6,000	
Non Delegated Budget:							
- Finance	4,080	-1,122	2,958	-33	0	-33	
- Awards	5,117	-797	4,320	457	0	457	Home to college transport - cost realignment affecting adult fares and increased number of SEN and part-time students
- Personnel & Development	15,297	-1,350	13,947	544	-8	536	Pressure on pensions and employee tribunals offset by underspends on CRB checks & school crossing patrols.
- Capital Strategy Unit	18,366	-16,908	1,458	669	8	677	Maintenance of non-operational buildings.
- BSF/PFI/Academy Unit	432	0	432	-2	0	-2	
- Client Services	6,322	-4,449	1,873	167	207	374	Under-recovery of income expected from cleaning & refuse collection contracts. Milk subsidy expenditure & grant.
- Business Management	1,933	-269	1,664	-48	-85	-133	Staff vacancies and office moves underspend plus additional income.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- ICT	1,950	-693	1,257	140	-195	-55	Enhanced broadband connectivity in schools funded from schools & staff vacancies
- Health & Safety	613	-300	313	11	0	11	
- Strategic Management	1,538	-24	1,514	42	-1	41	
- Extended Services	5,066	-836	4,230	225	-231	-6	Additional spend and income for the FLOSS
- Kent Music	877	0	877	0	0	0	
- 14 - 24 Unit	3,061	-543	2,518	377	-418	-41	Additional cost of skills force & KS4 engagement programme funded by income from schools
- School Organisation	3,030	-90	2,940	62	-91	-29	
- Mainstream HTST	15,238	-484	14,754	-992	44	-948	Renegotiation of contracts & fewer numbers travelling based on latest forecast from Passenger Transport Unit (PTU). Additional savings from cancelled journeys due to snow.
- Local Children's Service Partnerships	67,577	-8,593	58,984	116	-272	-156	Combined minor underspend and additional income on various budgets by LCSPs
- AEN & Resources	16,764	-5,706	11,058	-20	4	-16	
- SEN HTST	17,605	0	17,605	-387	0	-387	Partly due to cancelled journeys due to snow & contract renegotiations
- Independent Sector Provision	11,387	-697	10,690	0	0	0	
- Strategic Planning & Review (Strategy, Policy & Performance)	1,604	-25	1,579	-140	0	-140	Delays in LCSP development work
- Policy & Performance (Vulnerable Children)	4,972	-369	4,603	-77	-30	-107	
- Directorate & Democratic Services	1,227	0	1,227	-57	-30	-87	
- Project Management (Strategy, Policy & Performance)	118	0	118	-31	0	-31	
- Advisory Service Kent (ASK) - Secondary	3,549	-436	3,113	162	-36	126	Pressure on school intervention projects
- ASK - Primary	6,748	-410	6,338	241	-58	183	Pressure on Hands on support and infrastructure team & School Improvement Partners service.
- ASK - Early Years	8,356	-12	8,344	-1,088	-27	-1,115	Implementation of management action - rebadge of expected children centres underspend

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- ASK - Improvement Partnerships	2,635	-566	2,069	65	-70	-5	
- ASK - Professional Development	4,484	-2,587	1,897	231	4	235	Children's trust development team staffing plus other minor pressures.
- Early Years & Childcare	5,711	-142	5,569	4	-27	-23	
- Management Information	34,524	-128	34,396	-33	22	-11	
- Educational Psychology Service	3,695	-1	3,694	-84	-3	-87	
- Attendance & Behaviour	10,399	-3,910	6,489	32	0	32	
- Minority Community Achievement	1,664	-98	1,566	0	0	0	
- Specialist Teaching Service	4,054	-636	3,418	-100	0	-100	Lower than expected take-up of personal allowances for looked after children
- Joint Commissioning Service	13,622	-244	13,378	-51	0	-51	
- Commissioning - General	717	-589	128	-42	30	-12	
- Residential Care provided by KCC	2,691	-40	2,651	157	-58	99	Additional costs of associated with Rainbow Lodge Respite Unit
- Independent Sector Residential Care	6,690	-928	5,762	531	-717	-186	Additional placements partially offset by secure accommodation underspend, Additional income from KASS and Health.
- Residential Care - not looked after children	594	0	594	-218	0	-218	Fewer placements.
- Family Group Conferencing	1,302	-146	1,156	-96	-6	-102	
- Fostering Service	23,743	-226	23,517	1,640	-47	1,593	Pressures on Independent fostering allowances & inhouse fostering partially offset by underspends on Related Fostering & fostering team.
- Adoption Service	6,882	-50	6,832	588	29	617	Pressure on special guardianship orders and county adoption team partially offset by underspends on adoption payments.
- Direct Payments	2,244	-10	2,234	-113	-3	-116	Rebadge of expenditure to sure start pathfinder project
- Teenage Pregnancy	616	0	616	0	0	0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Children, Families & Education portfolio							
- 16+ Service	6,699	0	6,699	859	-3	856	Pressure on fostering budgets offset by underspends on section 24/leaving care payments & independent sector residential care budgets
- Other Preventative Services	7,972	-266	7,706	273	-224	49	Pressure on section 17 payments offset by underspends on community based programmes and daycare services. Additional income from Health.
- Childrens Social Services Business Support	8,921	-1,466	7,455	108	-391	-283	Additional expenditure on the Social Work Project and newly qualified social worker training scheme funded from DCSF & CWDC. Further underspend on training.
- Assessment & Related	34,599	-1,603	32,996	-3,376	-31	-3,407	Difficulties in recruiting to vacancies and new posts
- Grant income & contingency	4,232	-1,049,860	-1,045,628	-81	0	-81	underspend to offset pressure on school appeals (below)
- Support Services purchased from CED	8,432	0	8,432	81	0	81	School Appeals
TOTAL NON DELEGATED	419,949	-1,107,609	-687,660	713	-2,714	-2,001	
Total CFE portfolio excl Asylum	1,399,010	-1,189,037	209,973	6,713	-2,714	3,999	
Assumed Mgmt Action						0	
CFE portfolio (excl Asylum) after mgmt action	1,399,010	-1,189,037	209,973	6,713	-2,714	3,999	
Asylum Seekers	14,129	-14,129	0	0	2,780	2,780	Shortfall in 18+ Home Office income
Total CFE portfolio incl. Asylum after mgmt action	1,413,139	-1,203,166	209,973	6,713	66	6,779	

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

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

1.1.3.1 Awards (Gross)

The Awards Unit is forecasting a pressure of £457k, of which £392k relates to Home to College Transport. This is due to a number of factors: an increase in the cost of adult train fares following the renegotiation of mainstream and college transport contracts; the number of SEN students requiring transport; and a rise in the number of students attending part-time and hence requiring multiple taxi trips which has been elevated further by higher industry costs (such as fuel). The balance of the pressure relates to staffing (£25k) and equipment (£40k).

1.1.3.2 Personnel and Development (Gross)

The Personnel and Development Unit is forecasting a gross pressure of £544k. This is due to a pressures on pensions (£643k) and employee tribunals (£112k), offset by underspends on CRB checks (£141k), school crossing patrols (£54k) and other minor underspends (£16k).

The pressure on the pension's budget results from early retirements in previous years of £565k and £78k due to one-off costs associated with academy pension enhancements, which is a new pressure this month. The pressure on the employee tribunal budget is due to academies' related compromise agreements.

1.1.3.3 Capital Strategy Unit (Gross)

The Capital Strategy Unit is forecasting a £669k gross pressure due to the costs associated with the boarding up and maintenance of unused school buildings, resulting in £700k pressure, which is expected to continue until the property market recovers. This is offset by an expected £31k underspend on tree safety surveys.

1.1.3.4 Client Services (Gross & Income)

Client Services is forecasting a £167k gross pressure mainly due to further expenditure on providing milk in nursery/primary schools (£100k). The balance is made up of other minor pressures totalling £67k. The milk pressure is expected to be fully funded from increased contributions from the Milk Subsidy Grant. In addition, the unit is forecasting a £307k under-recovery of income relating to cleaning & refuse collection. The unit was expected, as part of the MTP, to implement full-cost recovery in relation to contract management. However, due to delays in the renegotiation of contracts for cleaning & refuse collection, a number of schools withdrew from the contract resulting in a reduction in the expected profit margins on contracts for this year. It is hoped that now that the process has finished, schools will begin to rejoin the contract and full-cost recovery will be achieved next year.

1.1.3.5 Business Management (Net)

Business Management is forecasting a net underspend of £133k, of which £48k is due to a combination of staff vacancies and fewer number of office moves, whilst additional income of £85k is due to the re-imburement of PA support from other units.

1.1.3.6 ICT (Gross & Income)

The take-up of enhanced broadband services in schools has been higher than expected resulting in £195k pressure matched by a corresponding over-recovery of income from schools. Staffing vacancies have also resulted in £55k minor underspend.

1.1.3.7 Extended Services (Gross & Income)

The unit is forecasting a gross pressure of £225k and additional income of £231k. This is mainly due to additional expenditure on the Family Liaison Officer Support Service (£208k) fully funded from one-off income from the Kent Children's Fund.

1.1.3.8 14-24 Unit (gross & Income)

The unit is forecasting £377k gross pressure offset by an over-recovery of income of £418k. In 2009-10, the unit has widened the Skillsforce and KS4 engagement programme recouping the additional costs from schools. This has resulted in £418k pressure matched by additional income. In 2010-11 a budget has been created to take account of this additional activity. There are also small other minor underspends of £41k.

1.1.3.9 Mainstream Home to School Transport (Gross)

The service is forecasting a gross £992k underspend, an increase of £278k since the last monitoring report. Fewer children are travelling with an average reduction of 4-5% compared to the same period last year (see section 2.1). The underspend has further been increased following

a change in the way rail tickets are purchased generating savings on under 16 fares and these savings are in line with the assumptions made in the 2010-13 MTP. There has also been further one-off savings due to the reduced costs of hired transport during the snow in December. This is partially offset by £44k under-recovery of income.

1.1.3.10 Local Children's Services Partnerships (Gross & Income)

The Local Children's Services Partnerships (LCSPs) are forecasting a net underspend of £156k resulting from a gross pressure of £116k offset by additional income of £272k. Both the gross and income variance are made up of a number of minor variances across the 23 LCSPs on budgets such as nurses, extended schools, childrens fund, Hands On Support and AEN inclusion.

1.1.3.11 SEN Transport (Gross)

The service is forecasting £387k underspend, a movement of -£587k since the last monitoring report. This saving can be partly attributed to one-off savings resulting from the cancellation of transport during the snow in December (approx £150k), however the remaining forecast from the Passenger Transport Unit is surprising considering our data confirms the number of children in special schools and those with SEN are rising, with a 3% rise in the number travelling compared to the same period last year (see section 2.1). Further investigations will be completed to identify why this has happened and whether this trend will continue.

1.1.3.12 Strategic Planning & Review (Gross)

The service is forecasting £140k underspend primarily due to delays in the further development of Local Children's Services Partnerships pending the restructure of the directorate totalling £115k. The balance of £25k relates to other minor underspends.

1.1.3.13 Advisory Service Kent – Secondary (Gross & Income)

The Secondary ASK unit is forecasting a gross pressure of £162k resulting from additional payments to failing schools for intervention projects (£118k) with the balance relating to other minor pressures.

1.1.3.14 Advisory Service Kent – Primary (Gross)

The Primary ASK unit is forecasting a gross pressure of £241k, of which £90k is due to a pressure on the staffing budget for the hands on support and infrastructure team, although plans are in place to manage this in 2010/11 onwards. There is a pressure of £200k on the school improvement partners service resulting from increased support to schools in challenging circumstances, both through Ofsted inspection and also through DCSF National Challenge and the balancing underspend of £49k is due to other minor variances.

1.1.3.15 Advisory Service Kent – Early Years (Gross)

The reported gross underspend of £1,088k results from the implementation of the proposed management action in the previous full monitoring report. The anticipated savings from the Sure Start grant, arising from delays in the round 3 Children's Centres, has been badged against eligible spend in ASK Early Years in order to free up base budget.

1.1.3.16 Advisory Service Kent – Professional Development (Gross)

The unit is forecasting a pressure of £231k, of which £135k relates to staffing within the Children's Trust Development Team with the balance of £96k relating to other minor budgets. The pressures on this budget are expected to be dealt with through a restructure and should not be an issue in 2010/11.

1.1.3.17 Specialist Teaching Service (Gross)

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

1.1.3.18 Residential Care Provided by KCC

The KCC residential respite units are forecasting a £157k gross pressure, mainly due to additional costs associated with Rainbow Lodge based on the latest forecasts from West Kent PCT (£184k) which are offset by minor underspends on other units.

1.1.3.19 Independent Sector Residential Care (Gross and Income)

The service is forecasting a gross pressure of £531k, an increase of £202k since the last report. This is offset by additional income of £717k from Health and Kent Adult Social Services towards the costs of new placements.

Further placements have resulted in additional pressures of £437k this quarter and a pressure of £1,002k is now forecast. This is partially offset by a forecast underspend on secure accommodation of £471k where only one child has recently been placed for 3 months. The budget for secure accommodation is sufficient to fund two placements. If the second placement remains vacant, further savings will arise and will be declared in future months.

1.1.3.20 Residential Care – Not Looked After Children (Gross)

This service is forecasting an underspend of £218k resulting from fewer than expected placements in 2009/10 including the unexpected movement of one child to a neighbouring local authority. There is a general decrease in the need to place children with specialist needs in residential care placements following the introduction of other services, such as direct payments which help support parents to enable children to remain at home.

1.1.3.21 Fostering Service (Gross)

The fostering service is currently forecasting a gross pressure of £1,640k. This is largely due to pressures on independent fostering allowances (IFAs, £2,086k), in-house fostering (£492k) and the kinship service (£143k), offset by underspends on the county fostering service (£685k), and Related Fostering payments (£396k).

The IFA service is used for more complex cases which our in-house foster carers may not have the capacity, necessary skills or experience to take on. A provision was made in the MTP to develop the in-house service in order to reduce the reliance upon IFAs and enable improved placement choice. However it is unlikely that the pressure on the IFA budget will reduce in the short term due to the overall rise in the number of placements and the requirement to maintain placement stability. The increase in placements has resulted in a pressure now being forecast on the in-house fostering service as well as increasing the pressure on IFAs.

The £685k underspend in the county fostering team is largely due to delays in recruiting to a number of vacancies and new posts funded from the LAC pledge (£385k). The balance of the underspend (£300k) is due to delays in the expansion of the therapeutic fostering scheme funded as part of the Medium Term Plan, it is now expected this scheme will not be fully operational until the end of the financial year.

The £396k underspend on Related Fostering is due to a growing trend of carers moving away from fostering to the kinship service and special guardianship (now shown under the 1.1.3.22 adoption service heading below).

1.1.3.22 Adoption Service (Gross)

The adoption service is forecasting a gross pressure of £588k, which is mainly within the Special Guardianship service who are estimating a pressure of £549k; there is a further pressure on the County Adoption Service of £42k and an underspend of -£3k on adoption payments.

The Special Guardianship service has been moved here from the Fostering Service this year. This service is forecasting a pressure of £549k. Special Guardianship is a relatively new legal option to provide a permanent home for a child for whom adoption is not appropriate. Since it came into force, there has been a growth in this area and a reduction in fostering (mainly Related).

1.1.3.23 Direct Payments (Gross)

The forecast underspend on direct payments has resulted from the expected re-badge of new direct payments to the sure start pathfinder project: short breaks for disabled children. This has resulted in an estimated underspend on the base budget of £113k.

1.1.3.24 Leaving Care/16+ (Gross)

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

The 16+ service is currently forecasting a £859k gross pressure, of which £669k and £717k relate to in-house fostering and independent fostering allowances respectively, and £41k to kinships payments and related foster care payments, partially offset by projected underspends on independent sector residential care of £265k due to fewer than anticipated placements; section 24 and leaving care payments of £293k and a minor underspend of £10k on 16+ team.

The pressure on both the 16+ in-house fostering service and independent fostering allowances has increased significantly this year compared to previous years, partly due to a group of children reaching age 16 and moving in from the fostering service, and partly as a result of more children choosing to stay within their foster family up to age 18 (or 25 if undergoing further education) rather than moving to supported lodgings at age 16. The authority has a legal obligation to maintain the placement if the child requests, however the budget for the 16+ service has historically only covered the cost of supported lodgings. In previous years, the pressure on this budget has been masked within the fostering and residential care lines. With more children choosing to stay in foster care post age 16, there is less pressure on the section 24/leaving care budget, used to fund 16+ preventative services and supported lodgings, resulting in the £293k forecast underspend.

1.1.3.25 Other Preventative Services (Gross and Income)

These services are forecasting a £273k pressure offset by a £224k over-recovery of income, of which £218k is from Health to contribute towards Section 17 payments and community-based programmes.

The Section 17 payments budget is forecasting a pressure of £612k. These payments form part of a community support package which helps families to care for their children at home, and rehabilitates looked after children so that they can return home as soon as possible. This budget has been unable to achieve the savings target applied in the MTP due to the knock on effect it would have on the much more costly fostering service. This pressure is partially offset by delays in the implementation of some of our community-based programmes (£230k) and an underspend on day care budgets of £104k with the balance relating to a small underspend on the link placement scheme.

1.1.3.26 Children Social Services Business Support (Income)

The services in this line are forecasting an over-recovery of income of £391k. This is due to additional administrative costs associated with the Social Work Pilot Project of around £135k, which will be matched by additional income from the Department of Children, Schools and Families (DCSF) and the balance is mainly due to additional income from the Children's Workforce Development Council (CWDC) for the newly qualified social worker training scheme (£233k).

The service has a minor gross pressure of £108k resulting from pressures of £135k associated with the Social Work Pilot Project and the newly qualified social worker training scheme of £233k, offset by savings on the children social services training budget (£331k) associated with the delays recruiting to vacancies and new posts in the fostering team and assessment and related service, as reported in sections 1.1.3.21 and 1.1.3.27. There are other minor net pressures of £71k.

1.1.3.27 Assessment and Related (Gross)

The current forecast underspend of £3,376k is due to a high level of staff vacancies. This is a result of difficulties in recruiting to vacancies and new posts funded from the additional money made available as part of the 2009-12 MTP. Recent recruitment campaigns internationally have resulted in the recruitment of additional social workers that are due to start from February 2010 however national drives have met with more limited success and the service is still holding a significant numbers of vacancies. The shortage of social workers is reflected nationally.

The high level of vacancies in front-line staff is putting pressure on other services, particularly respite care and preventative services, as the safety of children continues to be the highest priority. Recruitment to these posts is crucial to alleviate that pressure, and make social worker caseloads more manageable, enabling the delivery of LAC commitments in a more pro-active and cost effective way.

1.1.3.28 **Asylum:**

The forecast has reduced by £1.039m this month from an overall funding shortfall of £3.819m to £2.780m, of which £2.692m is due to 18+ Care Leavers and £0.088m due to Unaccompanied Asylum Seeking Children (UASC) (Under 18's).

The negotiations with Ministers and the UK Border Agency (UKBA) have been successful and have resulted in an additional £2.3m to Kent which will cover part of the 2008/09 and 2009/10 funding shortfalls. Specifically, the UKBA have now agreed to an increase of 50% to the per capita funding rate for 18+ care leavers. This agreement equates to an additional £1.9m over the two years (£0.915m relates to 2009/10 and £0.985m to 2008/09). In addition, the UKBA have also agreed to fully fund the costs of the intake team, which over the two years equates to an additional £0.4m (£0.150m relates to 2009/10 and £0.250m to 2008/09) over and above the current funding we receive.

2009/10 position:

The successful negotiations have resulted in the pressure on the asylum service reducing from £3.819m to £2.780m due to the increase in the per capita grant from £100 to £150 (£0.915m) and fully funding the costs of the intake team (£0.150m) offset marginally by further pressures of £0.026m. The pressure continues on the asylum budget due to costs which cannot be claimed back from the Home Office under the grant rules. The majority of the pressure comes from the 18+ care leavers budget as the Home Office grant does not fund clients once they have exhausted all right of appeal for residency. However the Authority has a duty under the Leaving Care Act to support these clients until they are deported or reach age 21.

2008/09 position:

The impact of these recent developments means the overall position for 2008-09 has improved by £0.551m. This has resulted from additional funding for the increase in the per capita grant from £100 to £150 (£0.985m) and fully funding the costs of the intake team (£0.250m), offset by a £0.684m reduction following the data matching exercise. Therefore the 2008-09 funding shortfall of £3.125m assumed at the time of closing the 2008-09 accounts has improved by £0.551m to £2.574m. This additional £0.551m of funding will be repaid to the asylum reserve.

Other Issues

1.1.3.29 **Management Information: Payments to PVI providers for the free entitlement for 3 and 4 year olds (DSG)**

The latest forecast suggests an underspend of around £1 million on payments to PVI providers for 3 and 4 year olds for the core offer of 12.5hrs a week. This budget is funded entirely from DSG and therefore any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore no variance is reflected for this against the management information unit in Table 1 as the underspend will be matched by a transfer to reserves.

1.1.3.30 **Delegated Schools Budgets**

The 9 monthly monitoring returns from schools continue to suggest a significant reduction in schools reserves during 2009-10. Schools have traditionally been cautious in their financial forecasting, and the full impact of the tighter balance control mechanism will not be known until the end of the year, however our expectation is that reserves may fall by a further £6million by the end of the financial year although this is substantially less than the schools' forecast suggest. At the end of this financial year all schools will be subject to the balance control mechanism where reserves in excess of their original budget allocation of 5% for secondary or 8% for primary schools will be recovered, except funding relating to reorganisation, an approved capital project or late allocation of government grants passed on by the local authority.

The Schools Funding Forum has agreed to retain the recovery of reserves resulting from this year's balance control process of £735k, along with the accumulated schools unallocated dedicated schools grant and plan to distribute to schools in 2010-11 financial year for specific pressures which will be discussed at future Forum meetings.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools delegated budgets - expected draw down from reserves	+6,000	CFE	Assessment & Related - staffing vacancies (gross)	-3,376
CFE	Asylum - shortfall in Home Office income (income)	+2,780	CFE	ASK - Early Years - badging of unspent sure start grant to free up base budget (gross)	-1,088
CFE	Fostering Service - increase in no of independent fostering allowances (districts & disability, gross)	+2,086	CFE	Mainstream Home to School Transport - contract renegotiations, fewer pupils travelling & reduced costs of transport during the snow (gross)	-992
CFE	Independent Sector Residential Care - additional placements (gross)	+1,002	CFE	Independent Sector Residential Care - additional income from Health & KASS towards placements	-717
CFE	Leaving Care/16+ service - increase in no of independent fostering allowances (gross)	+717	CFE	Independent Sector Residential Care - reduction in no of secure accommodation placements (gross)	-471
CFE	Capital Strategy Unit - maintenance of non-operational buildings (gross)	+700	CFE	14-24 unit - additional income from schools to KS4 engagement & Skillsforce programme (income)	-418
CFE	Leaving Care/16+ service - increase in no of in-house fostering payments (gross)	+669	CFE	Fostering Service - reduction in no of Related Fostering related payments (gross)	-396
CFE	Personnel & Development - pressure on the pensions budget (gross)	+643	CFE	SEN Transport - cancellation of transport during the snow and potential savings from additional contract renegotiations (gross)	-387
CFE	Other Preventative Services - pressure on section 17 payments (gross)	+612	CFE	Fostering Service - county fostering team vacancies (gross)	-385
CFE	Adoption Service - increase in special guardianship orders (gross)	+549	CFE	CSS Business Support - training underspend due to levels of vacancies	-331
CFE	Fostering Service - increase in no of in-house fostering placements (districts & disability, gross)	+492	CFE	Fostering Service - delays in expansion of therapeutic fostering scheme (gross)	-300
CFE	14-24 unit - Expansion of KS4 engagement and Skillsforce programme (fully funded from schools contributions) (gross)	+418	CFE	Leaving Care/16+ service - fewer section 24/leaving care payments (gross)	-293
CFE	Awards - home to college transport prices and demand (gross)	+392	CFE	Leaving Care/16+ service - fewer independent sector residential care placements (gross)	-265
CFE	Client Service - under-recovery of contract income due to delays in renegotiation of contracts (income)	+307	CFE	CSS Business Support - additional income from the CWDC for NQSW training scheme	-233
CFE	CSS Business Support - additional costs of NQSW training scheme	+233	CFE	Other Preventative Services - delays in implementing community based programmes	-230
CFE	Extended Services - Family Liaison Officer Support Service (FLOSS) (matched by additional income) (gross)	+208	CFE	Other Preventative Services - additional contributions received from health (income)	-218
CFE	ASK Primary - School Improvement Partners service (gross) - increased support to schools in challenging circumstances	+200	CFE	Residential Care Not Looked After Children - reduction in placements (gross)	-218

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	ICT - enhanced broadband provision for schools (offset by additional income from schools) (gross)	+195	CFE	Extended Services - additional income from Kent Childrens Fund to fund additional expenditure on FLOSS	-208
CFE	Residential Care provided by KCC - additional costs of Rainbow Lodge Respite Unit (gross)	+184	CFE	ICT - additional income from schools for enhanced broadband service (offset by additional expenditure) (income)	-195
CFE	Fostering Service - additional placements in the Kinship service for non LACs (gross)	+143	CFE	Personnel & Development - CRB checks	-141
CFE	CSS Business Support - admin costs of Social Work Pilot project	+135	CFE	CSS Business Support - Social Work Pilot project income from DCSF	-135
CFE	ASK - Professional Development - children's trust development team staffing costs (gross)	+135	CFE	Strategic Planning & Review - delays in development of LCSPs pending restructure (gross)	-115
CFE	ASK Secondary - Additional payments to schools for intervention projects (gross)	+118	CFE	Direct Payments - rebadge of eligible expenditure to the sure start pathfinder project (gross)	-113
CFE	Personnel & Development - employee tribunal pressure resulting from compromise agreements (gross)	+112	CFE	Other Preventative Services - underspends on daycare services (gross)	-104
CFE	Client Services - additional provision of milk to primaries & settings (offset by additional income) (gross)	+100	CFE	Client Services - additional milk subsidy income (offset by additional expenditure) (income)	-100
			CFE	Specialist Teaching Service - low take-up of personal educational allowances for looked after children (gross)	-100
		+19,130			-11,529

1.1.4 Actions required to achieve this position:

The rebadging of £1.088m of Sure Start grant, arising from delays in the round 3 Children's Centres, against eligible spend in ASK Early Years has already been reflected in the forecasts in order to free up base budget. This is likely to be the last year that this option is available to us as the final round of centres is expected to be fully functional by the end of this financial year.

1.1.5 Implications for MTP:

The 2010-13 Medium Term Plan reflects the ongoing pressures on all services at the time the 2010-11 budget was produced.

With regard to Asylum, the service is currently forecasting a pressure of £2.8m (see section 1.1.3.28). The UKBA and HO have promised to speed up the removal process so that eventually removals will take place within 3 months of an individual being declared All Rights of Appeal Exhausted. UKBA have also agreed to provide some funding towards the cost of those who are All Right of Appeal Exhausted as well as offering to help us with procuring suitable accommodation which should also help to reduce costs. Some detailed work on this is now underway in conjunction with Corporate Policy prior to discussions with UKBA, and the Chief Executive of UKBA is due to meet the Leader in March. This will enable us to substantially reduce the pressure for 2010-11 but not completely remove it because the legal basis on which provision is made for Unaccompanied Asylum Seeking Children (UASC) is extremely complicated and the UKBA/HO position remains materially different from that accepted by KCC, all other local authorities and the LGA in regard to UASC who are leaving care. This difference in the understanding is largely down to the Home Office and DCSF not clarifying the legal duties on local authorities as Children Services Authorities, either in policy terms or in law. This is a long-standing issue but as a result of the recent discussions with UKBA, the Home Office and DCSF are now trying to resolve this issue. We have therefore provided £1.3m in the 2010-11 budget.

It should be noted, that on average a removal has been taking over a year in Kent, during which time we must provide support to these 18+ UASC. It would not be prudent to assume that UKBA will be able to achieve removals within 3 months by 1 April.

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

There are a number of delayed projects referred to in Section 1.1.3 but all of these are expected to be funded from the 2010-11 base budget rather than requiring specific roll forward requests.

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

Overall the portfolio is forecasting an underspend of £2m excluding the pressure on Asylum. This will be required to fund one-off costs which are likely to fall in 2010-11. Following the delay of one month in the formal consultation of the directorate restructure, additional one-off funding will be required to pay for the delay in the implementation of staffing savings. For staff on teachers terms and conditions, a one month delay will result in three months of additional salary costs due to the termly nature of employment contracts. In addition, the directorate is planning to undertake a change management programme as part of the CFE restructure and to widen the workforce development plans to ensure the communication networks within the new structure are effective. It is impossible to estimate how much funding will be required at this stage until a final structure has been formally agreed, however further work will be undertaken in the coming months to quantify the requirement so that an estimate may be reported at the earliest opportunity.

1.2 **CAPITAL**

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

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

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

	Previous Years £'000s	2009-10 £'000s	2010-11 £'000s	2011-12 £'000s	Future Years £'000s	TOTAL £'000s
Children, Families & Education						
Budget	210,414	185,876	208,303	236,539	409,404	1,250,536
Adjustments:						0
- Special Schools - Ridge View	-1,010					-1,010
Revised Budget	209,404	185,876	208,303	236,539	409,404	1,249,526
Variance		-10,002	+8,064	+2,773	-736	+99
split:						
- real variance		+111	-12	0	0	+99
- re-phasing		-10,113	+8,076	+2,773	-736	0
Devolved Capital to Schools						
Budget	916	43,721	33,690	34,291	34,291	146,909
Adjustments:						0
- Devolved Formula Capital						0
- Extended School						0
-						
Revised Budget	916	43,721	33,690	34,291	34,291	146,909
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Directorate Total						
Revised Budget	210,320	229,597	241,993	270,830	443,695	1,396,435
Variance	0	-10,002	8,064	2,773	-736	99
Real Variance	0	111	-12	0	0	99
Re-phasing	0	-10,113	8,076	2,773	-736	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which are:

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

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

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

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

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

Portfolio	Project	Real/ Phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
CFE	Childrens Centres	phasing		-3,859		
CFE	Maintenance Programme	phasing	-1,806			
CFE	Archbishop Courtenay Sch	phasing	-1,477			
CFE	Dartford Grammar School for Girls	phasing	-500			
CFE	Multi Agency Specialist Hubs	phasing			-368	
CFE	Practical Cookery Programme	phasing		-325		
CFE	Primary Improvement Programme	phasing			-304	
CFE	Service Redesign	phasing			-251	
			-3,783	-4,184	-923	-0
			-3,783	-4,184	-923	+0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Early Years & Children's Centre Programme – re-phasing of -£3.859m

There are 2 elements to the re-phasing of this programme : Development & Sustainability £3.569m & the Children's Centre programme £0.290m.

Development & Sustainability:

The major re-phasing on this programme relates to Development & Sustainability, which has a total budget of £18.444m, and has 3 main aims:

1. to improve the quality of the learning environment in early years settings to support the delivery of the Early Years Foundation Stage with particular emphasis on improving play and physical activities.
2. to ensure all children, including disabled children, are able to access provision.
3. to enable private, voluntary and independent providers to extend free nursery provision entitlement to include all 3 and 4 year olds, and to do so flexibly.

The programme has re-phased by £3.569 million which represents 19.3% of the total value of the programme.

The forecast for this element of the programme is based on applications and expressions of interest submitted by childcare providers, however as we are relying on the childcare business submitting an application this can sometimes take longer than expected due to their individual commitments. There are also many situations where applications are submitted that are incomplete, causing delays while the situation is clarified and updates are received.

The projects where re-phasing has occurred are:

Due to planning permission delays:

- St Marys at Stone £0.471m – redesign required following unsuitable soil samples.
- Anthony Roper Pre-school & Anthony Roper Kindergarden £0.294m each – planning objections from the Environment Agency & Sevenoaks District Council. The objections have now been resolved.
- Culverstone £0.285m - the provider had not submitted their application for planning permission when they requested the funding and we forecast the expenditure in 2009/10. Planning has only just been awarded and contracts signed.
- Our Lady £0.250m - similar to the project above, whereby the childcare business delayed the process by not submitting for planning earlier in the process.
- Kiddiwinks £0.250m - the project proposal is weak and further information has been requested. Also the planning process has not been completed and funding will not be awarded until all queries are answered and planning approved.

Due to adverse weather conditions, only the first stage of funding has been awarded:

- Sandhurst £0.340m
- Learning Tree Sissinghurst £0.349m.

Other project delays:

- Clever Clowns Nursery £0.250m – the project funding has been withdrawn because of difficulties in finding a site. The withdrawn funding will be reallocated to new bidders in future phases of grant approvals.
- Madginford £0.252m – the project has been delayed whilst leasing issues with the Parish Council are resolved.

Additional projects that contributed to the change in forecast are all projects that have now been rejected or further information requested:

- St Peters in Maidstone - the expression of interest in this project related to £0.400m. However, when the full application was submitted the costs were in the region of £0.760m. The project would not have developed any new childcare places but would have ensured the current operations were all on one level and while it is an excellent idea there are other childcare businesses operating from extremely unsuitable premises that could benefit from the funding. Half of this funding (£0.200m) was included in the forecast for the current financial year.
- Little Oaks in Thanet £0.282m - this was a proposal for a new setting, however due to current sustainability issues in the surrounding area this project was not supported. It was felt that if this project went ahead, it too would have financial difficulties and may in fact enhance the current problems being faced by other local childcare providers. £0.150m was forecast for 2009/10.
- Happy Faces £0.135m - This application was forecast for expenditure in December 2009 and January 2010. However, when submitted additional information was requested around the free flow access for children and how the extension would fit with current activities. This information has not been forthcoming so the application is on hold. The provider has now been visited and the queries answered however it does not look like the extension will be approved. This will be discussed further at the March 2010 panel meeting and has therefore been removed from the current year forecast.

Children Centres:

There are a number projects with relatively minor re-phasing from 2009/10 to 2010/11 on this part of the programme: Round 2 completions £0.139m, Children Centres Maintenance £0.065m and Connectivity, ICT & CCTV £0.059m.

Revised phasing of the scheme is now as follows:

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	28,760	15,625	14,857	7	0	59,249
Forecast	28,760	11,766	18,716	7		59,249
Variance	0	-3,859	3,859	0	0	0
FUNDING						
Budget:						
Grant	27,137	15,471	11,708	0	0	54,316
Prudential	391	0	3,125	7	0	3,523
PEF2	213	0	0	0	0	213
Ext - Other	397	5	24	0	0	426
Ext - Dev Conts	0	79	0	0	0	79
Capital Receipts	60	0	0	0	0	60
Supported Borrowing	249	0	0	0	0	249
Revenue	313	70	0	0	0	383
TOTAL	28,760	15,625	14,857	7	0	59,249
Forecast:						
Grant	27,137	11,612	15,567	0	0	54,316
Prudential	391	0	3,125	7	0	3,523
PEF2	213	0	0	0	0	213
Ext - Other	397	5	24	0	0	426
Ext - Dev Conts	0	79	0	0	0	79
Capital Receipts	60	0	0	0	0	60
Supported Borrowing	249	0	0	0	0	249
Revenue	313	70	0	0	0	383
Unidentified	0	0	0	0	0	0
TOTAL	28,760	11,766	18,716	7	0	59,249
Variance	0	-3,859	+3,859	0	0	0

1.2.4.2 Maintenance Programme – re-phasing of -£1.806m

The budget allocation for maintenance is used to meet the County Council's responsibilities to ensure schools are kept safe warm, and dry. The maintenance funding stream is used to deliver programmes of planned and reactive maintenance work, and servicing and inspection arrangements to comply with legislative and health and safety responsibilities. The latter includes Asbestos surveys and Water Hygiene surveys. To meet the varied types of works necessary to comply with these criteria the maintenance budget is divided into a number of headings. Those headings are, Planned Condition Maintenance, Additional Maintenance Works and Health & Safety, DDA, Kitchen Catering Equipment, Planned Maintenance Inspections.

The anticipated expenditure has re-phased by £1.806m which represents 10.4% of the total value of the programme. The re-phasing affects our planned and reactive maintenance as well as our health and safety programmes.

Reactive Maintenance Work:

Individual projects can vary from tens of thousands to one hundred thousand pounds have re-phased by £1.136m. The types of works funded from this programme are unplanned/unforeseen maintenance. By the nature of these works the anticipated expenditure can be affected by weather conditions.

Given earlier concerns about pressures on the maintenance budget, we have applied a very robust set of criteria for approving works. We have limited approved projects to those required to prevent a school closure. We have worked closely with schools to ensure they use their Devolved Formula Capital and revenue maintenance allocations to fund work for which they are responsible. This has reduced significantly levels of anticipated expenditure on smaller value works. We have not previously reported re-phasing given past years experience of pressures on this programme and because months of inclement weather could have resulted in further expenditure. In addition, given our budget pressures we have managed to secure school contributions to support the delivery of urgent maintenance work further reducing the impact on our own funding.

Included within the total re-phasing, there is £0.900m of reactive work that has been committed this financial year but will not be completed until the 2010/11 financial year. Many of these proposed works have a lead time on materials (e.g. boiler replacement), and/or are reliant on weather conditions such as roof repair and replacement of roofs, renewal of window walling and repairs to brickwork.

Kitchen Catering Equipment:

This is showing an underspend of £0.450m. This programme has in past years overspent given the urgent need to replace obsolete and defunct equipment. Consequently, for this year we increased the budget for this programme. We have been successful in securing separate Government funding to support the modernisation and refurbishment of school kitchen and dining facilities. This funding is being directed at areas of most need for improvement and has reduced the pressure on the kitchen catering budget.

Water Hygiene Risk Assessments:

The Authority undertakes a rolling programme at school premises to meet the Health & Safety statutory requirements which has cost £0.300m this year. We have arranged that schools fund any resultant works. This has resulted in a saving of £0.200m

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	0	17,331	8,433	14,361	14,361	54,486
Forecast	0	15,525	10,239	14,361	14,361	54,486
Variance	0	-1,806	1,806	0	0	0
FUNDING						
Budget:						
Grant - DCSF	0	7,382	7,905	0	0	15,287
Grant - PRG	0	640	0	0	0	640
Prudential	0	490	0	0	0	490
Supported Borrowing	0	8,819	528	14,361	14,361	38,069
TOTAL	0	17,331	8,433	14,361	14,361	54,486
Forecast:						
Grant - DCSF	0	7,382	7,905	0	0	15,287
Grant - PRG	0	640	0	0	0	640
Prudential	0	0	490	0	0	490
Supported Borrowing	0	7,503	1,844	14,361	14,361	38,069
TOTAL	0	15,525	10,239	14,361	14,361	54,486
Variance	0	-1,806	+1,806	0	0	0

1.2.4.3 Archbishop Courtenay - re-phasing of -£1.477m

This is a project to relocate the Archbishop Courtenay CEP School onto a new site in Tovil. Currently the school operates from two sites, one in Maidstone and one in Tovil. As a first part to the project KCC is engaged in the Compulsory Purchase of the old BT Depot site in Tovil.

The programme has rephased by £1.477million which represents 29.5% of the total value of the programme.

BT, the organisation that we are purchasing the site from, have relocated to a new temporary depot. Until the new depot is completed, fitted out and BT have calculated the full costs of their move we will not know how much they will be seeking in compensation. Our Estates department now estimate that we should know and be a position to take possession of the site some time during the summer of 2010 and at that stage, following negotiations and if the figures are agreed, the purchase will be made.

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,519	1,481	0	0	0	5,000
Forecast	3,519	4	1,477	0	0	5,000
Variance	0	-1,477	1,477	0	0	0
FUNDING						
Budget:						
Grant - DCSF	2,000	0	0	0	0	2,000
Ex Develop Conts	1,508	0	0	0	0	1,508
PEF 2	133	788	0	0	0	921
Prudential	0	693	0	0	0	693
Supported Borrowing	-122	0	0	0	0	-122
TOTAL	3,519	1,481	0	0	0	5,000
Forecast:						
Grant - DCSF	2,000	0	0	0	0	2,000
Ex Develop Conts	1,508	0	0	0	0	1,508
PEF 2	133	0	788	0	0	921
Prudential	0	4	689	0	0	693
Supported Borrowing	-122	0	0	0	0	-122
TOTAL	3,519	4	1,477	0	0	5,000
Variance	0	-1,477	+1,477	0	0	0

1.2.5 Projects with real variances, including resourcing implications:

There is an overall variance of +£0.099m, this is covered from additional revenue contributions & grants.

1.2.6 General Overview of Capital Programme:

(a) Risks

The creation of the PEF2 fund has reduced what was previously seen as the major risk i.e., the realisation of Capital Receipts.

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

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

(b) Details of action being taken to alleviate risks

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

1.2.7 PFI Projects

- Building Schools for the Future (wave 3)

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

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

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

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

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

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

- Building Schools for the Future (future waves)

£179.1m of investment in the BSF future waves represents estimated investment by a third party. No payment is made by KCC for the new/refurbished assets until the assets are ready for use and this is by way of an annual unitary charge to the revenue budget.

	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s
Budget	18,000	66,000	95,100	179,100
Actual / Forecast	18,000	66,000	95,100	179,100
Variance	0	0	0	0

- (a) **Progress and details of whether costings are still as planned (for the 3rd party)**
Contracts for future BSF waves are still to be finalised and agreed and ,as such, the figures are best estimates
- (b) **Implications for KCC of details reported in (a) i.e., could an increase in the cost result in a change to the unitary charge?**
The PFI Contractor bears the risk of any delays to the construction programme (with the exception of any agreed compensation events). Consequently, any delays that may arise in the construction programme will not impact on the unitary charge.

1.2.8 Project Re-Phasing

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

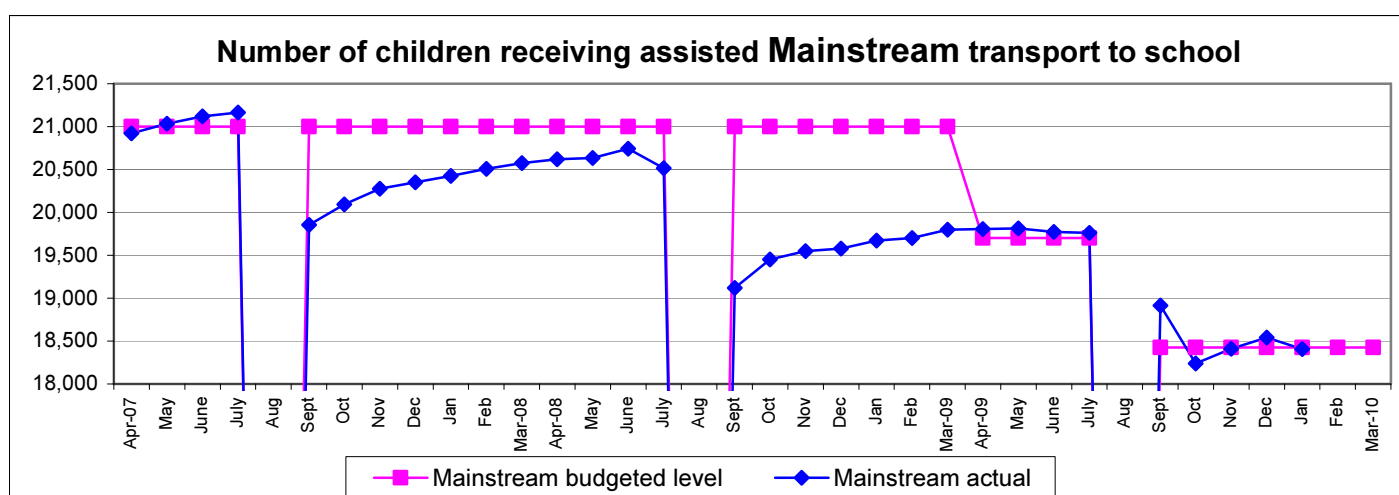
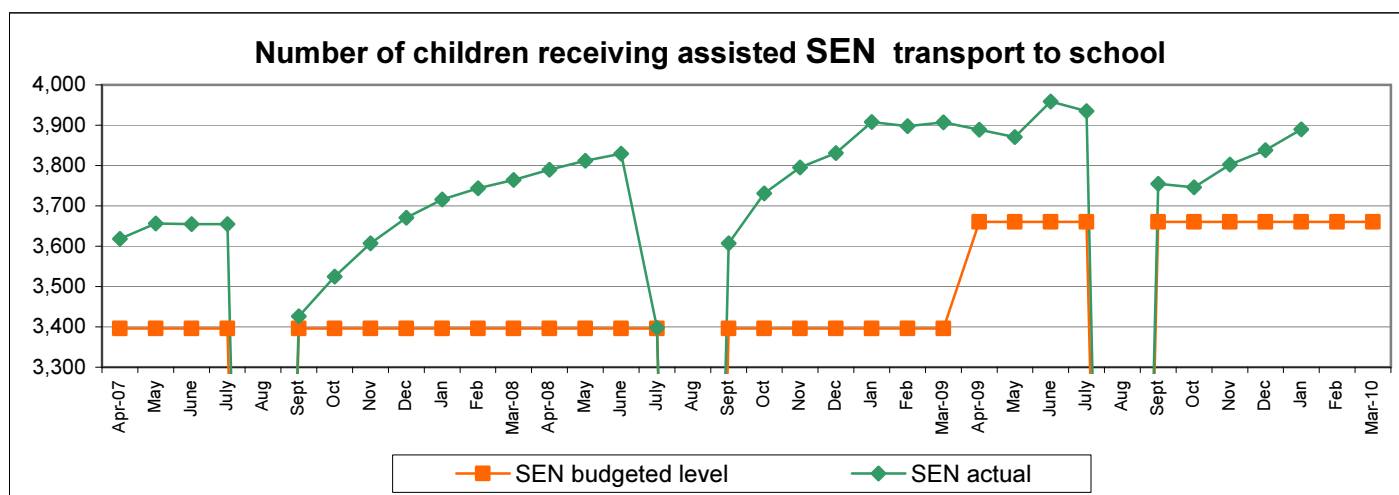
	2009-10	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Management & Modernisation of Assets					
Amended total cash limits	+503	+311	+61	+61	+936
re-phasing	-147	+147	0	0	0
Revised project phasing	+356	+458	+61	+61	+936
Childrens Centres					
Amended total cash limits	+15,625	+14,894	+7	0	+30,526
re-phasing	-3,859	+3,859	0	0	0
Revised project phasing	+11,766	+18,753	+7	0	+30,526
Horizon (Primary Improvement Programme)					
Amended total cash limits	+1,637	+395	0	0	+2,032
re-phasing	-193	+193	0	0	0
Revised project phasing	+1,444	+588	0	0	+2,032
The Manor School (Primary Improvement Programme)					
Amended total cash limits	+3,944	+2,012	+25	0	+5,981
re-phasing	-146	+146	0	0	0
Revised project phasing	+3,798	+2,158	+25	0	+5,981
Rose Street (Primary Improvement Programme)					
Amended total cash limits	+136	+1,132	+32	0	+1,300
re-phasing	-20	-171	+128	+63	0
Revised project phasing	+116	+961	+160	+63	+1,300
Transforming Short Breaks					
Amended total cash limits	+771	+4,220	+1,493	0	+6,484
re-phasing	-238	+238	0	0	0
Revised project phasing	+533	+4,458	+1,493	0	+6,484
Service Redesign					
Amended total cash limits	+251	0	0	0	+251
re-phasing	-251	+251	0	0	0
Revised project phasing	0	+251	0	0	+251
Primary Improvement Programme (Approval to Plan)					
Amended total cash limits	+1,377	+9,143	+9,518	+11,477	+31,515
re-phasing	-304	-717	+1,828	-807	0
Revised project phasing	+1,073	+8,426	+11,346	+10,670	+31,515

	2009-10	2010-11	2011-12	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Eastchurch Ps (Primary Improvement Programme)					
Amended total cash limits	+140	+3,312	+908	0	+4,360
re-phasing	+93	-856	+745	+18	0
Revised project phasing	+233	+2,456	+1,653	+18	+4,360
Dartford Grammar for Girls					
Amended total cash limits	+1,400	+798	0	0	+2,198
re-phasing	-500	+500	0	0	0
Revised project phasing	+900	+1,298	0	0	+2,198
Archbishop Courtenay					
Amended total cash limits	+1,481	0	0	0	+1,481
re-phasing	-1,477	+1,477	0	0	0
Revised project phasing	+4	+1,477	0	0	+1,481
Annual Maintenance Programme					
Amended total cash limits	+17,331	+8,433	+14,361	+14,361	+54,486
re-phasing	-1,806	+1,806	0	0	0
Revised project phasing	+15,525	+10,239	+14,361	+14,361	+54,486
SSR - Grange Park					
Amended total cash limits	+4,002	+1,146	+7		+5,155
re-phasing	-116	+116	0	0	0
Revised project phasing	+3,886	+1,262	+7	0	+5,155
SSR Valence School					
Amended total cash limits	+1,468	0	0	0	+1,468
re-phasing	-207	+207	0	0	0
Revised project phasing	+1,261	+207	0	0	+1,468
Practical Cooking Spaces					
Amended total cash limits	+1,560	+2,130	0	0	+3,690
re-phasing	-325	+325	0	0	0
Revised project phasing	+1,235	+2,455	0	0	+3,690
Multi Agency Specialist Hubs					
Amended total cash limits	+596	+1,904	+3,000	+3,930	+9,430
re-phasing	-368	+368	0	0	0
Revised project phasing	+228	+2,272	+3,000	+3,930	+9,430
Total re-phasing >£100k	-9,864	+7,889	+2,701	-726	0
Other re-phased Projects below £100k.	-249	+187	+72	-10	
TOTAL RE-PHASING	-10,113	+8,076	+2,773	-736	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2007-08				2008-09				2009-10			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual	Budgeted level	actual
April	3,396	3,618	21,000	20,923	3,396	3,790	21,000	20,618	3,660	3,889	19,700	19,805
May	3,396	3,656	21,000	21,032	3,396	3,812	21,000	20,635	3,660	3,871	19,700	19,813
June	3,396	3,655	21,000	21,121	3,396	3,829	21,000	20,741	3,660	3,959	19,700	19,773
July	3,396	3,655	21,000	21,164	3,396	3,398	21,000	20,516	3,660	3,935	19,700	19,761
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,396	3,426	21,000	19,855	3,396	3,607	21,000	19,118	3,660	3,755	18,425	18,914
Oct	3,396	3,525	21,000	20,093	3,396	3,731	21,000	19,450	3,660	3,746	18,425	18,239
Nov	3,396	3,607	21,000	20,276	3,396	3,795	21,000	19,548	3,660	3,802	18,425	18,410
Dec	3,396	3,671	21,000	20,349	3,396	3,831	21,000	19,579	3,660	3,838	18,425	18,540
Jan	3,396	3,716	21,000	20,426	3,396	3,908	21,000	19,670	3,660	3,890	18,425	18,407
Feb	3,396	3,744	21,000	20,509	3,396	3,898	21,000	19,701	3,660		18,425	
March	3,396	3,764	21,000	20,575	3,396	3,907	21,000	19,797	3,660		18,425	



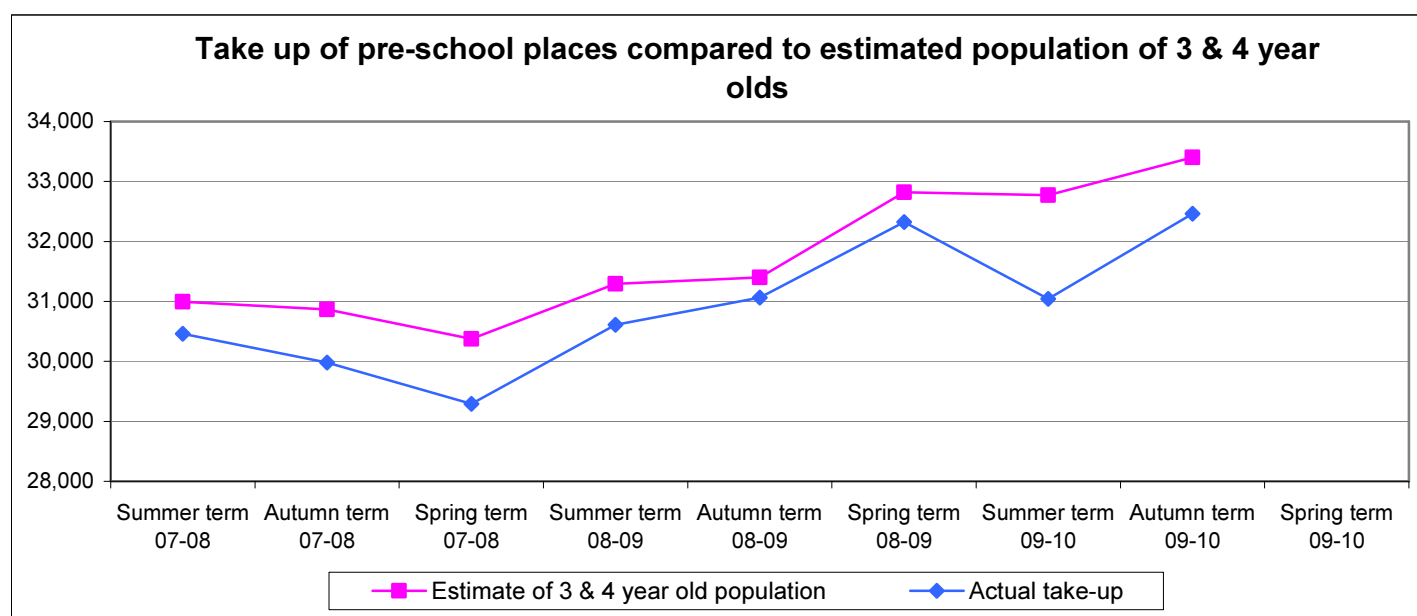
Comments:

- **SEN HTST** – The number of children requiring SEN transport continues to be higher than budgeted levels, however the latest forecast suggests an underspend of £387k. This is partly due to the cancellation of transport during the period of snow in December and we are investigating further the level of savings achieved from contract renegotiations as detailed in section 1.1.3.11.
- **Mainstream HTST** – The activity suggests the number of children requiring mainstream transport is approximately equivalent to the budgeted level. However, as explained in section 1.1.3.9, savings

have been generated through the contract renegotiation which means we can now afford more travellers than the budgeted level suggests. In addition, extra savings have been generated following the reduced costs of transport during the snow in December. Overall therefore we are currently forecasting an underspend of £992k.

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

	<i>PVI places taken up</i>	<i>School places taken up</i>	Total places taken up	Estimate of 3 & 4 year old population	% take up
2007-08					
Summer term	20,675	9,485	30,460	30,992	98%
Autumn term	14,691	15,290	29,981	30,867	97%
Spring term	17,274	12,020	29,294	30,378	96%
2008-09					
Summer term	20,766	9,842	30,608	31,294	98%
Autumn term	14,461	16,604	31,065	31,399	99%
Spring term	19,164	13,161	32,325	32,820	98%
2009-10					
Summer term	21,175	9,868	31,043	32,770	95%
Autumn term	15,211	17,254	32,465	33,401	97%
Spring term					



Comments:

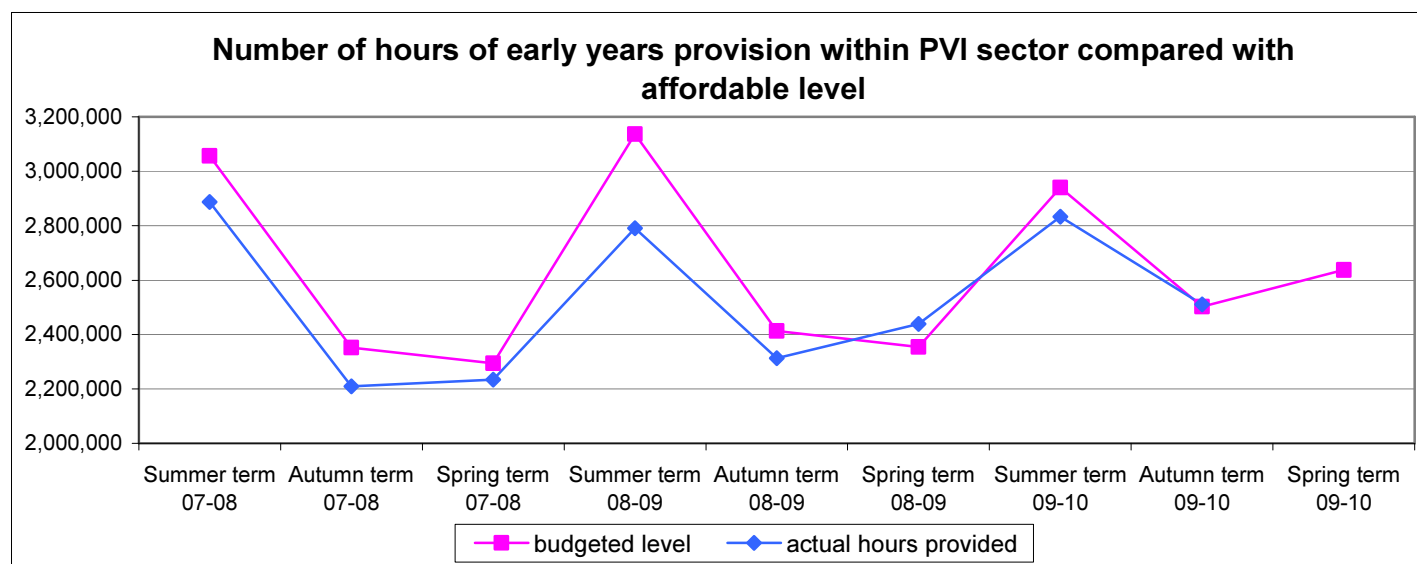
- This graph shows that currently 97% of the estimated population of 3 and 4 year olds are receiving some level of early years provision, whether this be one session per week for 33 weeks or five sessions per week for 38 weeks.
- This activity indicator is based on headcount and provides a snapshot position at a point in time, whereas the activity data in 2.2.2 below provides details of the number of hours provided in the Private, Voluntary & Independent sector, and will correlate with the variance on the Early Years budget within the Management Information Unit. However as this budget is funded entirely from DSG/standards fund, any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspending elsewhere in the directorate budget. Therefore, as any unspent DSG Early Years funding has to be returned to schools, in 2009-10 an estimated underspend of £1m will be transferred to the schools unallocated reserve and hence is not included in the overall directorate forecast shown in table 1, but is reported in the narrative in section 1.1.3.29 of this annex. Expenditure relating to the increase in the free entitlement from 12.5hrs to 15hrs

a week will be funded from Standards Fund, a 17month ring-fenced specific grant, which requires any resulting underspends to be carried forward to the next financial year to be spent by 31st August 2010.

- It should be noted that in the Autumn term each year, there is a shift in actual places taken up from PVI sector to schools due to the movement of 4 year olds into reception classes in mainstream schools.
- It appears the drop in the percentage take-up in the Summer Term may have been an anomaly and further updates on this position will be given in future monitoring reports.

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

	2007-08		2008-09		2009-10	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,056,554	2,887,134	3,136,344	2,790,446	2,939,695	2,832,550
Autumn term	2,352,089	2,209,303	2,413,489	2,313,819	2,502,314	2,510,826
Spring term	2,294,845	2,233,934	2,354,750	2,438,957	2,637,646	
	7,703,488	7,330,371	7,904,583	7,543,222	8,079,655	5,343,376



Comments:

- The budgeted number of hours per term is based on an assumed level of take-up and the assumed number of weeks the providers are open. The variation between the terms is due to two reasons: firstly, the movement of 4 year olds at the start of the Autumn term into reception year in mainstream schools; and secondly, the terms do not have the same number of weeks.
- The phased roll-out of the increase in the number of free entitlement hours from 12.5hrs to 15 hrs per week began from September 2009-10. The estimated increase in the number of hours has been factored into the budgeted number of hours for 2009-10. This increase in hours is funded by a specific DCSF Standards Fund grant. For the Autumn Term there were 39,859 more hours than budgeted for, but this relates entirely to a greater take up of the increase from 12.5 to 15 hours than assumed in the budgeted level and therefore all of this increase will be funded by additional DCSF standards fund grant and has no impact on our net financial forecast position.
- The current activity suggests a DSG underspend of around £1m on this budget which has been mentioned in section 1.1.3.29 of this annex.
- It should be noted that not all parents currently take up their full entitlement and this can change during the year.

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

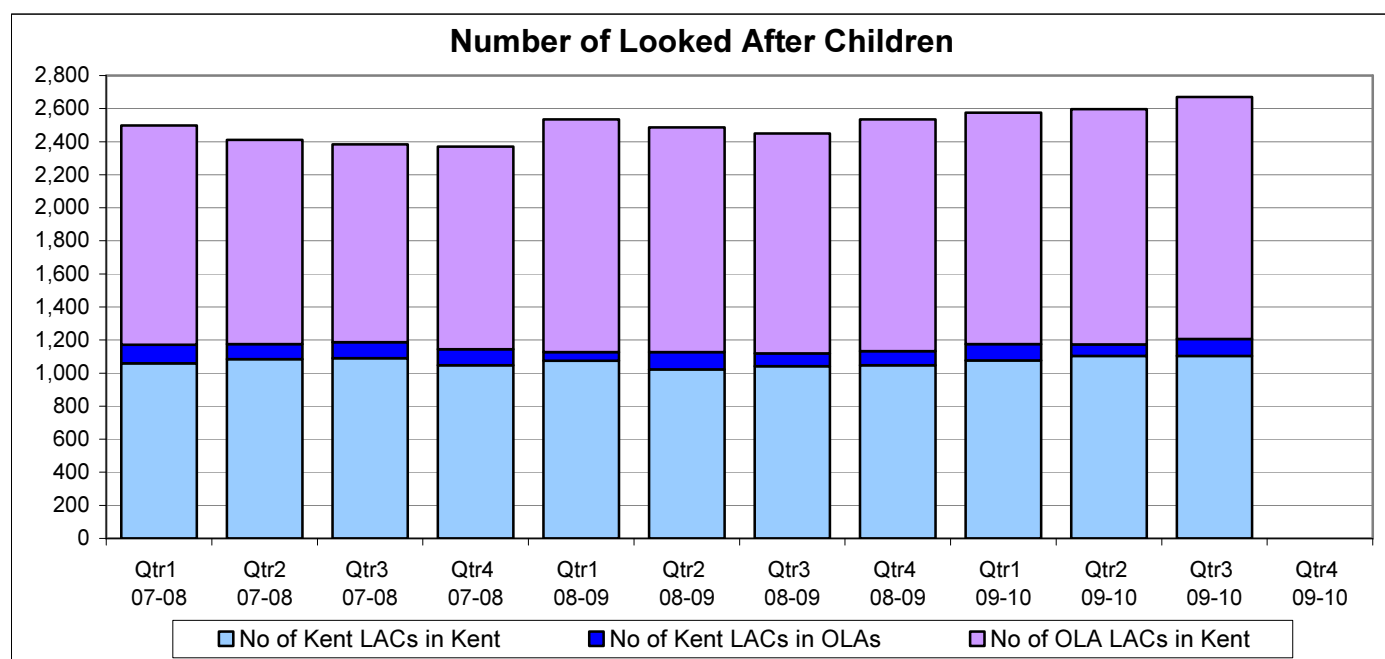
	2005-06	2006-07	2007-08	2008-09	2009-10
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09	Projection
Total number of schools	600	596	575	570	570
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£63,184k	£57,184k
Number of deficit schools	9	15	15	13	23
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,415k

Comments:

- The information on deficit schools for 2009-10 has been obtained from the schools budget submissions. The directorate receives updates from schools through budget monitoring returns from all schools after 6 months, and 9 months as well as an outturn report at year end.
- The number and value of deficits for 2009-10 is based on the last schools monitoring return. The CFE Statutory team are working with all schools currently reporting a deficit with the aim of returning the schools to a balanced budget position as soon as possible. This involves agreeing a management action plan with each school.
- KCC now has a “no deficit” policy for schools, which means that schools cannot plan for a deficit budget at the start of the year. Unplanned deficits will need to be addressed in the following year’s budget plan, and schools that incur unplanned deficits in successive years will be subject to intervention by the Local Authority.

2.4 Numbers of Looked After Children (LAC):

	No of Kent LAC placed in Kent	No of Kent LAC placed in OLAs	TOTAL NO OF KENT LAC	No of OLA LAC placed in Kent	TOTAL No of LAC in Kent
2007-08					
Apr – Jun	1,060	112	1,172	1,325	2,497
Jul – Sep	1,084	91	1,175	1,236	2,411
Oct – Dec	1,090	97	1,187	1,197	2,384
Jan – Mar	1,047	97	1,144	1,226	2,370
2008-09					
Apr – Jun	1,075	52	1,127	1,408	2,535
Jul – Sep	1,022	105	1,127	1,360	2,487
Oct – Dec	1,042	77	1,119	1,331	2,450
Jan – Mar	1,048	84	1,132	1,402	2,534
2009-10					
Apr – Jun	1,076	100	1,176	1,399	2,575
Jul – Sep	1,104	70	1,174	1,423	2,597
Oct – Dec	1,104	102	1,206	1,465	2,671
Jan – Mar					

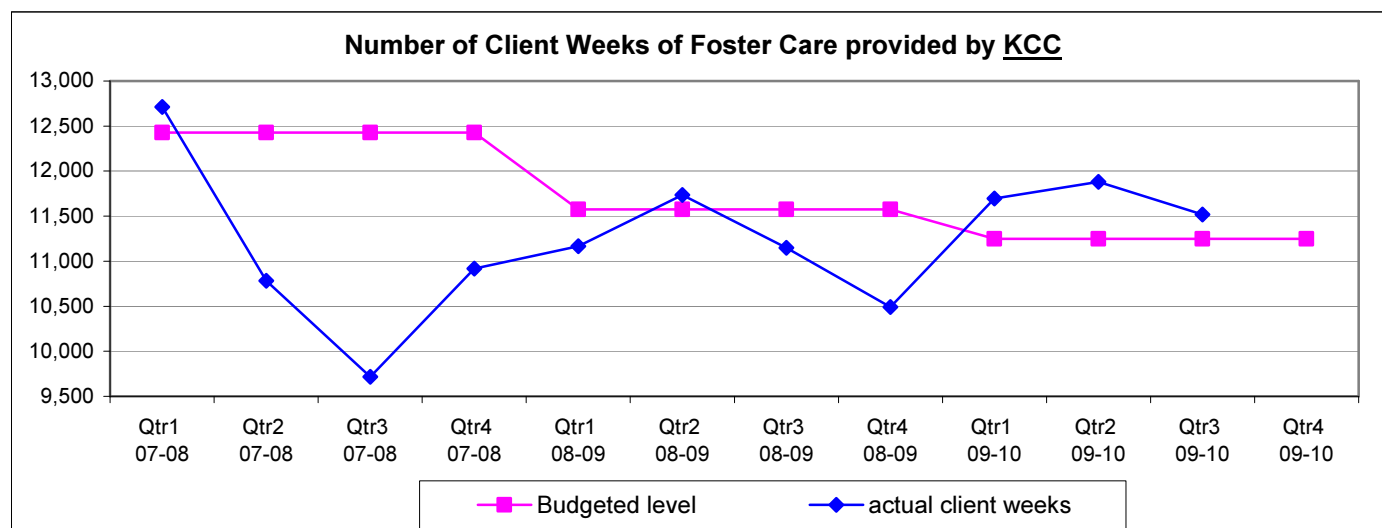


Comments:

- Children Looked After by KCC may on occasion be placed out of the County, which is undertaken using practice protocols that ensure that all long-distance placements are justified and in the interests of the child. All Looked After Children are subject to regular statutory reviews (at least twice a year), which ensures that a regular review of the child's care plan is undertaken. The majority (over 99%) of Looked After Children placed out of the Authority are either in adoptive placements, placed with a relative, specialist residential provision not available in Kent or living with KCC foster carers based in Medway.
- Please note, the number of looked after children for each quarter represents a snapshot of the number of children designated as looked after at the end of each quarter, it is not the total number of looked after children during the period. Therefore although the number of Kent looked after children has increased by 74 since the beginning of the year, there could have been more during the period.
- The increase in Kent looked after children has placed additional pressure on the fostering service and 16+ services budget (see section 1.1.3.21 and 1.1.3.24)

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

	2007-08		2008-09		2009-10	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr – Jun	12,427	12,711	11,576	11,166	11,249	11,695
Jul – Sep	12,427	10,781	11,576	11,735	11,249	11,880
Oct – Dec	12,427	9,716	11,576	11,147	11,249	11,518
Jan – Mar	12,427	10,918	11,576	10,493	11,249	
	49,709	44,129	46,303	44,451	44,997	35,093

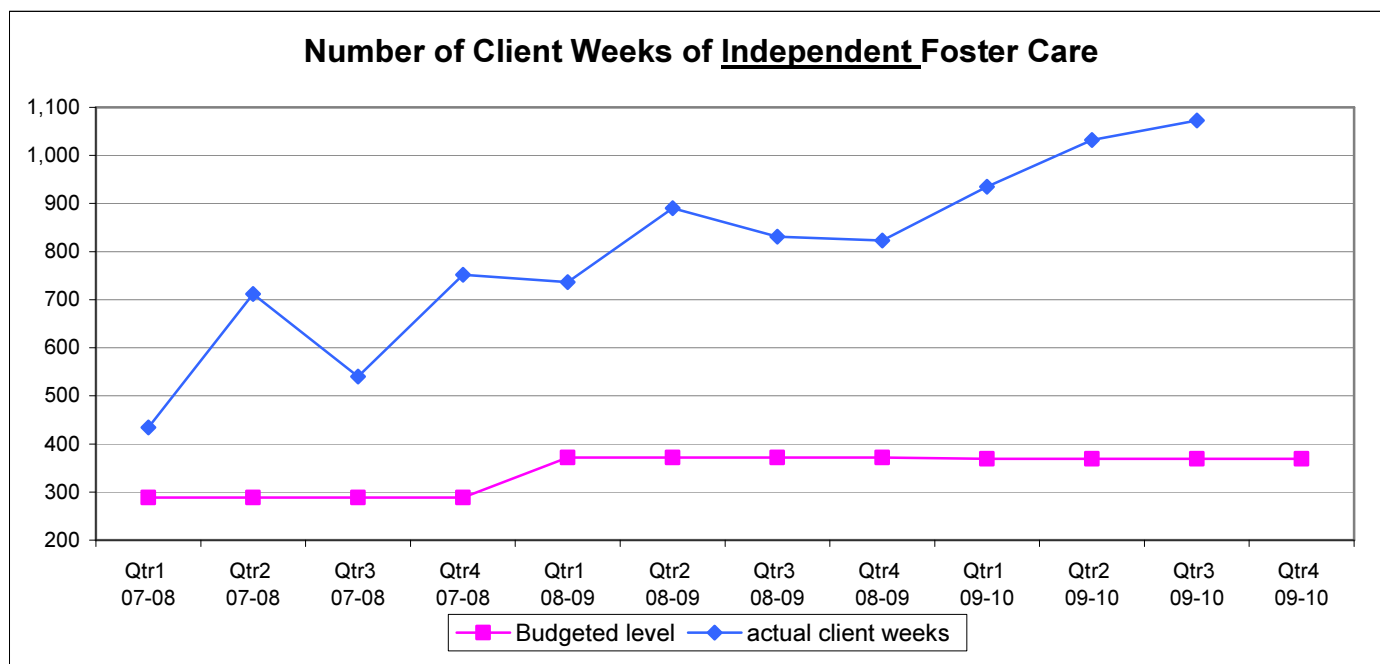


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.
- The budgeted level has been calculated by dividing the 2009-10 budget for all in-house fostering (including 16+) by the 2008-09 average weekly cost adjusted for inflation. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks.
- It should be noted that the data relating to 2007-08 was manually produced due to problems with the IT system and should be treated with some caution.
- The overall net pressure on in-house fostering is expected to be approximately £1,161k, combining both 16+ and fostering service forecasts (sections 1.1.3.21 & 1.1.3.24) and corresponds with forecast activity levels. It should be noted that activity levels for in-house foster care placements are volatile and further information on the apparent trend will be given in future monitoring reports. This pressure is largely attributed to the 16+ age group.
- It must be noted there is a move to increase the number of in-house foster carers to reduce the dependence on more costly independent sector provision. This has not happened as quickly as hoped due to delays in the recruitment of relevant staff. However the number of in-house foster carers has now started to increase, but the dependence on independent sector provision is unlikely to reduce in the short term due to the rise in the overall number of fostering placements and the need to maintain placement stability.

2.5.2 Number of Client Weeks of Independent Foster Care:

	2007-08		2008-09		2009-10	
	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks	Budgeted level	Actual Client Weeks
Apr - Jun	289	435	372	737	369	935
Jul - Sep	289	712	372	890	369	1,032
Oct - Dec	289	540	372	831	369	1,075
Jan - Mar	289	752	372	823	369	
	1,154	2,439	1,487	3,281	1,475	3,042

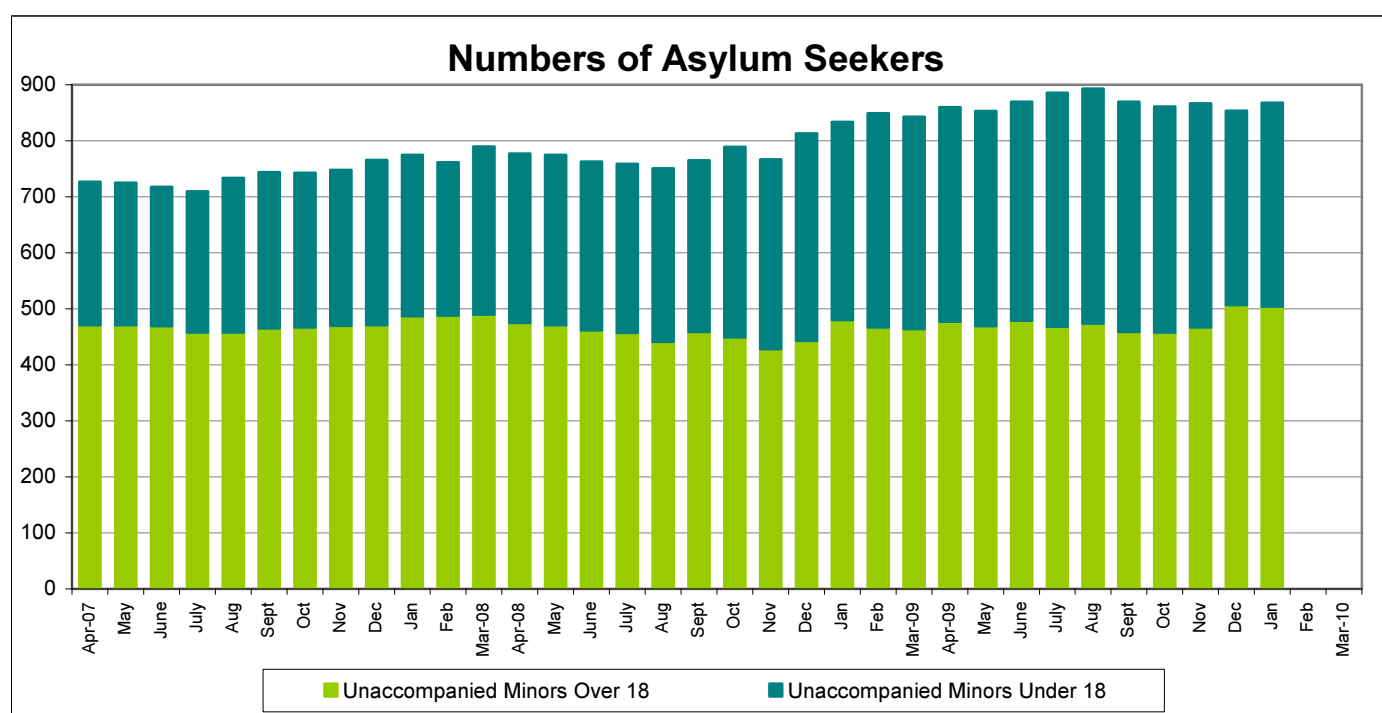


Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time.
- The budgeted level has been calculated by dividing the 2009-10 budget by the 2008-09 average weekly cost adjusted for inflation. The average weekly cost is also an estimate based on financial information and estimates of the number of client weeks and may be subject to change.
- The number of independent sector fostering placements continues to grow in the third quarter of 2009-10 with a 30% increase in the number of weeks purchased in the quarter compared with the final quarter of 2008-09. The projected overspend on independent sector fostering payments is £2,803k combining both 16+ and fostering service forecasts (sections 1.1.3.21 & 1.1.3.24), which is an increase of £964k compared to the 2008-09 outturn.
- The activity relating to Independent Sector Provision is expected to reduce once the number and skill level of in-house foster carers has begun to increase. However this is unlikely to happen in the short term due to the rise in the overall number of fostering placements and the need to maintain placement stability.

2.6 Numbers of Unaccompanied Asylum Seeking Children (UASC):

	2007-08			2008-09			2009-10		
	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients
April	256	471	727	302	475	777	383	477	860
May	254	471	725	304	471	775	384	469	853
June	249	469	718	301	462	763	391	479	870
July	252	458	710	302	457	759	418	468	886
August	276	458	734	310	441	751	419	474	893
September	279	465	744	306	459	765	411	459	870
October	276	467	743	340	449	789	403	458	861
November	278	470	748	339	428	767	400	467	867
December	295	471	766	370	443	813	347	507	854
January	288	487	775	354	480	834	364	504	868
February	274	488	762	382	467	849			
March	300	490	790	379	464	843			

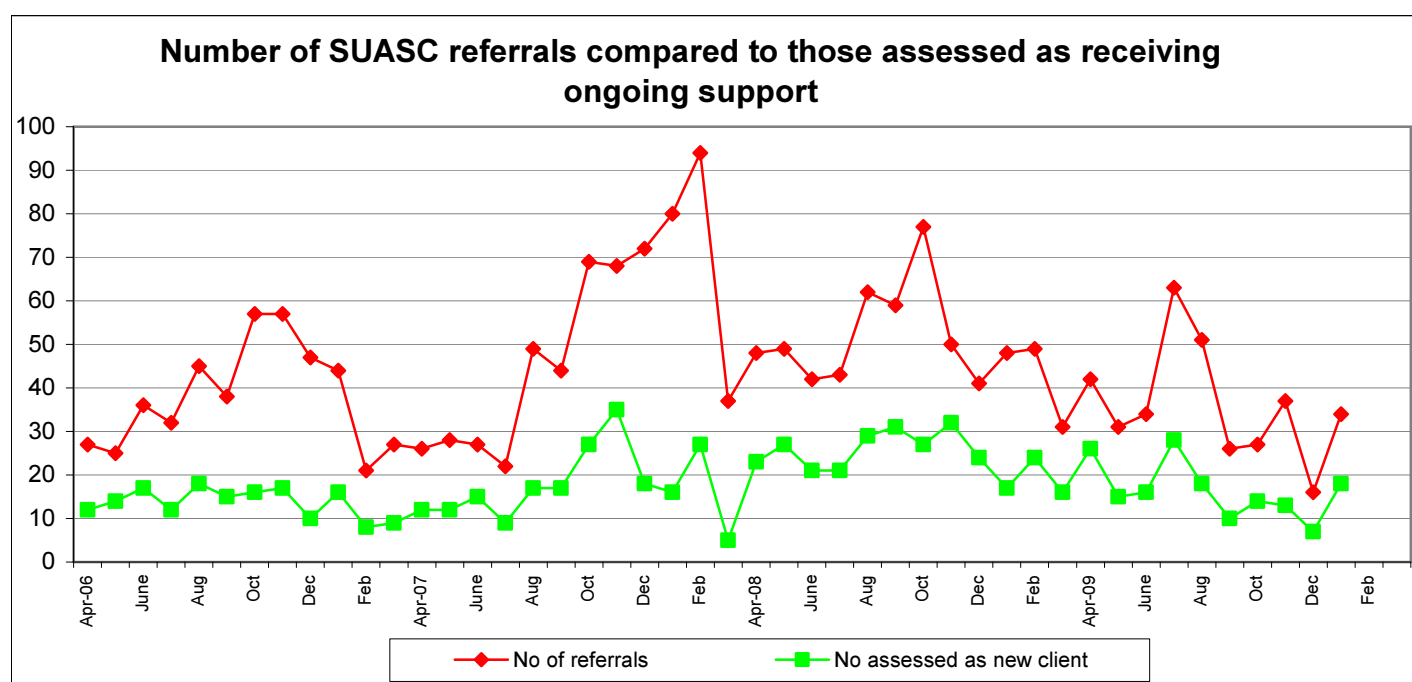


Comment:

- Client numbers have risen as a result of higher referrals and are higher than the projected number, which for 2009-10 is an average of 820 clients per month (approx 6% higher). It is unclear at this time whether this trend will continue.
- The age profile suggests the number of over 18s is increasing and it is this service which is experiencing the shortfall of funding. In addition the age profile of the under 18 children has reduced, with significantly higher numbers being placed in foster care.
- The data recorded above will include some referrals for which the assessments are not yet complete. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, their category may change.

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

	2006-07			2007-08			2008-09			2009-10		
	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%	No. of referrals	No. assessed as new client	%
April	27	12	44%	26	12	46%	48	23	48%	42	26	62%
May	25	14	56%	28	12	43%	49	27	55%	31	15	48%
June	36	17	47%	27	15	56%	42	21	50%	34	16	47%
July	32	12	38%	22	9	41%	43	21	49%	63	28	44%
August	45	18	40%	49	17	35%	62	29	47%	51	18	35%
Sept	38	15	39%	44	17	39%	59	31	53%	26	10	38%
Oct	57	16	28%	69	27	39%	77	27	35%	27	14	52%
Nov	57	17	30%	68	35	51%	50	32	64%	37	13	35%
Dec	47	10	21%	72	18	25%	41	24	59%	16	7	44%
Jan	44	16	36%	80	16	20%	48	17	35%	34	18	53%
Feb	21	8	38%	94	27	29%	49	24	49%			
March	27	9	33%	37	5	14%	31	16	52%			
	456	164	36%	616	210	34%	599	292	49%	361	165	46%



Comments:

- The number of referrals has continued to be around the budgeted level of 30 referrals a month since September 2009. The sharp decrease in September coincided with the French Government's action to clear asylum seeker camps around Calais and it is unclear whether the impact of this is likely to be short-term or continued over a longer period.
- The number of referrals has a knock on effect on the number assessed as new clients. The budgeted level is based on the assumption 50% of the referrals will be assessed as a new client. The number assessed as a new client has been consistently higher than the budgeted level, of 15 new clients a month, for the past 18 months however this trend reversed between September and December 2009 but increased again in January 2010.

KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY

JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in appendix 2 to the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G £'000s	I £'000s	N £'000s	G £'000s	I £'000s	N £'000s	
Adult Services portfolio							
Older People:							
- Residential Care	89,552	-32,641	56,911	234	-1,270	-1,036	Price pressures due to complexity; agency staff cover for in-house service; additional client income
- Nursing Care	43,647	-19,507	24,140	2,150	-1,650	500	Demographic and placement pressures offset with additional client and health income
- Domiciliary Care	47,006	-10,317	36,689	-751	-181	-932	Activity below affordable level but price pressures due to complexity
- Direct Payments	4,638	-436	4,202	33	-76	-43	
- Other Services	21,650	-4,661	16,989	-582	53	-529	Release of Contingency to offset overall pressure; lower demand for Fast-track equipment and other small underspends
Total Older People	206,493	-67,562	138,931	1,084	-3,124	-2,040	
People with a Learning Difficulty:							
- Residential Care	64,909	-12,119	52,790	2,497	-486	2,011	Demographic and placement pressures
- Domiciliary Care	6,704	-650	6,054	421	16	437	Demographic and placement pressures; more clients accessing Independent Living Scheme
- Direct Payments	5,465	-84	5,381	1,148	-34	1,114	increased unit cost
- Supported Accommodation	9,582	-1,151	8,431	555	-169	386	Demographic and placement pressures; impact of Ordinary Residence; contribution to reserve
- Other Services	20,164	-1,924	18,240	-935	38	-897	Release of Managing Director's Contingency to offset overall pressure; underspend on daycare
Total People with a LD	106,824	-15,928	90,896	3,686	-635	3,051	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
People with a Physical Disability:							
- Residential Care	12,254	-1,987	10,267	526	103	629	Demographic and placement pressures
- Domiciliary Care	7,317	-439	6,878	558	-1	557	Demographic and placement pressures
- Direct Payments	6,697	-250	6,447	97	-8	89	
- Supported Accommodation	394	-8	386	-35	-2	-37	
- Other Services	6,530	-1,237	5,293	-549	13	-536	Release of Managing Director's Contingency to offset overall pressure ; underspend against daycare
Total People with a PD	33,192	-3,921	29,271	597	105	702	
All Adults Assessment & Related	37,188	-1,836	35,352	-222	-355	-577	Turnover and vacancy management; additional Health contributions
Mental Health Service:							
- Residential Care	6,456	-974	5,482	631	338	969	Forecast activity in excess of affordable level; increased proportion of S117 clients who do not contribute to costs
- Domiciliary Care	627		627	89	0	89	
- Direct Payments	602		602	-329	0	-329	Less than expected activity
- Supported Accommodation	435	0	435	93	-87	6	
- Assessment & Related	9,982	-876	9,106	-98	-78	-176	
- Other Services	6,736	-904	5,832	-154	-98	-252	Small underspends against a number of budget lines
Total Mental Health Service	24,838	-2,754	22,084	232	75	307	
Gypsy & Traveller Unit	660	-319	341	107	-22	85	Write back of capital costs following failed bid
People with no recourse to Public Funds	100		100	0	0	0	
Strategic Management	1,339		1,339	-92	-14	-106	
Strategic Business Support	24,824	-2,209	22,615	-630	-205	-835	Turnover, vacancy management & some grant funded posts; additional contributions including Universities, District Councils & Medway Council
Support Services purchased from CED	7,301		7,301	-7	0	-7	reduced charge for KPSN
Specific Grants		-7,618	-7,618	0	0	0	
Total Adult Services controllable	442,759	-102,147	340,612	4,755	-4,175	580	
Assumed Management Action				-580		-580	
Forecast after Mgmt Action				4,175	-4,175	0	

1.1.3 Major Reasons for Variance:

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

1.1.3.1 Older People:

The overall net position is an underspend of £2,040k. Although the number of clients in domiciliary and independent sector residential care remain below 2008/09 levels, there has been an increase in demand for services for people with dementia. It should also be noted that the forecast assumes reductions in residential and nursing placements based on prior year trends. However, recently, attrition rates have been lower than expected. If attrition remains below the expected level then this would increase the forecast level of expenditure.

a. Residential Care

This line is reporting a gross overspend of £234k and an over recovery of income of £1,270k. As at December there were 2,774 clients, compared with 2,796 in September and 2,733 in June, and throughout the year the level has remained below the 2,832 reported in March. The forecast position is 157,368 weeks of care against an affordable level of 157,572, which is a difference of 204 weeks. Using the forecast unit cost of £385.76, this reduced level of activity generates an underspend of £79k. In addition the forecast unit cost is £2.24 higher than the affordable which results in a pressure of £354k and reflects the increasing number of clients with dementia as placements are more expensive. Although the slight reduction in activity also means a reduced level of income of £32k, the actual income per week is £157.19 against an expected level of £150.13. This gives an over-recovery in income of £1,113k.

The forecast number of client weeks of service provided to Preserved Rights clients is 1,345 lower than the affordable level because of increased attrition which is over and above that assumed in the budget. This reduced activity gives an underspend of £523k with a further reduction of £151k because the unit cost is below the affordable level. The reduction in activity also results in an under-recovery in income of £191k, however the actual income per week is higher than the expected level which generates an over-recovery in income of £157k.

In-house residential provision is showing a pressure of £676k on gross primarily on staffing because of the continuing need to cover sickness and absence with agency staff in order to meet care standards, as well as meeting increased occupancy levels. The pressure on gross is offset by an additional £293k of client income due to increased occupancy levels.

b. Nursing Care

There is a pressure of £2,150k on gross expenditure and an over recovery of income of £1,650k. Client numbers have increased to 1,386 in December from the 1,353 reported in September; in June it was 1,340 and March 1,332. The forecast is assuming 2,929 weeks more than budget at a cost of £1,375k. The unit cost is currently forecast to be slightly more than budget, £469.67 instead of £468.95, which increases the pressure by £53k. The additional activity has resulted in increased income of £452k. Also the actual income per week is £154.45 against an expected level of £148.81. This gives an over-recovery in income of £423k. There are also unbudgeted contributions from Health of £354k primarily relating to nursing assessment beds, the costs for which are included in the activity above.

Preserved Rights attrition is currently below that assumed within the budget which adds £201k.

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

c. Domiciliary Care

This service remains the most volatile and difficult to forecast and currently this line is forecasting an underspend against gross of £751k. The continuing trend in the number of clients remains uncertain and the number receiving a domiciliary care package from the independent sector remains below last year's level. As a result the budget still allows for significantly more hours than is being delivered and the current forecast under-delivery is over 45,918 hours, giving a saving of £711k. The forecast unit cost is also £0.441 per hour more expensive than affordable generating an additional cost of £1,123k. This will relate to the fact that people who do receive domiciliary care, in its traditional sense, are more likely to have higher needs and require more intense packages.

There is also a significant underspend of £798k relating to the in-house domiciliary service and £318k against enablement and other block contracts as the number of clients remains well below that afforded within the budget.

There are a number of small variances across the various lines within domiciliary care which add up to an over-recovery of income of £181k.

d. Other Services

This line is showing a gross underspend of £582k following the release of £200k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. Demand for Fast-track Occupational Therapy equipment has also been below the level anticipated in the budget and makes up approximately £200k of the underspend. There are also small variances, both over and under, against the remaining services, including payments to voluntary organisations, day-care, and meals.

1.1.3.2 People with a Learning Difficulty:

Overall the position for this client group is a net pressure of £3,051k. Services for this client group remain under extreme pressure, particularly within residential care and direct payments, and also domiciliary and supported accommodation, as a result of both demographic and placement price pressures.

The impact of young adults transferring from Children's Services, many of whom have very complex needs and require a much higher level of support, continues to be felt. Alongside these so-called "transitional" placements are the increasing number of older learning disabled clients who are cared for at home by ageing parents who will begin to require more support. There are also more cases of clients becoming "ordinarily resident" in Kent. A client would become "ordinarily resident" when placed by another local authority in Kent and following de-registration of the home, the individual moves into supported accommodation. We have accepted responsibility for five clients, the costs of which come to £382k including some backdated amounts, and we are still contesting a number of other applications for which any legal judgements are unlikely to be made before the end of the year. The issue of ordinary residence is being discussed nationally through the Association of Directors of Adult Social Services as the current system penalises those authorities, such as Kent, who have historically been a net importer of residential clients.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is an overspend on gross of £2,497k partially offset by an over recovery of income of £486k, giving a net pressure of £2,011k. Details of the individual pressures and savings contributing to this position are provided below.

The number of clients has reduced from 642 in September to 636 in December; it was 632 in June and 640 in March. The forecast assumes 1,442 weeks more than is affordable at a cost of £1,640k, and includes those known young people who are in the "transition" process and will be coming to adult social services before the end of the year. The actual unit cost is £1,137.28 which is £27.13 higher than the affordable level and adds £886k to the forecast. The additional client weeks add £258k of income, and the actual income per week is higher than the expected level which generates an over-recovery in income of £267k.

The forecast number of client weeks of service provided to Preserved Rights clients is 130 lower than the affordable level because of increased attrition which is over and above that assumed in the budget. This reduced activity gives an underspend of £102k and also the unit cost is lower than the affordable level which generates a saving of £98k.

As with Older People, in house residential provision is showing a pressure of £148k on staffing because of the need to cover sickness and absence with agency staff to meet national care standards.

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

b. Domiciliary Care

This line is showing a gross overspend of £421k. The forecast for services provided through the independent sector assumes 21,539 hours more than is affordable, which with a cost per hour of £12.56 means a pressure of £270k. There has also been an increase in the number of clients accessing independent living services, especially a number with wide ranging and profound disabilities, with the result that this line is currently forecasting an overspend of £126k.

c. Direct Payments

Overall this line is forecasting a gross pressure of £1,148k with a minor £34k over-recovery on income. This forecast assumes 142 weeks less than is afforded within the budget which is causing a saving of £32k on gross expenditure. The actual unit cost is £40.64 more than budgeted which is adding £1,154k to the position. There is also a pressure of £26k against one-off/respice payments.

d. Supported Accommodation

The current position is a gross pressure of £555k and an over recovery of income of £169k giving a net pressure of £386k with the number of clients having increased from 233 in March to 276 in June and 284 in September, however there has been a slight fall over recent months with the December figure standing at 281. The forecast weeks based on these clients shows 546 weeks less than affordable as the budget was based on a higher figure; this generates a saving of £310k. However the unit cost of £566.87 is also £22.56 per week higher than is affordable and this increases the pressure by £379k. It should be noted that the unit cost is skewed by a number of placements transferred from Health under S256 arrangements as these clients cost over £1,200 per week. There has also been a contribution of £331k to a reserve for a potential future liability. A combination of higher than expected average contribution per week plus the impact of S256 placements funded by Health generates an additional £169k of income.

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

e. Other Services

This line is showing a gross underspend of £935k following the release of £600k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. Independent sector day-care is showing an underspend of £214k and this in part relates to a number of clients now receiving their daycare via a direct payment. There are also small variances, both over and under, against the remaining services, including payments to voluntary organisations, day opportunities service and supported employment.

1.1.3.3 People with a Physical Disability:

Overall the position for this client group is a net pressure of £702k. Services for this client group remain under pressure as a result of both demographic and placement price pressures. As a result there continues to be a significant forecast pressure against residential and domiciliary care.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £526k.

Although the number of clients had reduced from 222 in March to 213 in June, the figure as at December was 228, only marginally down from September's figure of 229. As a result the current forecast assumes 1,072 weeks more than is affordable at a cost of £912k. The actual unit cost is £850.71 which is £25.15 lower than the affordable which reduces the pressure by £297k. The additional client weeks add £125k of income to the position however the income per week is less than the level expected which causes a pressure of £113k.

The forecast number of client weeks of service provided to Preserved Rights clients is 271 lower than the affordable level because of increased attrition which is over and above that assumed in the budget. This reduced activity gives an underspend of £221k although the unit cost is slightly higher than the affordable level which adds £79k back into the position. The reduced activity also means an under-recovery in income of £77k.

b. Domiciliary Care

This line is showing a gross overspend of £558k. The forecast for services provided through the independent sector assumes 35,774 hours more than is affordable, which with a cost per hour of £13.19 gives a pressure of £472k. The actual unit cost is also slightly higher than the affordable level which increases the pressure by £88k.

c. Other Services

This line is showing a gross underspend of £549k following the release of £200k of the Contingency held by the Managing Director to offset the overall pressure within the Directorate. As with Learning Disability there is also an underspend of £222k against independent sector day-care as a number of clients are now receiving their daycare via a direct payment. There are also small underspends against the remaining services, including payments to voluntary organisations and occupational therapy.

1.1.3.4 **All Adults Assessment & Related:**

There is an underspend against gross expenditure of £222k as a result of vacancy management. There is also an over-recovery in income of £355k, of which approximately £300k relates to additional contributions from Health. The estimates for gross expenditure have reduced over the last few months due to revised estimates for turnover and vacancy management.

1.1.3.5 **Mental Health:**

Overall the position for this client group is a net pressure of £307k.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £631k. In the case of non-preserved rights clients the affordable level was reduced as a result of the decision in both 2008-09 and 2009-10 to realign budgets to reflect the changed priorities in the Directorate to keep clients, wherever possible, within a community based setting such as supported accommodation or via direct payments, rather than residential care, however this change has not happened as quickly as anticipated. The result is a forecast which is 1,272 weeks more than is affordable at a cost of £699k. The actual unit cost is £549.33 which is £17.33 higher than the affordable which adds £152k to the forecast. The forecast also assumes a significant under-recovery in income as an increasing proportion of clients fall under Section 117 legislation meaning that they do not contribute towards the cost of their care. This has added £228k to the pressure.

The forecast for Preserved Rights clients reflects an underspend of £213k because of increased attrition which is over and above that assumed in the budget. The reduced activity also means an under-recovery in income of £69k.

b. Direct Payments

As referred to above the affordable level has been increased in both 2008-09 and 2009-10 to reflect the changed priorities in the Directorate to keep clients, wherever possible, within a community based setting such as supported accommodation or via direct payments, rather than residential care, however this change has not happened as quickly as anticipated. The result is a gross forecast which is significantly underspending against budget by £329k.

c. Other Services

This line is showing an underspend on gross of £154k resulting from small variances against a number of lines including payments to voluntary organisations, daycare, facilities and community services.

1.1.3.6 **Gypsy & Traveller Unit:**

This line is reporting a gross overspend of £107k following an unsuccessful bid to redevelop a site. As the scheme is no longer continuing within the capital programme all the costs incurred so far on the project, amounting to £140k must be written back to revenue. The overall variance is less than this due to small underspends elsewhere within this budget line.

1.1.3.7 **Strategic Business Support:**

The current forecast is an underspend on gross of £630k and an over-recovery in income of £205k. The underspend on gross is spread across a number of teams both at Headquarters and in the two Areas and reflects savings through vacancy management, the value of which comes to approximately £500k. There are also cases where costs have been funded through a grant. For example several posts are either partly or totally covered through the Social Care Reform Grant.

Backfilling of posts has either been done at a lower cost or the post has not been covered, both of which have added to the underspend. There have also been savings against non-pay costs including £75k against printing and stationery.

Within the over-recovery of income is £118k relating to contributions from Universities in respect of the Practice Placement Scheme, as well as additional additional income from Medway Council in respect of Enhanced Pensions and contributions from District Councils involved in the new Excellent Homes For All PFI scheme. There is also additional funding relating to the Safeguarding Adults Board Manager.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Residential gross - activity in excess of affordable level in independent sector placements	+1,640	KASS	Older People Residential income resulting from higher contribution per client per week	-1,113
KASS	Older People Nursing gross - activity in excess of affordable level in independent sector	+1,375	KASS	Older People Domiciliary gross - in house activity below affordable level	-798
KASS	LD Domiciliary gross - pressure relating to change in unit cost in independent sector care	+1,154	KASS	Older People Domiciliary gross - reduction in hours in independent care	-711
KASS	Older People Domiciliary gross - pressure relating to change in unit cost in independent sector hours	+1,123	KASS	LD Other Services gross - release of the balance of the Managing Director's contingency	-600
KASS	PD Residential gross - activity in excess of affordable level in independent sector placements	+912	KASS	Older People Residential gross - Preserved Rights increased attrition	-523
KASS	LD Residential gross - pressure relating to change in unit cost in independent sector care	+886	KASS	Strategic Business Support gross - vacancy management	-500
KASS	MH Residential gross - transfer of clients to community based care/direct payments not yet happened	+699	KASS	Older People Nursing income resulting from additional activity	-452
KASS	Older People Residential gross - in house provision staffing	+676	KASS	Older People Nursing income resulting from higher contribution per client per week	-423
KASS	PD Domiciliary gross - activity in excess of affordable level	+472	KASS	Older People Nursing income - additional income due to higher RNCC activity	-413
KASS	Older People Nursing gross - additional spend due to higher RNCC activity	+413	KASS	OP Nursing income - additional contributions from Health	-354
KASS	LD Supported Accommodation gross - pressure relating to change in unit cost	+379	KASS	MH Direct Payments gross - increase in expected activity in community based care/direct payments not yet happened	-329
KASS	Older People Residential gross - pressure relating to change in unit cost in independent sector placements	+354	KASS	OP Domiciliary gross - lower level of activity against block contracts and enablement	-318
KASS	LD Supported Accommodation gross - contribution to reserve	+331	KASS	LD Supported Accommodation gross - activity below affordable level	-310
KASS	LD Direct Payments gross - independent sector activity in excess of affordable level	+270	KASS	Assessment & Related - Over-recovery of income from additional health contributions	-300

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	MH Residential income - reduced income due to increasing proportion of clients who are S117	+228	KASS	PD Residential gross - unit cost below affordable level	-297
KASS	Older People Nursing gross - attrition in preserved rights lower than expected	+201	KASS	OP Residential income resulting from increased occupancy in in-house units	-293
KASS	Older People Residential income - reduced Preserved Rights activity	+191	KASS	LD Residential income resulting from higher contribution per client per week	-267
KASS	LD Supported Accommodation gross - backdated cost relating to Ordinary Residence	+189	KASS	LD Residential income - additional income resulting from additional activity	-258
KASS	LD Residential gross - contribution to provision	+170	KASS	PD Other Services - underspend on independent sector day-care	-222
KASS	MH Residential gross - unit cost in excess of affordable level	+152	KASS	Assessment & Related gross - underspend resulting from vacancy management	-222
KASS	LD Residential gross - in house provision staffing	+148	KASS	PD Residential gross - Preserved Rights increased attrition	-221
KASS	Gypsy & Traveller Unit gross - write back of capital costs incurred on a failed bid to redevelop a site	+140	KASS	LD Other Services gross - reduced activity in independent sector/transfer to direct payments	-214
KASS	LD Domiciliary gross - pressure against Independent Living Scheme	+126	KASS	MH Residential gross - Preserved rights decreased activity due to higher attrition	-213
KASS	PD Residential income - income per week below expected level	+113	KASS	PD Other Services gross - release of the balance of the Managing Director's contingency	-200
			KASS	OP Other Services gross - release of the balance of the Managing Director's contingency	-200
			KASS	OP Other Services gross - lower than anticipated demand for Fast-track Occupational Therapy equipment	-200
			KASS	LD Supported Accommodation income - resulting from higher contribution per client per week and additional Health funding	-169
			KASS	Older People Residential income resulting from higher contribution per client per week from Preserved Rights clients	-157
			KASS	Older People Residential gross - Preserved Rights saving relating to change in unit cost	-151
			KASS	PD Residential income - additional activity	-125
			KASS	Strat Bus Supp income - additional training income for Practice Placement scheme	-118
			KASS	LD Residential gross - Preserved rights decreased activity due to higher attrition	-102
		+12,342			-10,773

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

The forecast pressure of £580k assumes that most of the savings identified within the MTP will be achieved, and the Directorate remains confident that other savings, through the application of "Guidelines for Good Management Practice", will be found to ensure that a balanced budget is achieved by the end of the year.

1.1.5 **Implications for MTP:**

The 2010-13 Medium Term Plan reflects the ongoing pressures on all services at the time the 2010-11 budget was produced.

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

No revenue projects have been identified for re-phasing.

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

The KASS Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year. KASS has 'Guidelines for Good Management Practice' in place across all teams in order to help us manage demand on an equitable basis consistent with policy and legislation. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged. Through these arrangements the Directorate expects to balance the £580k pressure by the end of the year. However this pressure assumes reductions in the number of residential and nursing placements in line with expected trends and risk remains around what additional clients above those either accepted or contested may become "ordinarily resident" in Kent.

1.2 **CAPITAL**

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

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

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

	Prev Yrs Exp £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Kent Adult Social Services portfolio						
Budget	2,648	4,347	10,835	7,857	1,488	27,175
Adjustments:						
-						0
Revised Budget	2,648	4,347	10,835	7,857	1,488	27,175
Variance		-769	769	0	0	0
split:						
- real variance						0
- re-phasing		-769	+769			0

Real Variance	0	0	0	0	0	0
Re-phasing	0	-769	+769	0	0	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which are:

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

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

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
Overspends/Projects ahead of schedule						
KASS						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
KASS	Modernisation of Assets	phasing	-273			
			-273	+0	+0	+0
			-273	+0	+0	+0

1.2.4 Projects re-phasing by over £1m:

None

1.2.5 Projects with real variances, including resourcing implications:

None

There are no underlying variances.

1.2.6 General Overview of capital programme:

a) Risks

None

(b) Details of action being taken to alleviate risks

None

1.2.7 PFI projects

• PFI Housing

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

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

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

Overall costings still as planned.

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

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

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

- PFI Excellent Homes for All

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

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

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

Overall costings still as planned.

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

As per PFI housing above.

1.2.8 Project Re-Phasing

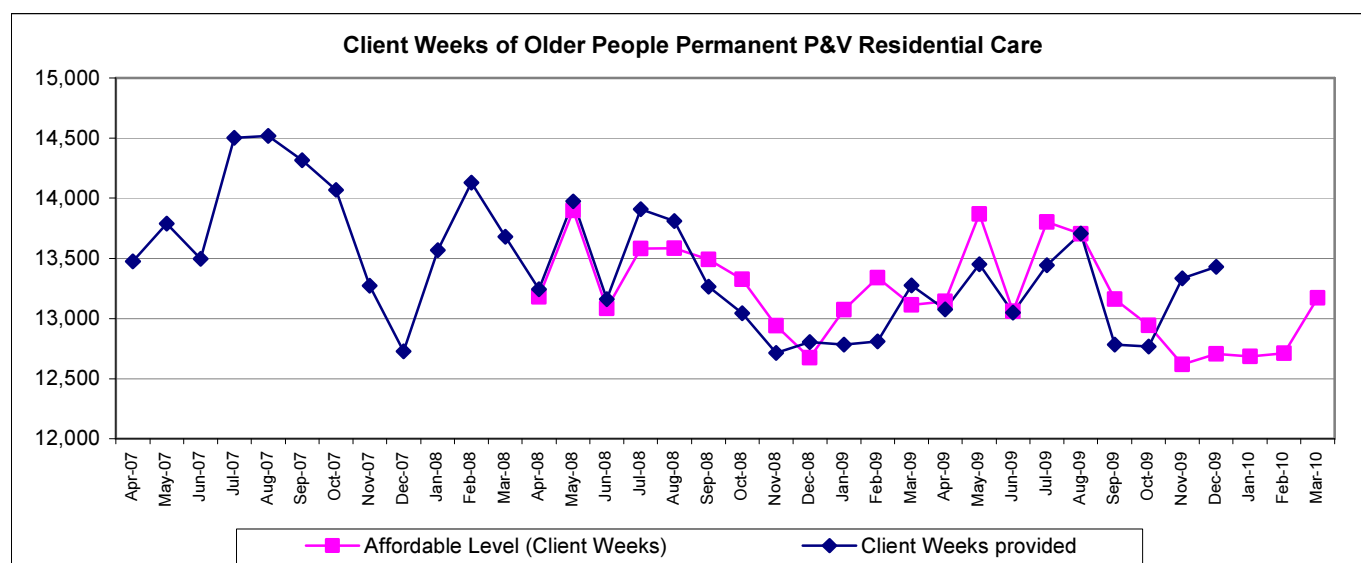
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Modernisation of Assets					
Amended total cash limits	+805	+834	+267	+275	+2,181
re-phasing	-273	+273			0
Revised project phasing	+532	+1,107	+267	+275	+2,181
Mental Health					
Amended total cash limits	+114	+200			+314
re-phasing	-112	+112			0
Revised project phasing	+2	+312	0	0	+314
Public Access					
Amended total cash limits	+321	+347	+149	+153	+970
re-phasing	-138	+138			0
Revised project phasing	+183	+485	+149	+153	+970
Total re-phasing >£100k	-523	+523	0	0	0
Other re-phased Projects below £100k	-246	+246			
TOTAL RE-PHASING	-769	+769	0	0	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2007-08		2008-09		2009-10	
	Affordable Level (Client Weeks)	Client Weeks of older people P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people P&V residential care provided
April		13,476	13,181	13,244	13,142	13,076
May		13,789	13,897	13,974	13,867	13,451
June		13,495	13,084	13,160	13,059	13,050
July		14,502	13,581	13,909	13,802	13,443
August		14,520	13,585	13,809	13,703	13,707
September		14,316	13,491	13,264	13,162	12,784
October		14,069	13,326	13,043	12,943	12,768
November		13,273	12,941	12,716	12,618	13,333
December		12,728	12,676	12,805	12,707	13,429
January		13,568	13,073	12,784	12,685	
February		14,131	13,338	12,810	12,712	
March		13,680	13,114	13,275	13,172	
TOTAL	169,925	165,546	159,287	158,793	157,572	119,041

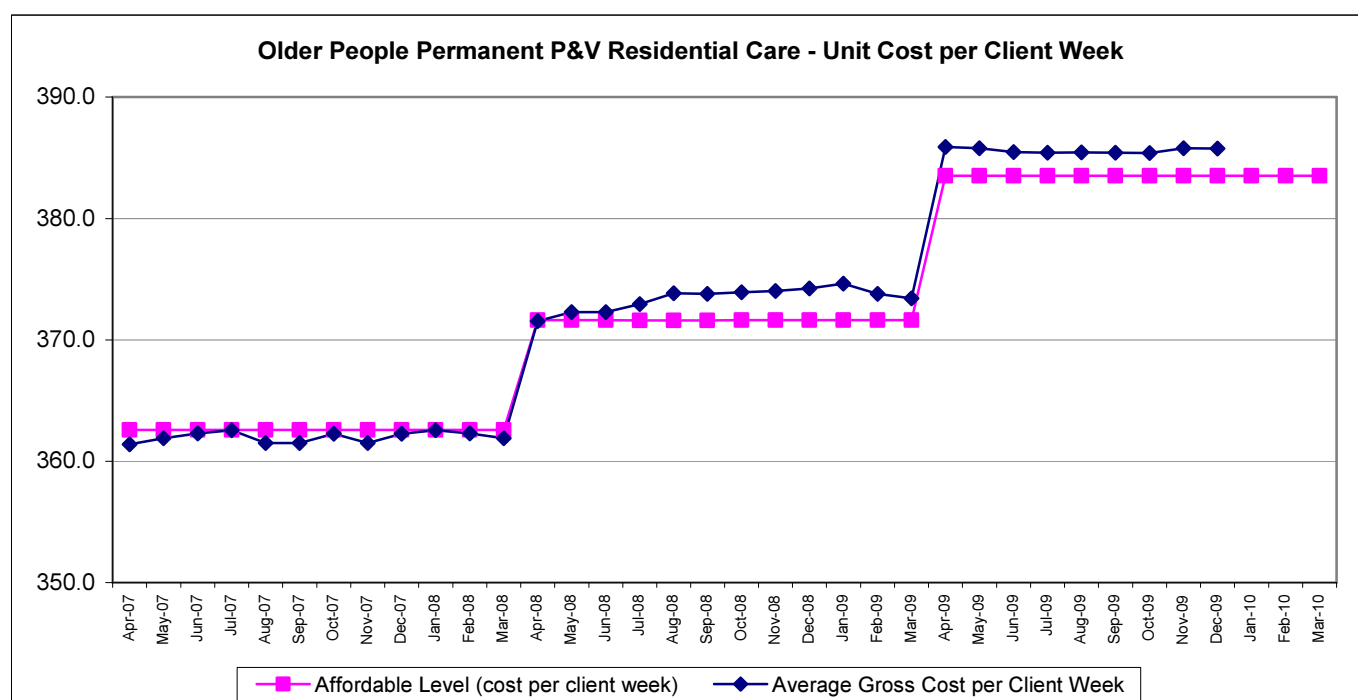


Comments:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people permanent P&V residential care at the end of 2007-08 was 2,917 and at the end of March 2009 it was 2,832. In December, the number was 2,774. Although the December position is lower than the March position, there continues to be a pressure relating to older people with dementia.
- The forecast position is 157,368 weeks of care against an affordable level of 157,572, which is a difference of -204 weeks. Using the actual unit cost of £385.76, this reduced level of activity generates an underspend of £79k as highlighted in section 1.1.3.1.a.
- To the end of December 119,041 weeks of care have been delivered against an affordable level of 119,003, a difference of +38 weeks. Although the weeks delivered so far this year is slightly higher than the affordable level, the forecast includes the impact of higher placement numbers at the beginning of the year and includes the ongoing action across the areas to reduce placements. The actual profile is also affected by the number of non-permanent/respite weeks which is volatile. Latest estimates suggest fewer weeks will be needed in the P&V sector in the final quarter of the year because of an increase in in-house weeks and the impact of enablement and intermediate care.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	362.60	361.41	371.60	371.54	383.52	385.90
May	362.60	361.90	371.60	372.28	383.52	385.78
June	362.60	362.31	371.60	372.27	383.52	385.47
July	362.60	362.56	371.60	372.94	383.52	385.43
August	362.60	361.50	371.60	373.84	383.52	385.44
September	362.60	361.50	371.60	373.78	383.52	385.42
October	362.60	362.27	371.60	373.91	383.52	385.39
November	362.60	361.50	371.60	374.01	383.52	385.79
December	362.60	362.27	371.60	374.22	383.52	385.76
January	362.60	362.56	371.60	374.61	383.52	
February	362.60	362.31	371.60	373.78	383.52	
March	362.60	361.90	371.60	373.42	383.52	

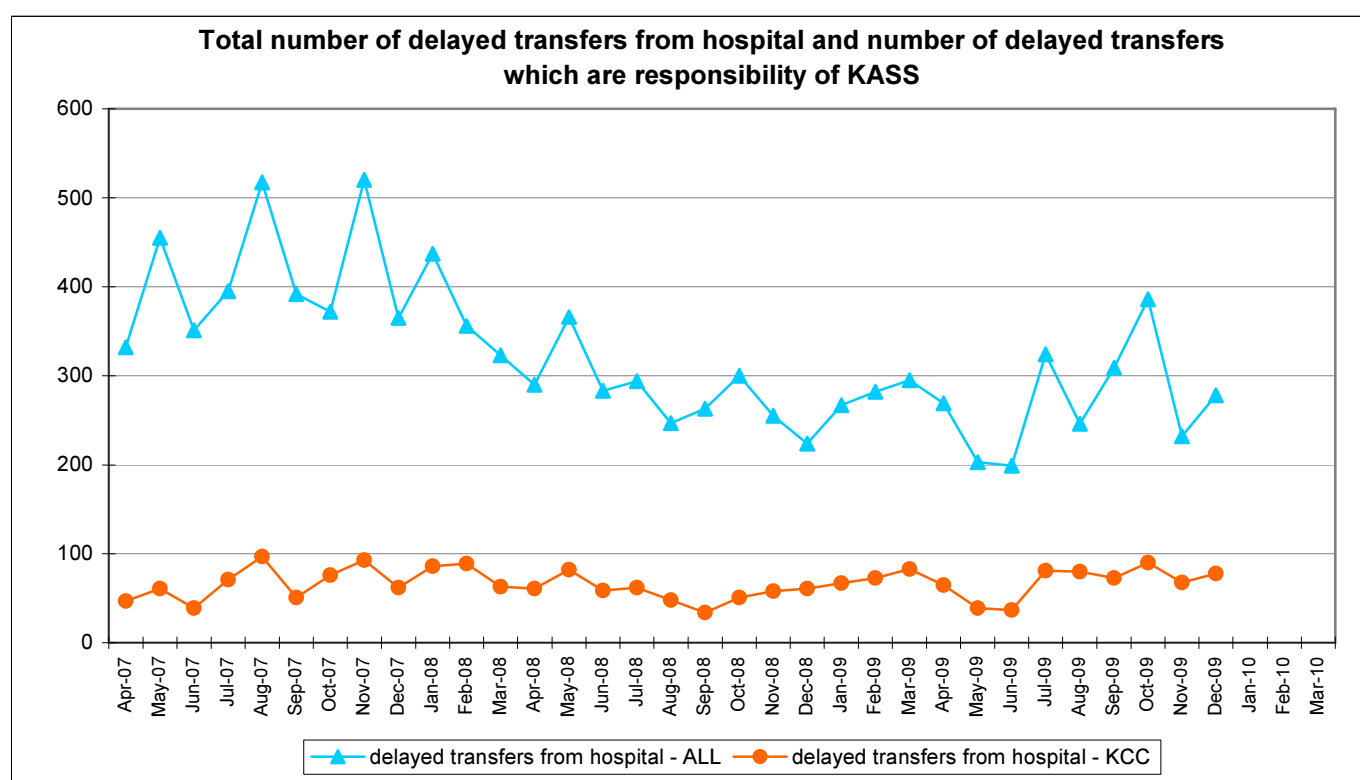


Comments:

- The increase in unit cost over the last year is higher than inflation, but reflects the increasing proportion of clients with dementia.
- The forecast unit cost of £385.76 is higher than the affordable cost of £383.52 and this difference of +£2.24 adds £354k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.1.a.

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

	2007-08		2008-09		2009-10	
	ALL	KASS responsibility	ALL	KASS responsibility	ALL	KASS responsibility
April	332	47	290	61	269	65
May	455	61	366	82	203	39
June	351	39	283	59	199	37
July	395	71	294	62	324	81
August	517	97	247	48	246	80
September	392	51	263	34	309	73
October	372	76	300	51	386	90
November	520	93	255	58	232	68
December	365	62	224	61	278	78
January	437	86	267	67		
February	356	89	282	73		
March	323	63	295	83		

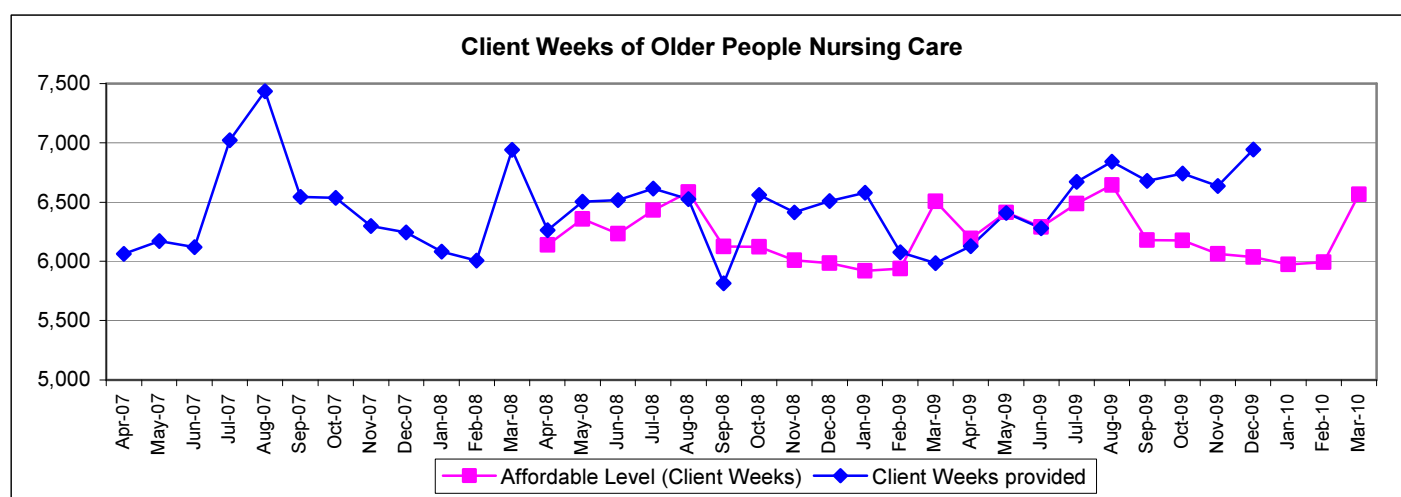


Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Typically this may be because they are waiting for an assessment to be completed, they are choosing a residential or nursing home placement, or waiting for a vacancy to become available. This figure shows all delays, but those attributable to Adult Social Services, and therefore subject to the reimbursement regime, are a minority. There are many reasons for fluctuations in the number of DTCs which result from the interaction of various different factors within a highly complex system across both Health and Social Care.
- This activity information is obtained from a national database based on data provided by the PCTs.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided	Affordable Level (Client Weeks)	Client Weeks of older people nursing care provided
April		6,062	6,137	6,263	6,191	6,127
May		6,170	6,357	6,505	6,413	6,408
June		6,120	6,233	6,518	6,288	6,279
July		7,020	6,432	6,616	6,489	6,671
August		7,436	6,586	6,525	6,644	6,841
September		6,546	6,124	5,816	6,178	6,680
October		6,538	6,121	6,561	6,175	6,741
November		6,298	6,009	6,412	6,062	6,637
December		6,243	5,984	6,509	6,037	6,952
January		6,083	5,921	6,580	5,973	
February		6,008	5,940	6,077	5,992	
March		6,941	6,507	5,985	6,566	
TOTAL	74,707	77,463	74,351	76,367	75,008	59,336

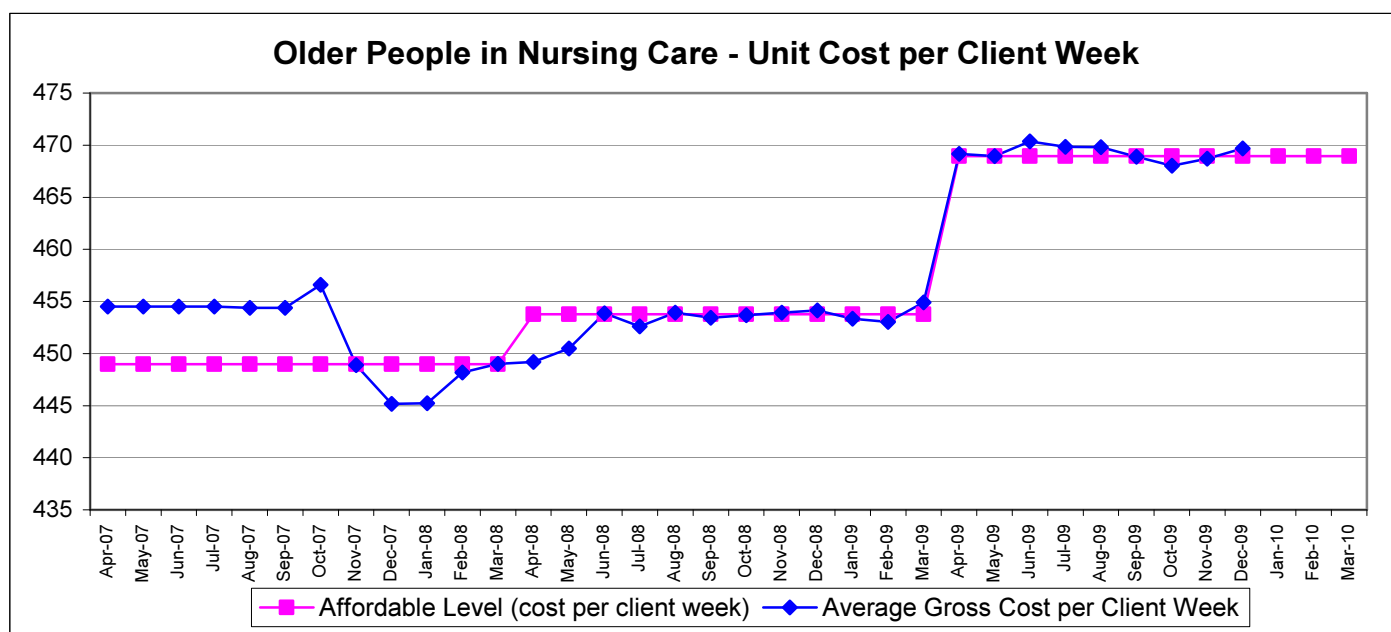


Comment:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in older people nursing care at the end of 2007-08 was 1,386, at the end of March 2009, it had decreased to 1,332 and in December, it had increased slightly to 1,386.
- To the end of December 59,336 weeks of care have been delivered against an affordable level of 56,477 a difference of +2,859 weeks.
- The forecast position is 77,937 weeks of care against an affordable level of 75,008, a difference of +2,929 weeks. Using the actual unit cost of £469.67, this additional activity adds £1,375k to the forecast as highlighted in section 1.1.3.1.b.
- Permanent placements have been slightly higher in the second and third quarters than in the first which means the difference between the forecast weeks and the affordable levels will be larger by year-end. In addition, non-permanent care has increased since the first quarter but it is assumed that this will reduce again in the final quarter and this is reflected in the forecast. The forecast also assumes that placements will reduce in the final quarter based on previous year's levels of attrition.
- There are always pressures in permanent nursing care which may occur for many reasons. Increasingly, older people are entering nursing care only when other ways of support have been explored. This means that the most dependent are those that enter nursing care and consequently are more likely to have dementia. In addition, there will always be pressures which the directorate face, for example the knock on effect of minimising delayed transfers of care. Demographic changes – increasing numbers of older people with long term illnesses – also means that there is an underlying trend of growing numbers of people needing nursing care.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	448.98	454.50	453.77	449.18	468.95	469.15
May	448.98	454.50	453.77	450.49	468.95	468.95
June	448.98	454.50	453.77	453.86	468.95	470.37
July	448.98	454.50	453.77	452.61	468.95	469.84
August	448.98	454.40	453.77	453.93	468.95	469.82
September	448.98	454.40	453.77	453.42	468.95	468.88
October	448.98	456.60	453.77	453.68	468.95	468.04
November	448.98	448.88	453.77	453.92	468.95	468.69
December	448.98	445.16	453.77	454.13	468.95	469.67
January	448.98	445.22	453.77	453.33	468.95	
February	448.98	448.17	453.77	453.02	468.95	
March	448.98	449.00	453.77	454.90	468.95	

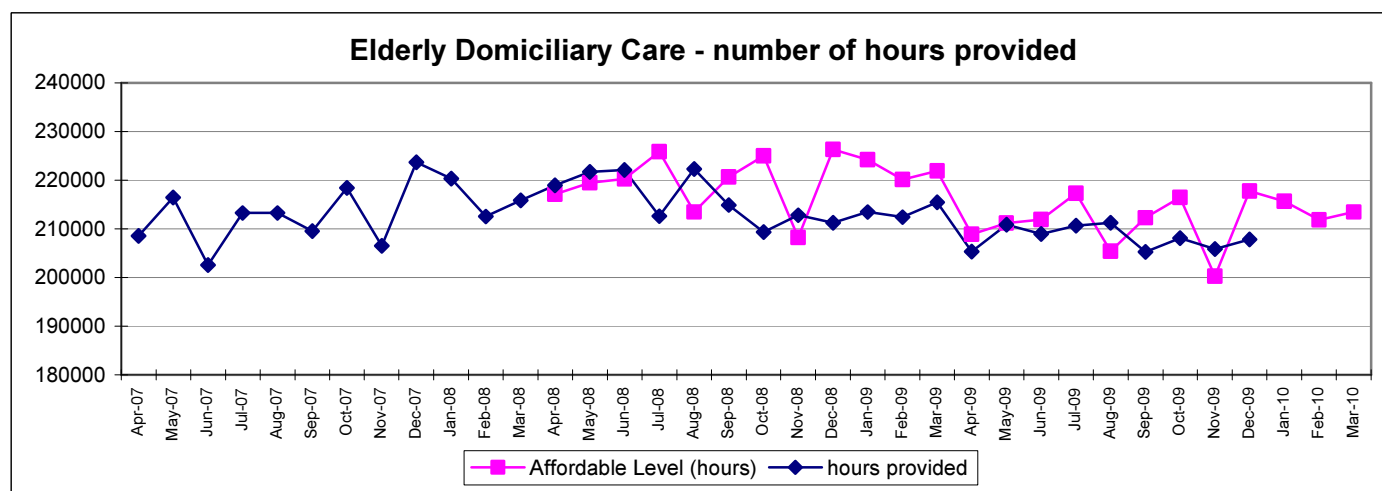
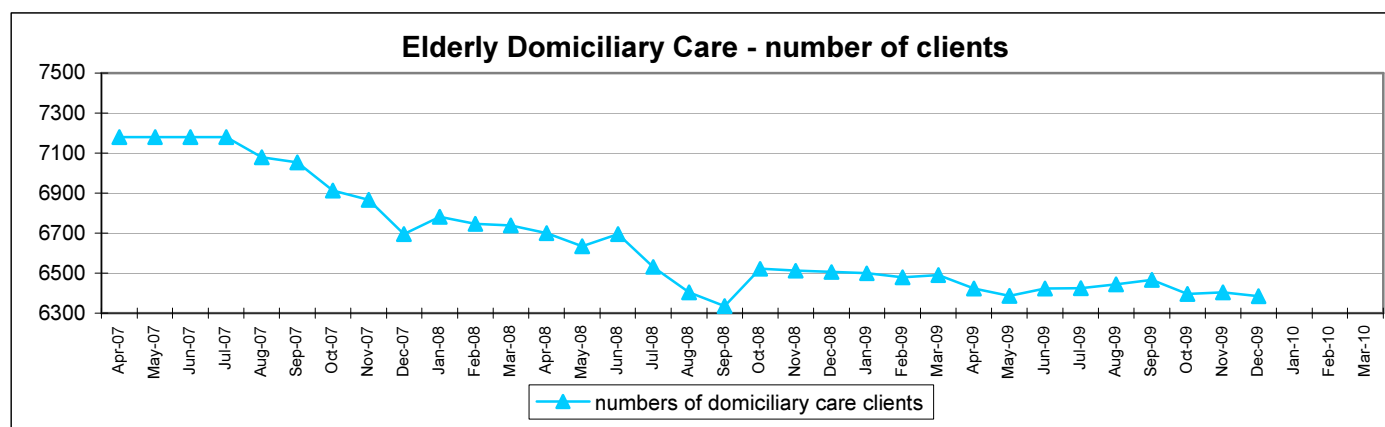


Comments:

- As with residential care, the unit cost for nursing care will be affected by the increasing proportion of older people with dementia who need more specialist and expensive care
- The forecast unit cost of £469.67 is higher than the affordable cost of £468.95 and this difference of +£0.72 increases the pressure by £53k when multiplied by the affordable weeks, as highlighted in section 1.1.3.1.b

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

	2007-08			2008-09			2009-10		
	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients	Affordable level (hours)	hours provided	number of clients
April		208,524	7,179	217,090	218,929	6,700	208,869	205,312	6,423
May		216,477	7,180	219,480	221,725	6,635	211,169	210,844	6,386
June		202,542	7,180	220,237	222,088	6,696	211,897	208,945	6,422
July		213,246	7,180	225,841	212,610	6,531	217,289	210,591	6,424
August		213,246	7,079	213,436	222,273	6,404	205,354	211,214	6,443
September		209,504	7,054	220,644	214,904	6,335	212,289	205,238	6,465
October		218,397	6,912	225,012	209,336	6,522	216,491	208,051	6,396
November		206,465	6,866	208,175	212,778	6,512	200,292	205,806	6,403
December		223,696	6,696	226,319	211,189	6,506	217,749	207,771	6,385
January		220,313	6,782	224,175	213,424	6,499	215,686		
February		212,499	6,746	220,135	212,395	6,478	211,799		
March		215,865	6,739	221,875	215,488	6,490	213,474		
TOTAL	2,610,972	2,560,774		2,642,419	2,587,139		2,542,358	1,873,772	



Comment:

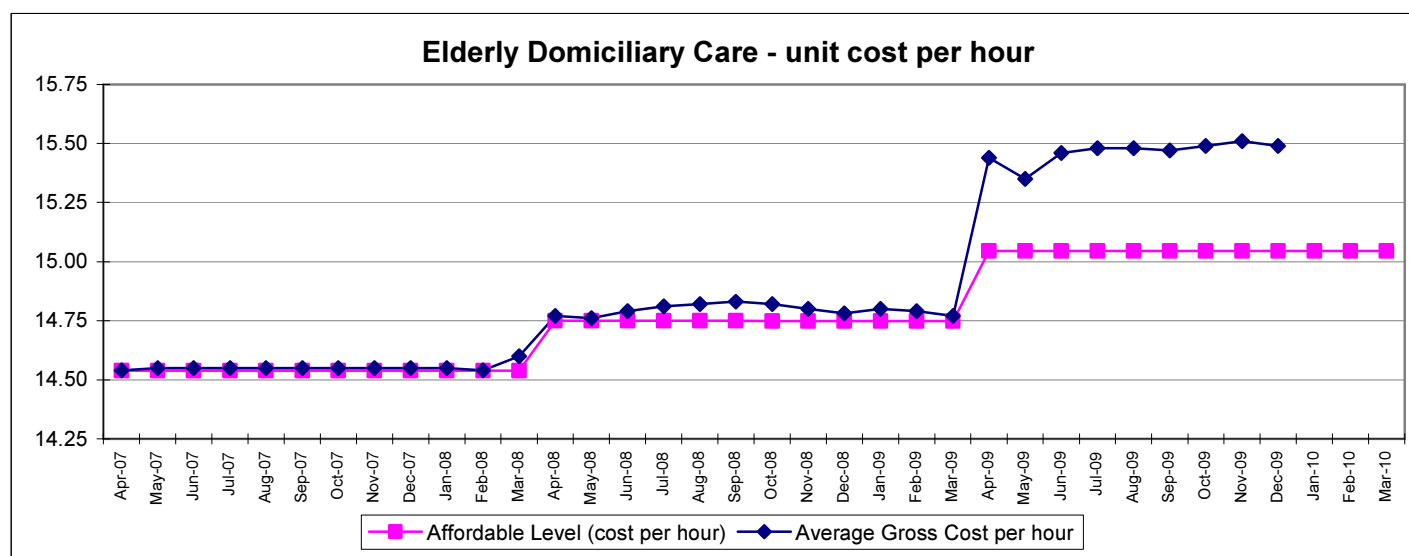
- Figures exclude services commissioned from the Kent HomeCare Service.
- The current forecast is 2,496,440 hours of care set against an affordable level of 2,542,358, a difference of 45,918 hours. Using the forecast unit cost of £15.486, this reduction in activity indicates a £711k underspend, as highlighted in section 1.1.3.1.c.
- The number of people receiving domiciliary care has decreased since 2008/09, and we would not expect the number of domiciliary care clients to be significantly increasing for several reasons. Firstly, the success of preventative services such as intermediate care, rapid response and ongoing service developments with the voluntary sector and other organisations mean that we continue to prevent people from needing 'mainstream' domiciliary care. The LAA target focuses on how we can ensure

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

- With the implementation of Self directed support within the Directorate and a key emphasis on enablement services, which is a short term but intensive service, we would expect the average hours per person to increase and this is starting to happen.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Cost per Hour)	Average Gross Cost per Hour	Affordable Level (Cost per Hour)	Average Gross Cost per Hour	Affordable Level (Cost per Hour)	Average Gross Cost per Hour
April	14.50	14.54	14.75	14.77	15.045	15.44
May	14.50	14.55	14.75	14.76	15.045	15.35
June	14.50	14.55	14.75	14.79	15.045	15.46
July	14.50	14.55	14.75	14.81	15.045	15.48
August	14.50	14.55	14.75	14.82	15.045	15.48
September	14.50	14.55	14.75	14.83	15.045	15.47
October	14.50	14.55	14.75	14.82	15.045	15.49
November	14.50	14.55	14.75	14.80	15.045	15.51
December	14.50	14.55	14.75	14.78	15.045	15.49
January	14.50	14.55	14.75	14.80	15.045	
February	14.50	14.54	14.75	14.79	15.045	
March	14.50	14.60	14.75	14.77	15.045	

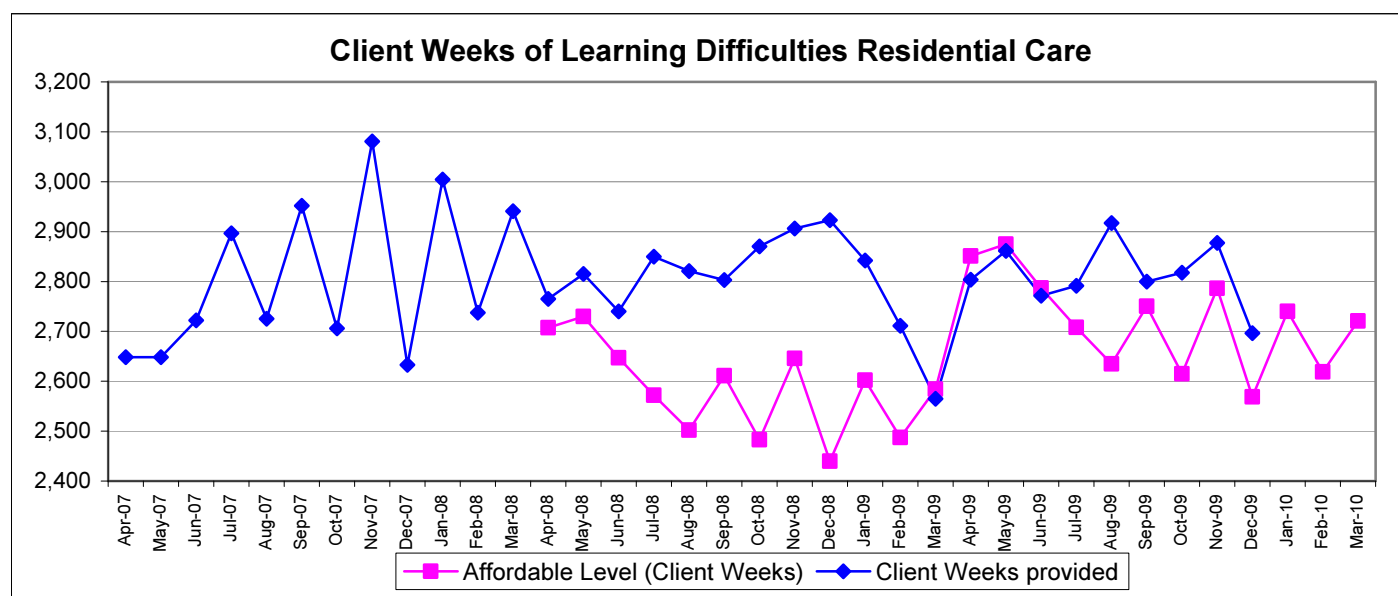


Comments:

- The average unit cost per week is increasing and may reflect the same issues outlined above concerning more intense packages and higher levels of need
- The forecast unit cost of £15.486 is higher than the affordable cost of £15.045 and this difference of +£0.441 increases the pressure by £1,123k when multiplied by the affordable hours, as highlighted in section 1.1.3.1.c.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided	Affordable Level (Client Weeks)	Client Weeks of LD residential care provided
April		2,648	2,707	2,765	2,851	2,804
May		2,648	2,730	2,815	2,875	2,861
June		2,722	2,647	2,740	2,787	2,772
July		2,897	2,572	2,850	2,708	2,792
August		2,725	2,502	2,821	2,635	3,091
September		2,952	2,611	2,803	2,750	2,640
October		2,706	2,483	2,870	2,615	2,818
November		3,081	2,646	2,906	2,786	2,877
December		2,633	2,440	2,923	2,569	2,696
January		3,004	2,602	2,842	2,740	
February		2,737	2,487	2,711	2,619	
March		2,941	2,584	2,565	2,721	
TOTAL	30,984	33,695	31,011	33,611	32,656	25,351

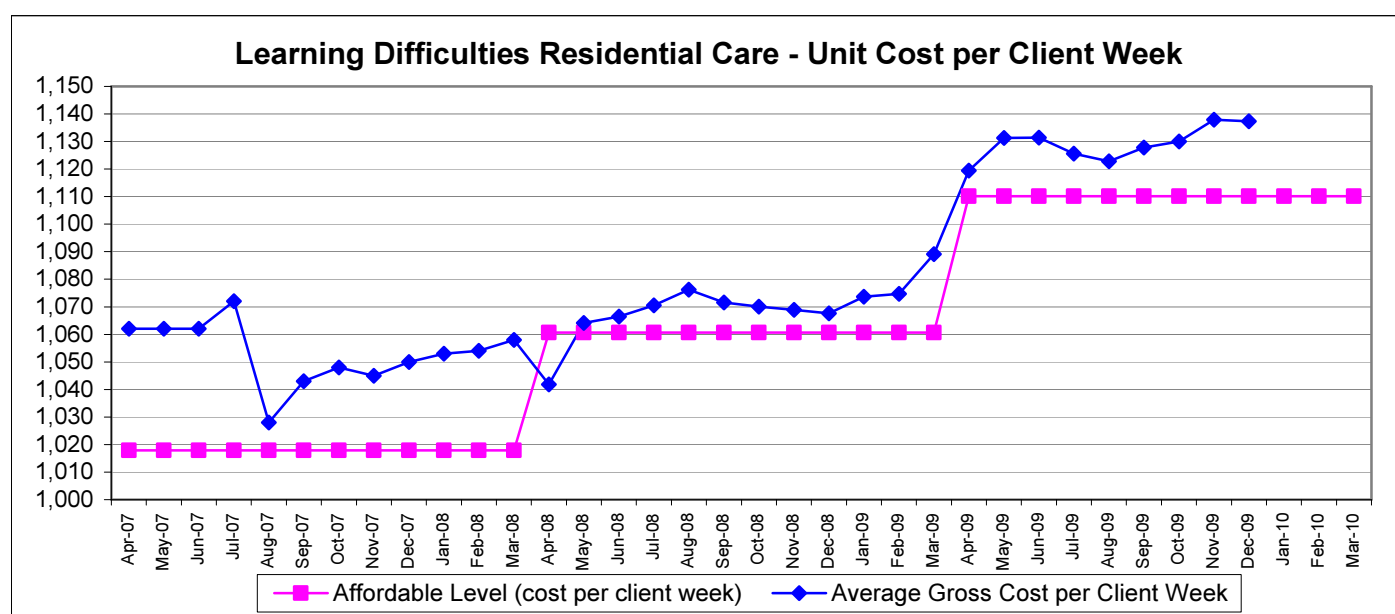


Comments:

- The above graph reflects the number of client weeks of service provided as this has a greater influence on cost than the actual number of clients. The actual number of clients in LD residential care at the end of 2007-08 was 633, at the end of 2008-09 it was 640 (with some much higher numbers during the year) and at the end of September 642. In December this number has reduced slightly to 636.
- The forecast position of 34,098 weeks of care is some 1,442 weeks over the affordable level, indicating a pressure of £1,640k using a unit cost of £1,137.28. The forecast is based on the current activity as well as those known young people that will be coming to adult social services before the end of the year, plus an assumption about clients transferring out of residential care to supported living arrangements. Those young people in the “transition” process are known to Social Services as young as 14 and so they can be planned for, as highlighted in section 1.1.3.2.a.
- To the end of December 25,351 weeks of care have been delivered against an affordable level of 24,576 a difference of 775 weeks. The number of people in residential care has decreased slightly in the last couple of months, although the forecast allows for an increase based on known/named clients.
- The forecast includes permanent and non permanent weeks, and the expected increase in non permanent weeks over the remaining months of the year will not therefore be reflected in the movement in client numbers.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April	1,018.00	1,062.00	1,060.70	1,041.82	1,110.15	1,119.42
May	1,018.00	1,062.00	1,060.70	1,064.19	1,110.15	1,131.28
June	1,018.00	1,062.00	1,060.70	1,066.49	1,110.15	1,131.43
July	1,018.00	1,072.00	1,060.70	1,070.50	1,110.15	1,125.65
August	1,018.00	1,028.00	1,060.70	1,076.27	1,110.15	1,122.81
September	1,018.00	1,043.00	1,060.70	1,071.59	1,110.15	1,127.79
October	1,018.00	1,048.00	1,060.70	1,070.02	1,110.15	1,130.07
November	1,018.00	1,045.00	1,060.70	1,068.95	1,110.15	1,137.95
December	1,018.00	1,050.00	1,060.70	1,067.59	1,110.15	1,137.28
January	1,018.00	1,053.00	1,060.70	1,073.71	1,110.15	
February	1,018.00	1,054.00	1,060.70	1,074.67	1,110.15	
March	1,018.00	1,058.00	1,060.70	1,089.10	1,110.15	

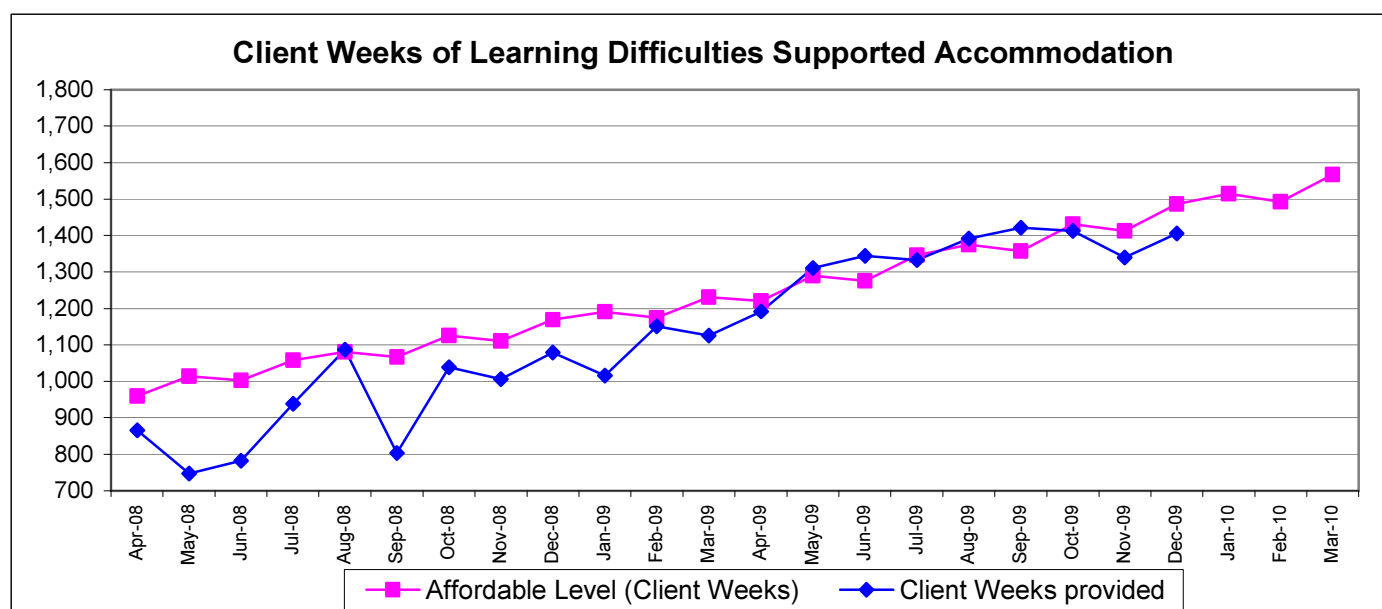


Comments:

- Clients being placed in residential care are those with very complex and individual needs which makes it difficult for them to remain in the community, in supported accommodation/supporting living arrangements, or receiving a domiciliary care package. These are therefore placements which attract a very high cost, with the average now being over £1,100 per week. It is expected that clients with less complex needs, and therefore less cost, can transfer from residential into supported living arrangements. This would mean that the average cost per week would increase over time as the remaining clients in residential care would be those with very high costs – some of whom can cost up to £2,000 per week. In addition, no two placements are alike – the needs of people with learning disabilities are unique and consequently, it is common for average unit costs to increase or decrease significantly on the basis of one or two cases.
- The forecast unit cost of £1,137.28 is higher than the affordable cost of £1,110.15 and this difference of £27.13 adds £886k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.a.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided	Affordable Level (Client Weeks)	Client Weeks of LD supported accommodation provided
April			960	865	1,221	1,192
May			1,014	747	1,290	1,311
June			1,003	782	1,276	1,344
July			1,058	939	1,346	1,333
August			1,081	1,087	1,375	1,391
September			1,067	803	1,357	1,421
October			1,125	1,039	1,431	1,412
November			1,110	1,006	1,412	1,340
December			1,169	1,079	1,487	1,405
January			1,191	1,016	1,515	
February			1,174	1,151	1,493	
March			1,231	1,125	1,567	
TOTAL	7,618	11,156	13,183	11,639	16,770	12,149

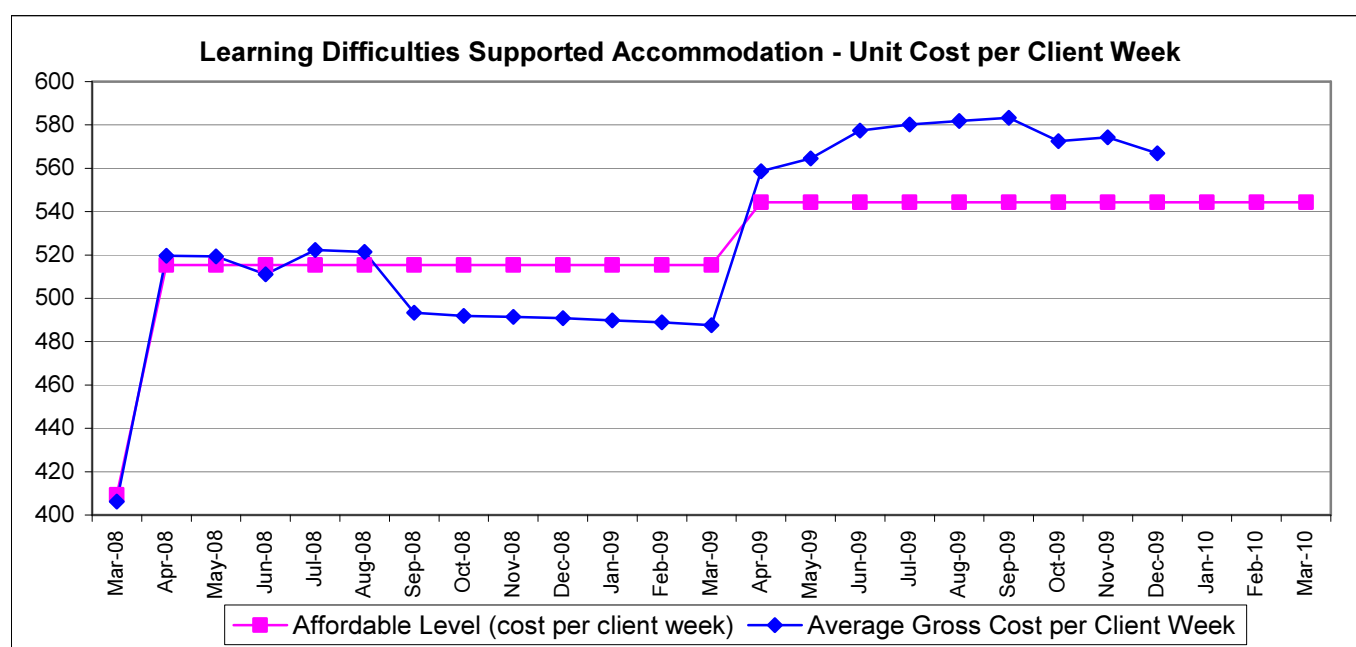


Comments:

- The above graph reflects the number of client weeks of service. The actual number of clients in LD supported accommodation at the end of 2007-08 was 193 and at the end of March 2009 it was 233. As at the end of December, the numbers had increased to 281.
- The latest forecast position of 16,224 weeks clients against an affordable level of 16,770 weeks shows a difference of -546 weeks, which indicates a saving of £310k using a unit cost of £566.87.
- To the end of December 12,149 weeks of care have been delivered against an affordable level of 12,195 a difference of -46 weeks. The affordable weeks for the remaining months of the year were based on much higher levels of activity than are currently being experienced. The latest forecast assumes that between now and the end of the year actual weeks will be below affordable levels by 500 weeks.
- Like residential care for people with a learning disability, every case is unique and varies in cost, depending on the individual circumstances. Although the quality of life will be better for these people, it is not always significantly cheaper. The focus to enable as many people as possible to move from residential care into supported accommodation means that increasingly complex and unique cases will be successfully supported to live independently.

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

	2007-08		2008-09		2009-10	
	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week	Affordable Level (Cost per Week)	Average Gross Cost per Client Week
April			515.41	519.60	544.31	558.65
May			515.41	519.40	544.31	564.49
June			515.41	511.10	544.31	577.33
July			515.41	522.30	544.31	580.27
August			515.41	521.40	544.31	581.76
September			515.41	493.33	544.31	583.26
October			515.41	491.85	544.31	572.59
November			515.41	491.47	544.31	574.24
December			515.41	490.83	544.31	566.87
January			515.41	489.75	544.31	
February			515.41	488.90	544.31	
March	409.31	406.18	515.41	487.60	544.31	

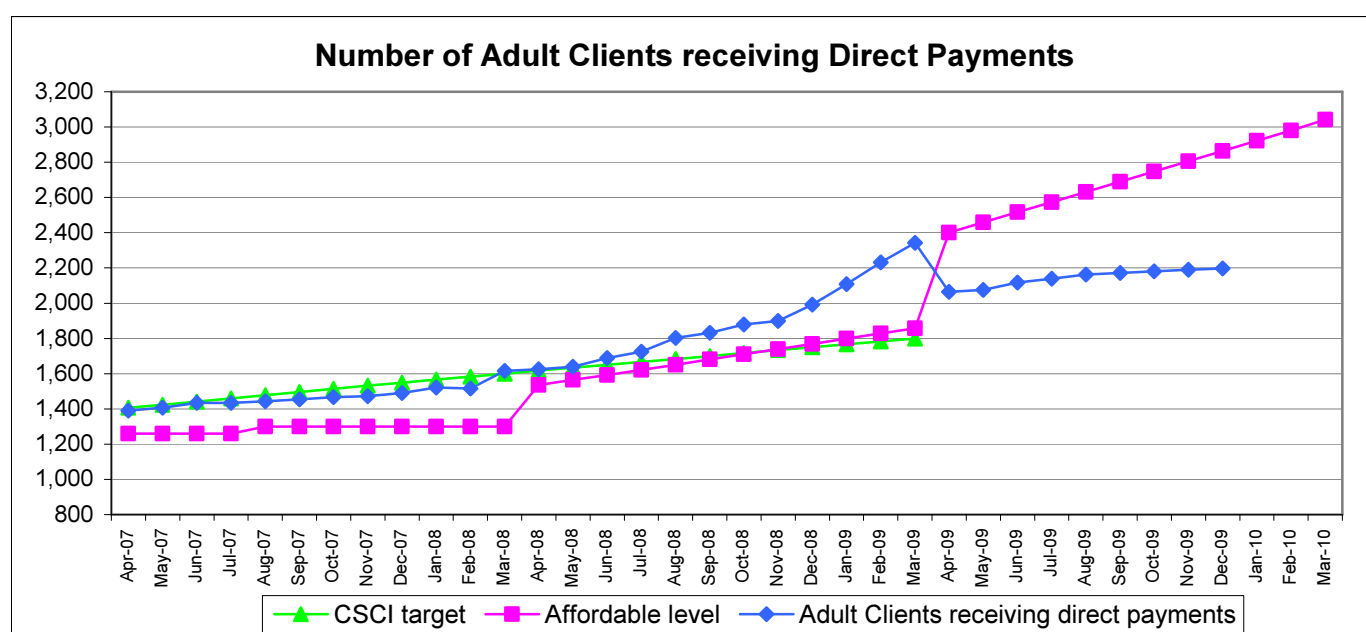


Comments:

- The forecast unit cost of £566.87 is higher than the affordable cost of £544.31 and this difference of +£22.56 adds £379k to the position when multiplied by the affordable weeks as highlighted in section 1.1.3.2.d.
- The costs associated with these placements will vary depending on the complexity of each case and the type of support required in each placement. This varies enormously between a domiciliary type support to life skills and daily living support.

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

	2007-08			2008-09			2009-10	
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments
April	1,406	1,259	1,390	1,617	1,535	1,625	2,400	2,065
May	1,424	1,259	1,407	1,634	1,564	1,639	2,458	2,076
June	1,442	1,259	1,434	1,650	1,593	1,689	2,516	2,097
July	1,460	1,259	1,434	1,667	1,622	1,725	2,574	2,118
August	1,478	1,299	1,444	1,683	1,651	1,802	2,632	2,139
September	1,496	1,299	1,454	1,700	1,681	1,832	2,690	2,179
October	1,514	1,299	1,467	1,717	1,710	1,880	2,748	2,182
November	1,532	1,299	1,472	1,734	1,740	1,899	2,806	2,199
December	1,549	1,299	1,491	1,750	1,769	1,991	2,864	2,247
January	1,566	1,299	1,522	1,767	1,799	2,108	2,922	
February	1,583	1,299	1,515	1,783	1,828	2,231	2,980	
March	1,600	1,299	1,615	1,800	1,857	2,342	3,042	



Comments:

- From April 2008, the national measure for direct payments counted the permanent placements and the number of one-off payments within the year. The position reported for March 2009 represented the total activity for 2008-09 i.e. of the 2,342 adult clients reported as receiving a direct payment, 2,055 were in receipt of ongoing payments and 287 were clients that had received one-off payments at some point throughout the year. From April 2009, we have gone back to again reporting only the permanent placements in line with the requirements for Core Monitoring. For purposes of comparison, the ongoing placements as at March were 2,055, as at December this had increased to 2,247. The affordable level of 2,864 for December assumes 2,315 on-going placements and 549 one-off payments, therefore as at December we are 68 placements below the affordable level for on-going placements across all client groups.
It should be noted that the actual clients reported for April, May and June in the September Cabinet report included one-off payments and these have now been excluded so that only on-going clients are included. Also figures will have been revised to take account of changes to Swift (client activity system) on the basis of ongoing data quality validation and changing client circumstances.
- From 2009-10, we no longer have a CSCI target for direct payments.

3. KASS OUTSTANDING DEBT

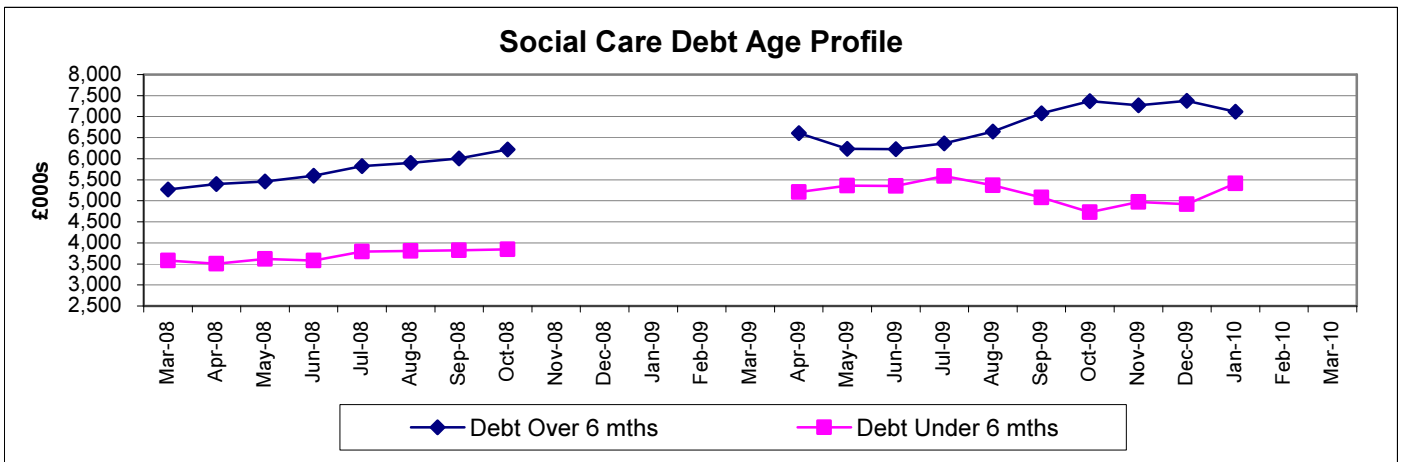
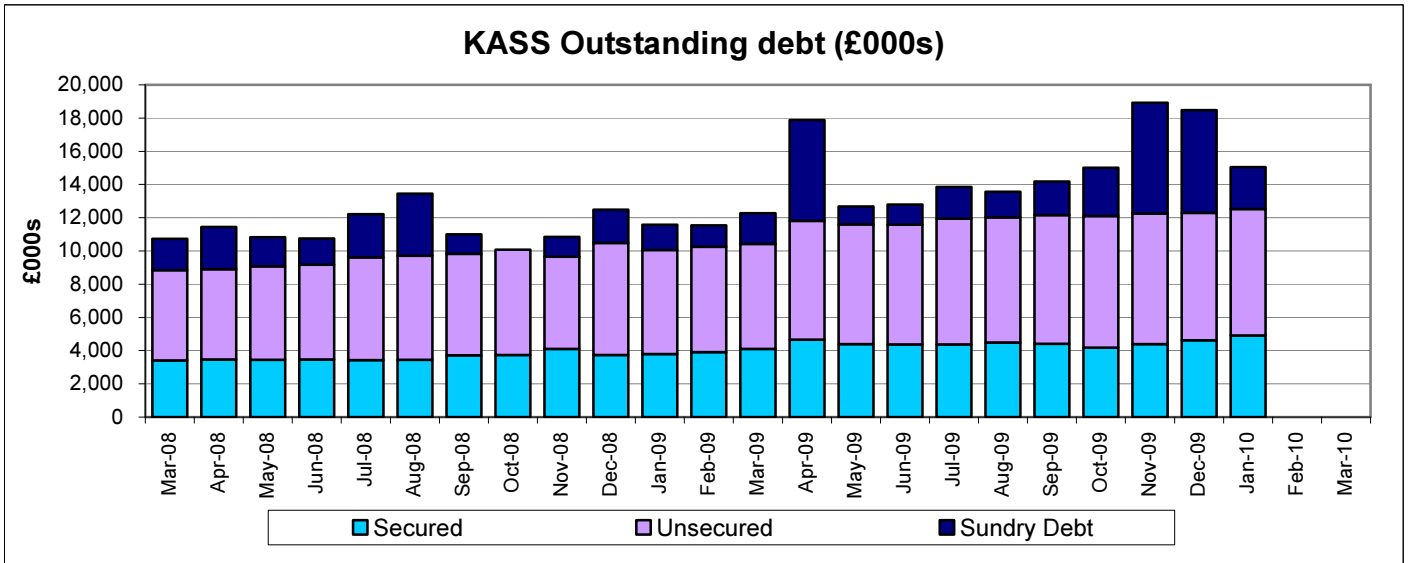
The outstanding debt as at January was £15.1m excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this is £12.5m relating to Social Care (client) debt and the following table shows how this breaks down in terms of age and also whether it is secured (i.e. by a legal charge on the client's property) or unsecured, together with how this month compares with previous months. For most months the debt figures refer to when the four weekly invoice billing run interfaces with Oracle (the accounting system) rather than the calendar month, as this provides a more meaningful position for Social Care Client Debt. This therefore means that there are 13 billing invoice runs during the year. It also means that as the Directorate moved onto the new Client Billing system in October 2008, the balance will differ from that reported by Corporate Exchequer who report on a calendar month basis, apart from the period November 2008 to March 2009, when the figures are based on calendar months, as provided by Corporate Exchequer, because reports at that time were not aligned with the four weekly billing runs. From April 2009 the debt figures revert back to being on a four weekly basis to coincide with invoice billing runs. The age of debt cannot be completed for the months between November 2008 and March 2009 as the switch to Client Billing meant that all debts transferring on to the new system became "new" for purposes of reporting therefore it was not possible to show ageing until April.

Debt Month	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Social Care Debt				
			Total Social Care Due Debt £000s	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	Unsecured £000s
Mar-08	10,727	1,882	8,845	5,268	3,577	3,410	5,435
Apr-08	11,436	2,531	8,905	5,399	3,506	3,468	5,437
May-08	10,833	1,755	9,078	5,457	3,621	3,452	5,626
Jun-08	10,757	1,586	9,171	5,593	3,578	3,464	5,707
Jul-08	12,219	2,599	9,620	5,827	3,793	3,425	6,195
Aug-08	13,445	3,732	9,713	5,902	3,811	3,449	6,264
Sep-08	11,004	1,174	9,830	6,006	3,824	3,716	6,114
Oct-08	*	*	10,071	6,223	3,848	3,737	6,334
Nov-08	10,857	1,206	9,651			4,111	5,540
Dec-08	12,486	2,004	10,482			3,742	6,740
Jan-09	11,575	1,517	10,058			3,792	6,266
Feb-09	11,542	1,283	10,259			3,914	6,345
Mar-09	12,276	1,850	10,426			4,100	6,326
Apr-09	17,874	6,056	11,818	6,609	5,209	4,657	7,161
May-09	12,671	1,078	11,593	6,232	5,361	4,387	7,206
Jun-09	12,799	1,221	11,578	6,226	5,352	4,369	7,209
Jul-09	13,862	1,909	11,953	6,367	5,586	4,366	7,587
Aug-09	13,559	1,545	12,014	6,643	5,371	4,481	7,533
Sep-09	14,182	2,024	12,158	7,080	5,078	4,420	7,738
Oct-09	15,017	2,922	12,095	7,367	4,728	4,185	7,910
Nov-09	18,927	6,682	12,245	7,273	4,972	4,386	7,859
Dec-09	18,470	6,175	12,295	7,373	4,922	4,618	7,677
Jan-10	15,054	2,521	12,533	7,121	5,412	4,906	7,627
Feb-10							
Mar-10							

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

Overall Social Care Due Debt has increased by £438k since the last full monitoring report to Cabinet in November, although all of this is secured, and the amount of debt that is unsecured has reduced.

The amount of sundry debt increased significantly in November and December due to two large invoices to Health secured through Section 256 agreements, which have now been paid.



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

ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE SUMMARY

JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” i.e. where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- The inclusion of new 100% grants (i.e. grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Kent Highways Services	59,986	-6,860	53,126	5,181	0	5,181	Signs & lines +£0.39m, dilapidations +£0.25m, winter weather +£1.4m, Permit Scheme +£0.474m, energy +£0.567m and resurfacing +£2.1m
Public Transport Contracts	18,273	-2,400	15,873	360	0	360	Freedom Pass
Waste Management	69,827	-1,973	67,854	-5,230	-156	-5,386	Reduced tonnage - £3.9m, Allington WtE off-line -£1.3m, KWP - £0.030m and additional recycling income - £0.156m
Environmental Group	9,263	-4,692	4,571	-494	309	-185	-£0.120m rephasing & - £0.065m additional external income for land use survey. £0.374m reduced spend & income on KDAONB
Strategic Planning	808		808	0	0	0	
Planning Applications	1,440	-477	963	0	0	0	
Transport Strategy Group	470		470	0	0	0	
Strategic Management	850		850	0	0	0	
Resources	5,660	-159	5,501	-615	0	-615	Vacancies -£0.21m, rephasing of MIDAS replacement -£0.405m
Support Services purchased from CED	1,871		1,871	0	0	0	
Total E, H & W	168,448	-16,561	151,887	-798	153	-645	
Assumed Management Action							
Forecast after Mgmt Action				-798	153	-645	

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

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

Waste Management:

- 1.1.3.1 The waste tonnage figures April to January are significantly below the affordable (budgeted) level. This means that there is a substantial saving from reduced waste tonnage and it is expected that waste volumes will continue to be below the budgeted level for the remainder of the financial year. Our current estimate for the reduced tonnage is around 60,000 tonnes, which at an average of roughly £65 per tonne produces a budget saving for 2009-10 of approximately £3.9m.
- 1.1.3.2 The recently published budget shows tonnage savings of £1.343m in 2010-11, with the expectation that tonnage levels will remain static for 2011-12 and 2012-13. However, over the longer term, given the volatile nature of the waste volumes, reliance on permanently lower waste tonnage is inadvisable. Waste tonnage reductions could easily reverse. Very small changes in consumer behaviour, if they are replicated across the households in Kent, can have a very large effect on the cost of waste disposal. Each 1% increase in waste tonnage on the existing 796,000 tonne budget will cost around £0.5m. If each household throws away just one additional kilogramme of rubbish per week, this would equate to an increase of 3.6% and a disposal cost of nearly £2m. We have however included an additional saving of £0.806m in 2010-11 which we expect to be a permanent reduction in tonnage due to changes in behaviour brought about by our reduce waste campaigns, bringing the total budgeted reduction in 2010-11 to £2.149m.
- 1.1.3.3 There has also been some further downtime for the Allington waste to energy plant for maintenance prior to handover to KentEnviropower Ltd from the construction contractor, resulting in 100,000 tonnes being diverted to landfill. This gives a one-off saving of approximately £1.3m.
- 1.1.3.4 Recycling income is ahead of target, with textile sales providing the largest element. This is resulting in forecast over recovery of income of £0.156m.

Kent Highways Services (KHS):

- 1.1.3.5 The highways budget continues to be under significant pressure. The backlog of capital maintenance remains high, which in turn puts pressure on revenue spend. There has been an injection of capital cash in 2009-10 to start reducing some of the backlog, but there are a number of roads in serious need of resurfacing which cannot be met from current allocations. Cabinet agreed therefore that KHS could make a £2.1m revenue contribution, (to be funded from the underspending on Waste Management), to bring forward these essential resurfacing works into 2009-10.
- 1.1.3.6 The prolonged periods of adverse weather in the run up to Christmas and in January, coupled with the early February heavy snow in the east of the County has resulted in a likely pressure of around £1.4m (the costs of dealing with the East Kent snow are ongoing at the point of writing this report and will be refined in due course). The large underspend on Waste means that this pressure can be accommodated within the existing base budget, therefore protecting the emergency conditions reserve for any future periods of adverse weather or other emergency conditions. This bad weather has resulted in additional road surface issues and the portfolio had set aside some of its budget to deal with these potholes and also Cabinet agreed at its meeting on 11 January to redirect £1m from the uncommitted 2008-09 underspend held in the Economic Downturn reserve to address this pothole damage. It is currently expected that the £1m will all be spent in the new financial year.

- 1.1.3.7 The signs and lines projects previously reported as a pressure of £0.85m will now straddle two financial years, as the lining work is not able to be completed during the severe winter weather. £0.39m has been spent so far with an additional £0.46m committed for the new financial year. It will be requested therefore that the £0.46m be rolled to meet this commitment. Once finished we will have a complete refresh of white lines in 31 towns across Kent and a comprehensive clean of all of our signs.
- 1.1.3.8 The previously reported pressure on vegetation control of £0.2m has now been absorbed and is no longer reported as an overspend. The dilapidation charges against Beer Cart lane premises have been settled at £0.25m, for which there is no budget provision.
- 1.1.3.9 The costs of setting up the Permit Scheme from the Traffic Management Act have reduced to £0.474m. Kent County Council received approval from the Secretary of State for Transport to introduce a Permit Scheme into Kent in July 2009 and the scheme was implemented formally in January 2010. These set up costs are declared as an overspend but will be rolled forward to be offset by future income.
- 1.1.3.10 The portfolio had significant savings targets on energy costs in this financial year (£1.25m). We expect to fall about £0.567m short of this target in this year. Streetlight energy is largely unmetered and the anticipated saving was to come from renegotiating our consumption levels and moving to "half-hourly" billing. This has not been possible at this stage due to the time taken to finalise the inventory of street lights and delays with implementing the array, which has been constructed to give a more accurate picture of our actual consumption.
- 1.1.3.11 KHS Public Transport Contracts - The Freedom Pass, which completed its roll out in June 2009 is likely to have a pressure of £0.360m. Now that the project is operating countywide, we have a better understanding of the number of journeys each child is undertaking. Whilst the take-up of passes is very close to estimates, the number of passenger journeys is above original estimates. This is positive in terms of the popularity and use of the pass, but is causing a budget pressure. This variance may change over the coming months as pass take-up and usage settles down.

Environmental Group:

- 1.1.3.12 There is an underspend on the land use survey, partly caused by a re-phasing of the project (£0.120m) and partly by receiving additional income for the project (£0.065m), which it is proposed to use before KCCs funding. This underspend is committed to the project and will be required in 2010-11 in order to fund the completion of the project.
- 1.1.3.13 Kent Downs Area of Outstanding Natural Beauty (KDAONB) has re-phased projects of £0.374m. The projects are fully externally funded so there is no effect on the net budget position, as there will also be a re-phasing of the income into next year.

Resources:

- 1.1.3.14 There are a number of staff vacancies in the Resources function, which will result in an underspend of £0.210m. In addition, the project to replace the MIDAS financial system with ORACLE will not be completed by the end of the year. Waste and PROW will transfer across to ORACLE from 31/3/10 but the KHS will not transfer until the new financial year. The balance on the project budget is £0.405m which will be needed to roll forward to 2010/11 to complete the KHS transfer.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	KHS - revenue contribution to capital in order to reduce backlog of capital maintenance	+2,100	EHW	Reduced waste tonnage	-3,900
EHW	Adverse weather emergencies	+1,400	EHW	Diversion to landfill while Allington Waste to Energy plant off-line for maintenance	-1,300
EHW	Shortfall in streetlighting energy saving due to delay in renegotiating consumption levels	+567	EHW	re-phasing of MIDAS replacement	-405
EHW	Traffic Management Act Permit scheme costs	+474	EHW	Resources - staff vacancies	-210
EHW	KHS - Signs and lines refresh	+390	EHW	Env Grp - Additional external income and re-phasing of Land Use survey	-185
EHW	Freedom Pass - higher than expected number of passenger journeys	+360	EHW	increased waste recycling income	-156
EHW	KHS - dilapidation charge on Beer Cart lane premises	+250			
		+5,541			-6,156

1.1.4 Actions required to achieve this position:

There are no specific actions required to achieve this position.

1.1.5 Implications for MTP:

The waste tonnage is currently in our favour and a reduction of £2.149m has been reflected in the 2010-11 budget. £0.806m of this reduction is expected to be a permanent change to behaviour, while the other £1.343m may only be a temporary reduction due to the slowdown in the economy, (as described in paragraph 1.1.3.2 above, very small changes in household behaviour may affect the overall level of waste significantly).

1.1.6 Details of re-phasing of revenue projects:

The following projects are re-phasing into 2010-11:

	£m
• Environment land use survey	0.120
• Environment land use survey - some new external funding has also been secured which means that some KCC funding will also not be needed now until the new financial year	0.065
• Kent Waste Partnership – some of the Partnership work has re-phased and therefore part of our contribution to the Partnership will not be required until 2010-11. Under the Partnership Agreement we have an obligation to provide this funding	0.030
• KHS – re-phasing of white line refresh programme due to adverse weather	0.460
• KHS - set up costs of the Permit Scheme to be recovered from future income from the permits	-0.474
• Resources – re-phasing of replacement of MIDAS financial system	0.405
	0.606

1.1.7 Details of proposals for residual variance: [e.g. roll forward proposals; mgmt action outstanding]

The current forecast underspend is £0.645m of which £0.606m will be required to roll forward to fund the committed re-phasing identified in section 1.1.6 above. This leaves an uncommitted residual balance of £0.039m. There are no detailed plans for this but it may be needed to address any further spells of adverse weather.

1.2 CAPITAL

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

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

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

	Prev Yrs Exp £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Environment, Highways & Waste Portfolio						
Budget	93,972	105,041	153,024	123,883	310,154	786,074
Adjustments:						
- Major Schemes - design fees		635				635
- Non-grant supported land claims		500				500
Revised Budget	93,972	106,176	153,024	123,883	310,154	787,209
Variance		-4,767	11,723	-4,699	-1,888	369
split:						
- real variance		+369				+369
- re-phasing		-5,136	+11,723	-4,699	-1,888	0

Real Variance		+369	0	0	0	+369
Re-phasing		-5,136	+11,723	-4,699	-1,888	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which are:

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

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

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
EHW	East Kent Access Ph2	phasing		-1449		
EHW	Sittingbourne N Relief Road	phasing		-1443		
EHW	Victoria Way & Matalan R/about	phasing			-1,337	
EHW	Rushenden Link Road	phasing		-500		
EHW	Old Schemes residual	real	-338			
EHW	Re-shaping Kent Highways Accom	phasing		-276		
			-338	-3,668	-1,337	-0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Victoria Way & Matalan Roundabout - re-phasing of -£1.337m

Victoria Way is a major scheme to support the growth agenda for new jobs and homes in Ashford. The scheme will provide a strategic link within the town centre that will be a catalyst for growth in this part of Ashford. The scheme has secured money from the Community Infrastructure Fund (CIF) and this must be spent by 31 March 2011.

The scheme was originally programmed to start in the latter part of this financial year. The re-phasing is mainly due to land acquisition complexities. This has delayed the anticipated start of utilities works and the main contract that was scheduled in this financial year. Despite this delay, it is still expected that the scheme can be delivered by the CIF funding deadline.

Revised phasing of the scheme is now as follows:

Victoria Way & Matalan Roundabout

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		4,037	12,176			16,213
Forecast		2,700	13,513			16,213
Variance	0	-1,337	+1,337	0	0	0
FUNDING						
Budget:						
grant		4,037	12,176			16,213
TOTAL	0	4,037	12,176	0	0	16,213
Forecast:						
grant		2,700	13,513			16,213
TOTAL	0	2,700	13,513	0	0	16,213
Variance	0	-1,337	+1,337	0	0	0

1.2.4.2 Sittingbourne Northern Relief Road – re-phasing of -£1.443m

Sittingbourne Northern Relief Road is 1.4 km of new single carriageway road in the north east of Sittingbourne, with bridges over Milton Creek and the Sittingbourne and Kemsley Light Railway.

The new road will connect two sections of the relief road built by developers.

The works started on site on 2 November 2009, following the award of the contract to Jackson Civils Limited in late September.

Poor weather has been a particular problem for this scheme, as the site is on a low lying field and next to Milton Creek. The scheme has re-phased by £1.443m in this financial year. The latest estimate assumes that the programme will recover and the completion will be on target. The Department of Transport has confirmed that any under spend on the grant can be rolled forward to spend in future years.

Revised phasing of the scheme is now as follows:

Sittingbourne Northern Relief Road

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	3,553	9,207	13,876	3,024	4,699	34,359
Forecast	3,553	7,764	13,977	6,254	2,811	34,359
Variance	0	-1,443	+101	+3,230	-1,888	0
FUNDING						
Budget:						
Revenue	58	80				138
Ex Dev Cont	67				2811	2,878
grant	3,427	9,127	13,876	3,024	1,888	31,342
TOTAL	3,552	9,207	13,876	3,024	4,699	34,358
Forecast:						
Revenue	58	80				138
Ex Dev Cont	67				2811	2878
grant	3,427	7,684	13,977	6,254		31,342
TOTAL	3,552	7,764	13,977	6,254	2,811	34,358
Variance	0	-1,443	+101	+3,230	-1,888	0

1.2.4.3 East Kent Access Road Phase 2 (EKA ph2) – re-phasing of -£1.449m

EKA Phase 2 is the improvement of the A299 and the A256 leading to the Lord of the Manor junction and connecting with phase 1 at the old Richborough power station site.

The purpose of the scheme is to improve accessibility and safety. It will help support the economy of east Kent and connect the ports of Dover and Ramsgate.

The revised estimate shows that the scheme has re-phased by £1.449m in this financial year. The adverse weather conditions have hindered the archaeological dig on site, and this in turn has delayed the construction and utility works. The contractor is still confident that the scheme will be completed on target. The council has submitted the revised spend profile to the Department for Transport to inform them of the grant requirements.

The Revised spend profile is shown below:

East Kent Access Road Phase 2

	Prior Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget	262	12,161	37,286	28,201	9,090	87,000
Forecast	262	10,712	47,044	19,892	9,090	87,000
Variance	0	-1,449	+9,758	-8,309	0	0
FUNDING						
Budget:						
Prudential				1660		1,660
Prudential/revenue					3240	3,240
Grant	262	12,161	37,286	26,541	5,850	82,100
TOTAL	262	12,161	37,286	28,201	9,090	87,000
Forecast:						
Prudential				1660		1660
Prudential/revenue					3240	3240
grant	262	10,712	47,044	18,232	5,850	82,100
TOTAL	262	10,712	47,044	19,892	9,090	87,000
Variance	0	-1,449	+9,758	-8,309	0	0

1.2.5 Projects with real variances, including resourcing implications:

Highway Major Maintenance & Integrated Transport +£0.298m (in 2009/10): This overspend is due to the following:

- Drop kerb works which is done in conjunction with the programmed footways resurfacing. The cost of this work is met from third party contributions.
- The implementation of real time bus information and car park signing which is being met by contributions from some district councils.

Old schemes residual works -£0.338m (in 2009/10): This total underspend includes various completed schemes that had some outstanding creditor provisions which are now being settled either for a lesser amount, or they are no longer required. The reversal of these creditor provisions has given additional funding which is now earmarked to fund Salt Storage infrastructure and Works Asset Management system enhancements as part of Reshaping KHS Accommodation.

Salt Storage Infrastructure +£0.175m (in 2009/10): This was part of a spend to save programme which was approved by County Council in the 2007/08 budget process. It is now estimated that £0.175m is needed to purchase the remaining five salt spreading vehicles to complete the original programme.

Re-shaping Kent Highways Accommodation +£0.234m (in 2009/10): This major project includes providing co-locations for the alliance and implementing Works Asset Management System (WAMS) to enable the alliance partnership to work efficiently. The expenditure incurred for WAMS 2 is due to system development required as a result of the Kent Highway Services contract compliance audit and a requirement to increase the number of licences.

Taking these into account, there is no underlying real variance. All real variances are either funded from external income or reversal of surplus creditor provisions.

1.2.6 General Overview of capital programme:

(a) Risks

The anticipated funding agreements for Ashford schemes are very tight. To assure Community Infrastructure Fund (CIF) and Regional Infrastructure Fund (RIF), Victoria Way and Ashford Drivers Roundabout constructions have to be completed by 31 March 2011.

East Kent access phase 2 is a complex scheme. The nature of the underpass construction is such that there will be a risk to the railway and it follows that there will also be a risk to the Network Rail Approval process. This can delay the contractor's work programme and could lead to costs increase.

(b) Details of action being taken to alleviate risks

Programme, procurement and risk are being actively managed. Ashford contracts will not be awarded if Kent ultimately considers that the expenditure will go beyond the 31 March 2011 deadline, with no guarantee that funding can be claimed beyond that date.

Every effort is being made by all parties to manage the Network Rail risk. We have also appointed independent cost consultants on the East Kent access scheme to control costs as far as possible.

1.2.7 Project Re-Phasing

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

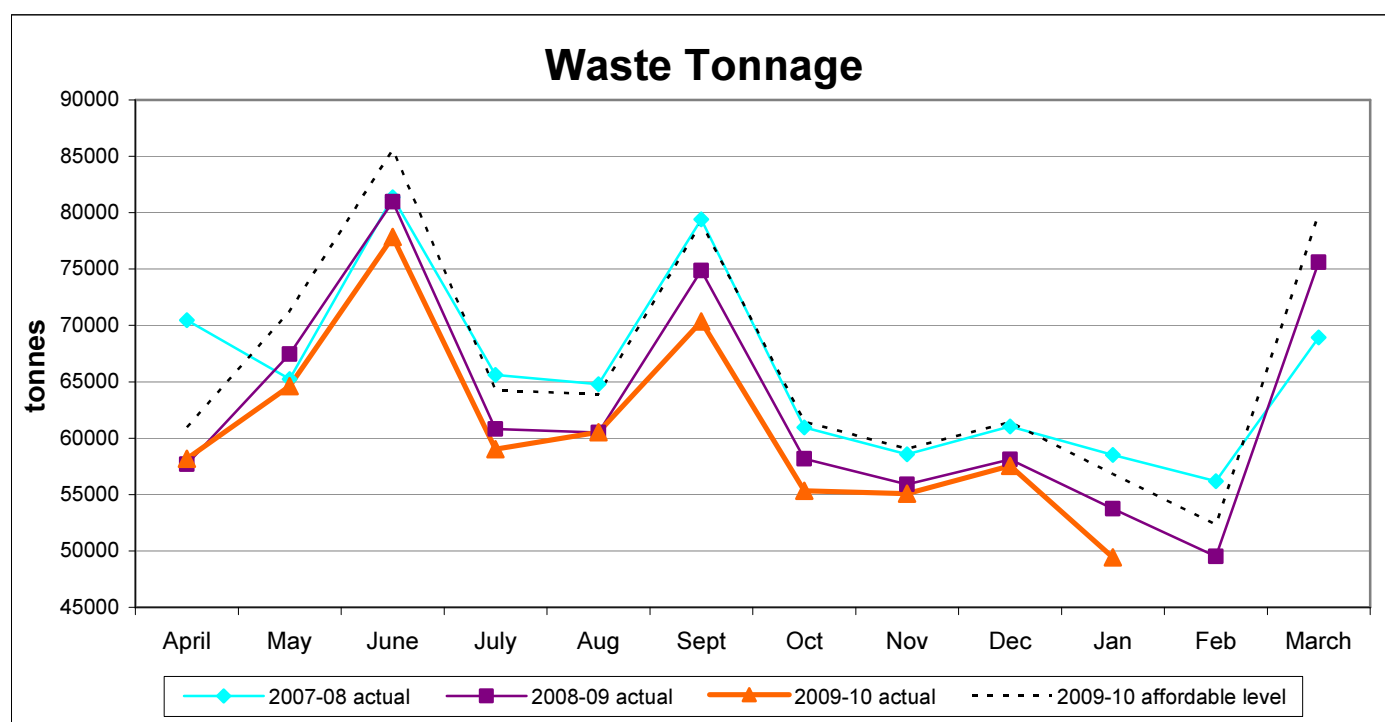
	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Non-grant supported Land, Part 1 Compensation claims					
Amended total cash limits	+990	+3,275	+809	+826	+5,900
re-phasing	-114	0	+114	0	0
Revised project phasing	+876	+3,275	+923	+826	+5,900
East Kent Access Ph2					
Amended total cash limits	+12,161	+37,286	+28,201	+9,090	+86,738
re-phasing	-1,449	+9,758	-8,309	0	0
Revised project phasing	+10,712	+47,044	+19,892	+9,090	+86,738
Sittingbourne NR Rd					
Amended total cash limits	+9,207	+13,876	+3,024	+4,699	+30,806
re-phasing	-1,443	+101	+3,230	-1,888	0
Revised project phasing	+7,764	+13,977	+6,254	+2,811	+30,806
Rushenden Link Road					
Amended total cash limits	+8,000	+969	+1,624	+765	+11,358
re-phasing	-500	+100	+400	0	0
Revised project phasing	+7,500	+1,069	+2,024	+765	+11,358
Reshaping Highways Accommodation					
Amended total cash limits	+550	+3,919			+4,469
re-phasing	-276	+276			0
Revised project phasing	+274	+4,195	0	0	+4,469
Ashford Futures - Victoria Way & Matalan Roundabout					
Amended total cash limits	+4,037	+12,176			+16,213
re-phasing	-1,337	+1,337			0
Revised project phasing	+2,700	+13,513	0	0	+16,213
Energy and Water Efficiency Investment					
Amended total cash limits	+883	+180	+498	+502	+2,063
re-phasing	+59	+84	-143		0
Revised project phasing	+942	+264	+355	+502	+2,063
Total re-phasing >£100k	-5,060	+11,656	-4,708	-1,888	0
Other re-phased Projects below £100k					
	-76	+67	+9		
TOTAL RE-PHASING	-5,136	+11,723	-4,699	-1,888	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Waste Tonnage:

	2006-07	2007-08	2008-09	2009-10	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	69,137	70,458	57,688	58,164	60,957
May	69,606	65,256	67,452	64,618	71,274
June	82,244	81,377	80,970	77,842	85,558
July	63,942	65,618	60,802	59,012	64,248
August	62,181	64,779	60,575	60,522	63,921
September	77,871	79,418	74,642	70,367	79,100
October	61,066	60,949	58,060	55,345	61,465
November	60,124	58,574	55,789	55,082	59,065
December	64,734	61,041	58,012	57,555	61,414
January	60,519	58,515	53,628	49,429	56,798
February	58,036	56,194	49,376		52,313
March	73,171	68,936	76,551		79,887
TOTAL	802,631	791,115	753,545	607,936	796,000

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

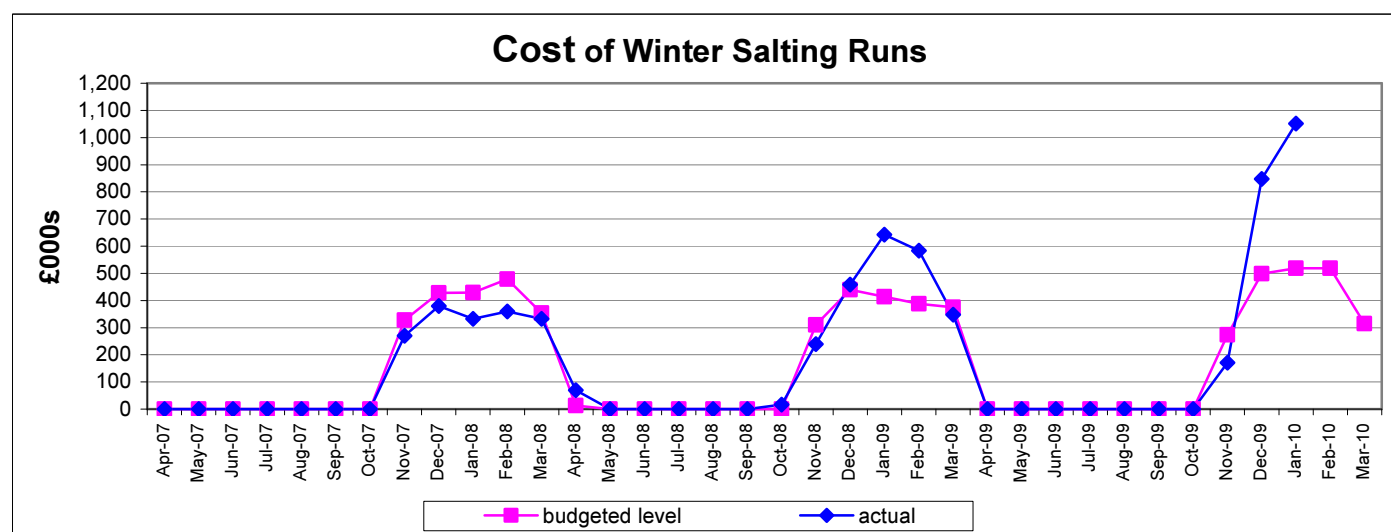
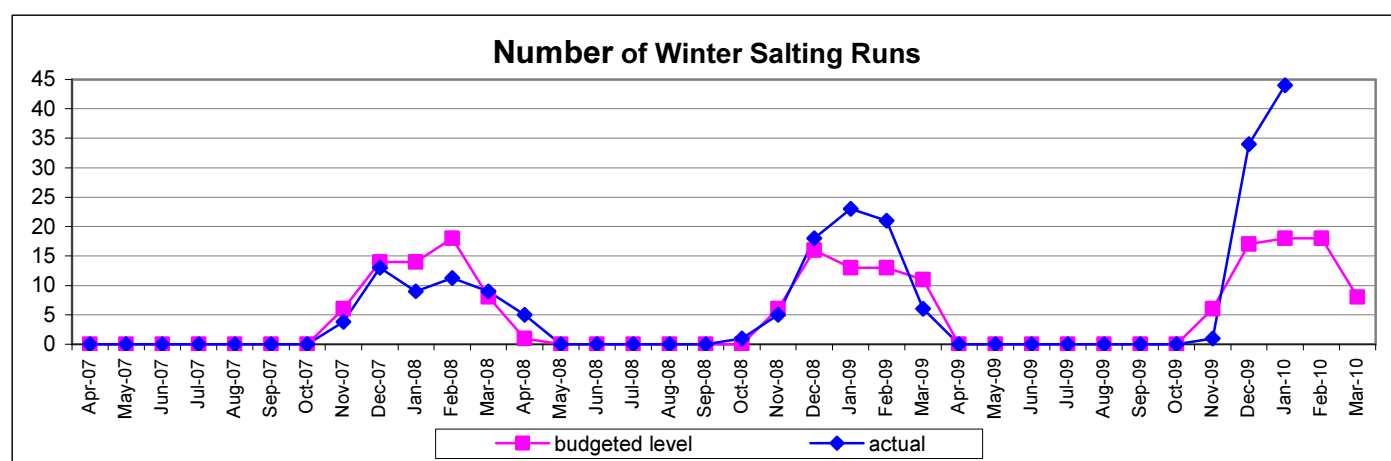


Comments:

- The 2009/10 tonnage figures continue to remain at a significantly lower level than budgeted. The January figure is particularly low but it is thought that this is due to the adverse weather and may pick up again in February and March. Tonnage is still expected to come in slightly below the budgeted figures for the remaining two months, giving a predicted outturn somewhere around 736,000 tonnes.

2.2 Number and Cost of winter salting runs:

	2007-08				2008-09				2009-10			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted Level	Actual	Budgeted level	Actual	Budgeted Level
		£000s	£000s			£000s	£000s			£000s	£000s	
April	-	-	-	-	5	1	70	13	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	1	-	16	-	-	-	-	-
November	3.8	6	270	328	5	6	239	310	1	6	171	273
December	13.0	14	380	428	18	16	458	440	34	17	847	499
January	9.0	14	332	429	23	13	642	414	44	18	1,052	519
February	11.3	18	360	479	21	13	584	388		18		519
March	9.0	8	332	354	6	11	348	375		8		315
TOTAL	46.1	60	1,674	2,018	79	60	2,357	1,940	79	67	2,070	2,125



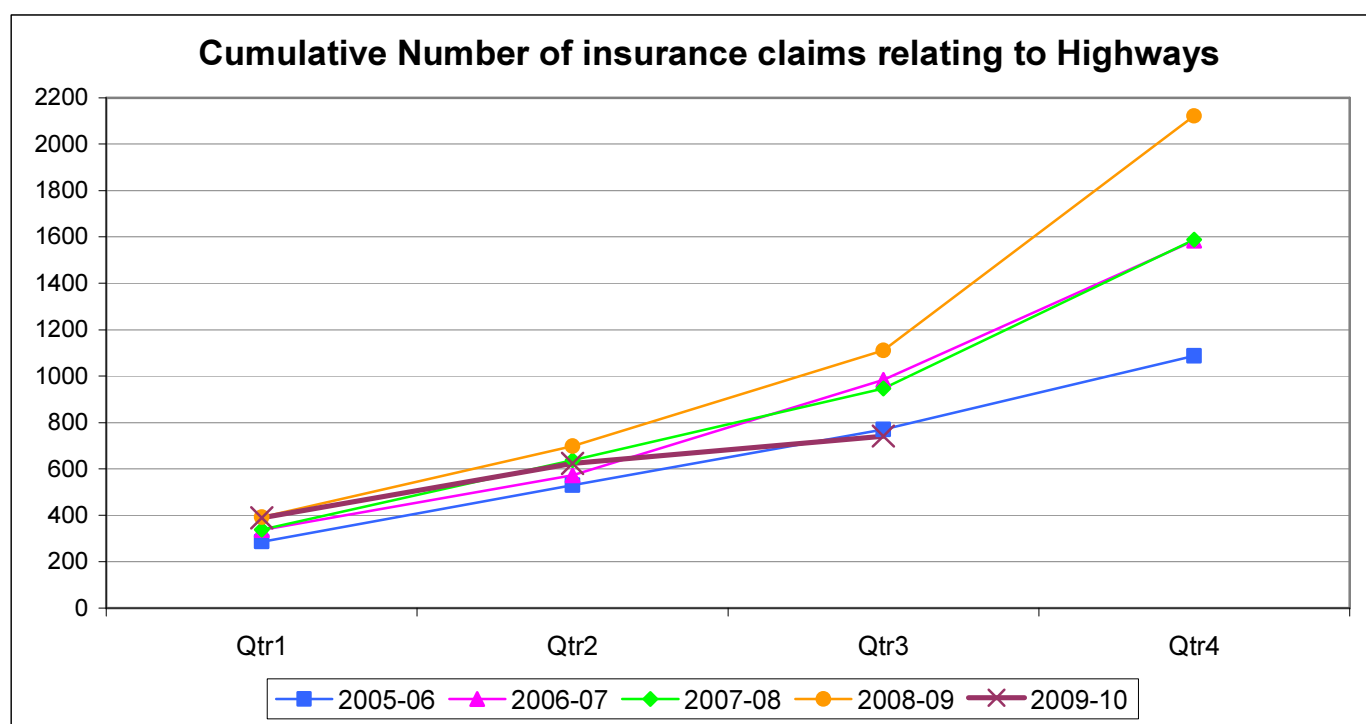
Comment:

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

- If the salting runs remain on budget for February & March, there will be a £0.779m overspend on this budget. In addition, we incurred £0.621m of costs relating to snow clearance in December and January, giving an overspend of £1.4m on winter weather as forecast in section 1.1 of this report.

2.3 Number of insurance claims arising related to Highways:

	2005-06	2006-07	2007-08	2008-09	2009-10
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	337	339	392	389
July – Sept	530	572	637	697	623
Oct – Dec	771	984	947	1,111	741
Jan - Mar	1,087	1,583	1,588	2,122	



Comments:

- Numbers of claims will change continually as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 6 January 2010.
- The number of claims rose sharply at the end of 2008-09. The particularly adverse weather conditions and the consequent damage to the highway seems a major factor with this along with some possible effect from the economic downturn. The number of claims for the first three quarters of 2009-10 is back below the average but this figure is likely to rise as claims continue to be submitted for that period (especially for the final two quarters of the year as a result of the adverse weather).
- The Insurance Section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority manages to achieve a rejection rate of claims, where it is considered that we do not have any liability, of about 75%.

COMMUNITIES DIRECTORATE SUMMARY JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" i.e. where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (i.e. grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Communities portfolio							
Turner Contemporary	1,122	-332	790	15	-16	-1	
Kent Drug & Alcohol Action Team	18,047	-15,758	2,289	74	-74	0	The KDAAT board agreed that funds received in advance in the prior year were not to be repaid and these have been reflected in 09-10 monitoring as variance on income.
Youth Offending Service	7,244	-3,417	3,827	88	-88	0	The Youth Justice Board agreed that funds received in advance in the prior year were not to be repaid and these have been reflected in 09-10 monitoring as a variance on income.
Youth Services	14,083	-6,947	7,136	53	-63	-10	
Supporting People	33,034	-32,175	859	-71	0	-71	Agreed overspend on floating support to be mitigated by drawdown from historic reserves. Underspend on admin grant
Adult Education (incl KEY)	17,532	-17,743	-211	-120	39	-81	Net variance relates to an underspend of £101k within AE and a £20k deficit on KEY that cannot be mitigated in year.
Arts Unit	1,397	-91	1,306	-25	-92	-117	Additional income from Arts Council, unbudgeted contribution from SIP to support Folkestone Forward programme. Staff savings in the Arts unit & reduced running costs.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Libraries, Archives & Museums	23,336	-2,861	20,475	-90	90	0	Underachievement of AV & merchandising income targets and further forecast reductions given declining demand, offset by a modest increase in income from prisons & income from internal clients. Gross variance relates to extended vacancy management/ freeze & a contribution towards directorate pressures in order to deliver balanced budget.
Sports, Leisure & Olympics	2,697	-1,498	1,199	73	-73	0	Additional staff costs & internal recharges, offset by increased fees & charges & an increase in internal income
Supporting Independence	1,616	0	1,616	-480	0	-480	Savings identified following a comprehensive service review regarding future strategic direction of the unit
Kent Community Safety Partnership	4,393	-473	3,920	-116	81	-35	Reduced contribution from the Future Jobs Fund. Gross variance relates entirely to staff savings.
Coroners	2,421	-384	2,037	304	-46	258	Continuation of 2008-09 pressures on Mortuary fees/long inquests, Pathology costs and new pressure regarding body removal, toxicology, histology and deputy coroner cover. Income variance relates to a recharge to Medway for their share of service pressures
Emergency Planning	817	-168	649	-7	7	0	
Kent Scientific Services	1,327	-752	575	50	-8	42	Unachievable internal income target, partly mitigated by management action, offset by increased fees and charges.
Registration	4,224	-3,141	1,083	-25	186	161	Reduced spend on premises & running costs. Reduction in fees income
Trading Standards	3,821	-340	3,481	-94	23	-71	Extended vacancy management policy to contribute to divisional overspends, offset by reduced anticipated fees due to self verification of liquid fuel measurements. The underspend has reduced since the previous quarter due to a revised allocation of central overheads

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Policy & Resources	1,432	-102	1,330	243	-243	0	Unbudget external contributions & costs relating to Migration programmes.
Business Development & Support	650	-220	430	-11	43	32	
Strategic Management	925	0	925	20	-21	-1	
Centrally Managed directorate budgets	954	-1,363	-409	228	-228	0	Directorate pressures, offset by contributions from service units.
Support Services purchased from CED	4,109	0	4,109	-21	0	-21	Reduced charge for KPSN
Total Communities controllable	145,181	-87,765	57,416	88	-483	-395	
Assumed Management Action					0	0	
Forecast after Mgmt Action				88	-483	-395	

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

Table 2, at the end of this section, details all individual forecast revenue variances over £100k.

Each of these variances is explained further below:

1.1.3.1 Adult Education incl. KEY: -£81k net (-£120k gross, +£39k income)

a) *KEY Training: +£20k Net pressure (-£24k gross, +£44k income)*

The KEY training service has made progress with regard to addressing the 2008-09 overspend and has managed all base pressures, as well as making a significant contribution to the rolled forward deficit from 2008-09 of £211k, with only a £20k net pressure forecast.

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

Although this service is currently forecasting a net pressure of £20k, within this is a gross variance of -£24k and an income variance of +£44k. The gross variance comprises an increase in internal recharges and increased costs of contracts with the private sector, with £107k of staff savings as a result of the restructuring of the service more than offsetting these pressures. The income shortfall is due to in year changes made to the Entry 2 Employment contract, which has moved from being a guaranteed income profile to being contingent and linked to learner numbers. This shortfall is partially offset by increased income from contracts with the private sector.

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

b) Adult Education: -£101k net (-£96k gross, -£5k income)

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

The directorate was advised against making this contribution until it had achieved a balanced budget position. Now that the directorate is satisfying this requirement, the service intends to make a contribution to reserves during 2009-10 and annual contributions thereafter and this will be reflected in the next monitoring return, once the asset replacement plans have been fully assessed and the value of the annual contribution requirement has been calculated.

The gross underspend mainly consists of the £252k saving from vacancy management offset by the following pressures in accord with the management plan, plus an additional £61k savings from holding further vacancies and rationalisation of support staff through the merger with Key Training services. This is being offset by the following pressures:

- £39k in relation to IT replacement needs in the Skills Plus Centre and an increase in contracts with the private sector;
- £86k additional costs in relation to an allocation to the Ofsted inspection nominee to update teaching resources, increase staff training and replace furniture and equipment in readiness for the forthcoming Ofsted inspection.
- £38k has also been set aside to fast track much needed maintenance improvements of the service's premises portfolio.
- £30k increased travel costs
- £30k Redundancies

1.1.3.2 Libraries: -£90k Gross and +£90k Income

The service has made savings on gross expenditure, mainly through vacancy management (-£236k), and on premises costs, which have been achieved by the re-tendering of the cleaning contract (-£63k) and from one-off rate rebates for the Tunbridge Wells and Sevenoaks Libraries of (-£110k) and reduced spend on Third party payments to Canterbury City Council in respect of shared running costs of the Beaney (-£11k).

This is being offset by the service's contribution of £175k towards directorate wide savings targets and unexpected costs that had been held centrally such as Church Street dilapidations, an overspend on energy costs of £67k, £40k revenue contribution to capital projects, £26k additional expenditure relating to Prison IT system and £26k increased internal recharge to the district offices relating to merchandising.

Libraries are forecasting a reduction in their Audio Visual (AV) income streams of £79k (supported by the activity indicators in section 2.2) and a shortfall in their merchandising income of £79k. The Archives service is also forecasting a shortfall in income of £6k from work done on parish surveys and an underachievement on the income target set for the Centre for Kentish Studies shop.

This is being offset by increased income from access services (including prisons) of £47k, and an increase in internal income of £44k.

1.1.3.3 Coroners: Net Pressure +£258k (+£304k Gross and -£46k income)

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

The main pressures arise from Pathology and Mortuary costs of £103k. There is also a pressure on Histology (child death post mortem referrals), Toxicology and Histology costs arising from increased activity, as more deaths are being investigated, currently forecast as a pressure of £46k. This pressure is being exacerbated because one of the coroners has opted to use a private sector provider instead of Kent Scientific Services, thus attracting increased costs and procedures are being undertaken to try and mitigate this behaviour.

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

The Head of Service has met with Coroners in an attempt to agree a solution, but Coroners are governed by central government and not the Communities directorate, which makes this budget very difficult to control. To date no definitive solution has been formulated although the service is committed to monitoring all of its budget lines in order to mitigate these pressures as far as practical given the limited level of authority that we have to govern the coroners.

Despite management action to reduce this pressure in recent months, the Coroners provided the service with details of new and unbudgeted long inquests, one of which was estimated to last up to five weeks. This inquest had significant cost implications and had been fully reflected in the prior month's forecasts. The inquest was concluded after only two weeks, which therefore has had a positive impact on the forecast, but this has been countered by an increase in other costs, such as toxicology, in relation to increased activity. The overall impact of all of these costs is approximately £35k.

The income variance results from part of the management action which has led to the service successfully brokering an arrangement with Medway Council to contribute towards the overspend, in addition to their annual recharge, which has further reduced the pressure on the authority.

1.1.3.4 Supporting People -£71 Net (-£71k gross)

The service has reviewed its costs and has forecast a net underspend of £71k on its administration grant. A decision has subsequently been made whereby the underspend will be used to partially offset the budget pressures in other services within the directorate.

Commitments are in place that will result in gross expenditure being close to £2.690m in excess of the agreed cash limit for floating support, which is a demand led service that this unit provides to assist customers within their homes. Demand currently exceeds the allocated resources and additional support has been provided to cope with the increased demand. However these costs will be met by a draw down from the existing Supporting People earmarked reserve, as part of a planned programme of expenditure approved by the Supporting People Commissioning Body, and therefore a balanced position is forecast with regard to the main grant.

1.1.3.5 Registration: +£161k Net (- £25k Gross and +£186k income)

The service has just completed a comprehensive review of actual ceremonial fee income and projected bookings for the rest of the year, following an alarming national statistic that the number of people getting married has reduced by an average of 10%.

The service had already estimated a potential reduction in year of up to £100k (approximately 150-200 ceremonies) but had made mitigating savings elsewhere by reducing its variable costs where ceremonies are not taking place, and other management action.

Based on the above statistic, and a review of advance bookings made until the end of the year, the forecast has been revised and it is estimated that the economic downturn has been the main impetus behind a projected fall in income of up to £275k, which represents a fall in the number of ceremonies being performed in excess of 500.

Variable costs have been reduced where possible but this reduction only represents a fall in the number of ceremonies being performed, on average, across our six main offices of one per week and therefore it is difficult to enact management action in order to mitigate this pressure in house.

Underspends elsewhere in the directorate will therefore offset this pressure and the budget build for 2010-11 has been updated accordingly to reflect this continuing downward trend relating to ceremonial income.

The net projected overspend is £161k. The gross underspend relates to a series of planned building improvements that were abandoned due to service pressures. These include repairs to a retaining wall in Canterbury; building improvements in Tunbridge Wells and various other minor savings that totals £72k. These projects have been delayed and will be undertaken in 2010-11. These costs have then been partially offset by an increase of £13k in other running costs, a £35k contribution to central budgets and other minor items to reconcile back to the £25k underspend on gross expenditure.

The net income reduction comprises the £275k projected fall in ceremonial income, partially offset by other sundry income.

1.1.3.6 Centrally Managed Budgets: £Nil Net (£228k Gross and -£228k Income)

This budget comprises of centrally managed budget, directorate-wide pressures and savings targets. The former is managed like any other budget, with the latter then recharged to service units and therefore the gross represents the movement in these central costs, with the variance on income being the contributions to be received from units. The variance on gross can be attributed largely to unbudgeted dilapidation costs, service awards and costs of other director-wide initiatives and targets that are monitored centrally.

1.1.3.7 Policy & Resources: £Nil Net (£243k Gross & -£243k Income)

The South-East Strategic Partnership on migration and Community Cohesion projects are now being reported through this service. The gross and income variances reflect the costs of these projects which are matched by new funding streams. The South-East Strategic Partnership will be transferring to a new provider either this year or next. If this happens this year then the costs and income will transfer to the new provider and these variances will disappear.

1.1.3.8 Supporting Independence -£480k Gross and Net

The service transferred to Communities at the beginning of the financial year and is responsible for delivering Kent County Council's programme for Apprenticeships and also the Future Jobs Fund.

The service rolled forward elements of funding from 2008-09 and had previously reported an underspend of £136k, with the potential for further savings once a comprehensive service review had been undertaken.

The outcome of this review, combined with anticipated savings within the Medium Term Plan, has enabled the service to deliver a greater underspend, whilst maintaining the current levels of service and ensuring that all 2010 targets continue to be met.

1.1.3.9 Trading Standards: -£71k Net (-£94k Gross and +£23k income)

The unit has delivered an underspend on its staff costs of £193k in order to offset the slight reduction in income, which is primarily due to self certification of petrol limits, and also to facilitate a contribution of £131k to central costs. Other minor adjustments to other running costs account for the difference.

1.1.3.10 Kent Community Safety Partnership: -£35k Net (-£116k Gross and +£81k income)

The unit has endeavoured to hold vacancies and delay appointments to new posts in order to offset declining income within the service, to contribute toward central costs and also to deliver an underspend to contribute towards the directorate's overspends in other services.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	Supporting People - planned increased in levels of floating support	+2,690	CMY	Drawdown from Supporting People reserve	-2,690
CMY	Registration: reduced income from ceremonies, due to declining number of marriages	+275	CMY	Supporting Independence: Review of service & change in emphasis of the service from establishing to supporting the programmes within its remit.	-480
CMY	Policy & Resources: costs of SE Strategic Partnership on migration & Community Cohesion projects matched by external income	+243	CMY	Adult Education: Support staff savings	-313
CMY	Centrally Managed Costs: Directorate-wide pressures managed centrally, including dilapidations, service awards, rental costs & other central costs that are then funded through contributions from within units.	+228	CMY	Policy & Resources: new income streams to fund costs of SE Strategic Partnership on migration & Community Cohesion projects, with funding emanating from UKBA.	-243
CMY	Coroners: Increased pressure arising from increasing Pathology, Mortuary, Body Removal, Histology and Toxicology costs	+219	CMY	Libraries: Staff savings to mitigate against reduced income from AV issues, merchandising and contribution towards directorate-wide savings.	-236
CMY	Libraries - contribution towards directorate-wide savings & other centrally held costs	+175	CMY	Centrally Managed Budgets: Contributions from Services to mitigate Directorate pressures.	-228
CMY	Libraries - Reduced forecast in relation to Libraries' audio visual income streams due to declining demand and alternative sources of supply. Shortfall in merchandising income	+158	CMY	Trading Standards: Staff underspend to enable contribution to central costs	-193
CMY	Trading Standards: Contribution to central costs	+131	CMY	Community Safety: Staff underspends to offset reduced levels of income	-130
			CMY	Libraries: One-off rates rebates being used to mitigate against declining AV issues, merchandising income and contribution towards directorate-wide savings	-110
			CMY	Key Training: Staff underspends arising from service restructure	-107
		+4,119			-4,730

1.1.4 Actions required to achieve this position:

Key Training:

In order to mitigate the underlying rolled forward deficit on KEY Training from 2008-09 of £454k, the Directorate has reviewed the structure of the service, and that of Adult Education, in order to achieve synergies and better working practices.

A thorough review was undertaken concerning staffing levels and premises costs given the reduction in funding available and a management action plan was enacted which will result in a £199k net saving in year, with the full year effect being £534k.

This removes the base pressure facing KEY Training and the service is on schedule to present a balanced position by the end of 2010-11, reinforced by the net pressure reported of only £20k, based on current assumptions surrounding income targets and profiles.

Supporting Independence Programme:

A review was conducted over the past quarter with a view to the unit's future strategic direction. The outcome of the review was to highlight that many of the original objectives had been achieved and established and that the role of the unit would now be in a facilitating and monitoring capacity. In financial terms the review, and anticipated savings over the next three years have enabled the service to deliver an underspend of £480k and a £500k saving to be taken in the 2010-13 MTP.

Vacancy management

Due to significant overspends within the coroners and registration budgets, the directorate informed units to maintain and extend vacancies wherever possible in order to achieve a balanced position but on the basis that front line provision would not be adversely affected. This is apparent in numerous services such as Adult Education, Trading Standards and the Arts Development Unit. A number of restructures have also been undertaken in the year that has enabled deletion of posts or extended vacancies with examples being Registration and Key Training.

1.1.5 Implications for MTP:

The 2010-13 Medium Term Plan reflects the ongoing pressures on all services at the time the 2010-11 budget was produced.

1.1.6 Details of re-phasing of revenue projects:

N/A

1.1.7 Details of proposals for residual variance:

- 1.1.7.1 Both KEY Training and Adult Education reviewed their structures in an attempt to address the previous year's deficit in KEY so that the service is able to respond more quickly to changes in LSC funding levels. Part of this review included regular annual contributions to reserves as a % of the annual income target. However until the directorate achieved a balanced position overall, this was not possible.

As the directorate is now forecasting an underspend position, we are investigating the possibility of setting up a renewals reserve for the AE service as originally planned at the beginning of the year. As mentioned in para 1.1.3.1.b the requirement for this reserve is currently being assessed. Once this exercise is complete and the level of the annual contributions has been calculated, then the forecast will be amended to reflect the contribution for the current year, thereby reducing the current forecast underspend, assuming nothing else changes.

1.2 CAPITAL

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

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

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

	Prev Yrs Exp £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Community Services Portfolio						
Budget	21,165	17,351	24,407	10,887	3,194	77,004
Adjustments:						
-						
Revised Budget	21,165	17,351	24,407	10,887	3,194	77,004
Variance	0	-1,474	+2,004	-530	0	0
split:						
- real variance						
- re-phasing		-1,474	2,004	-530		

Real Variance	0					
Re-phasing	0	-1,474	2,004	-530		

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which:

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

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

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

All real variances, in excess of £250k, are explained in section 1.2.5, together with the resourcing implications.

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

Portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Initial Planning Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CMY						
			+0	+0	+0	+0
Underspends/Projects behind schedule						
CMY	Turner Contemporary	phasing		-741		
CMY	Tunbridge Wells Library	phasing		-332		
			-0	-1,073	-0	-0
			+0	-1,073	+0	+0

1.2.4 Projects re-phasing by over £1m:

None

1.2.5 Projects with real variances, including resourcing implications:

None

There are no underlying variances.

1.2.6 General Overview of capital programme:

(a) Risks

The Beaney project – the contractor is due to start on site during February 2010, but this will depend upon the outcome of an archaeological inspection which could add additional costs to the project. Certain financial information is also awaited from Canterbury City Council to enable the payment of the current year forecast of £400k. Both of the above events could result in further re-phasing of the project.

Turner Contemporary – the inclement weather and late delivery of key components could delay completion of the project.

Ashford Gateway Plus – onerous planning conditions that cause variations to the contract, leading to increased costs and delays to completion timetable.

Ramsgate Library – delays in meeting with the Administrator mean it is not known if the retention monies will be sufficient.

Dover Big Screen – final costs are higher than expected, due to unforeseen and unbudgeted events such as piling and archaeological studies.

Tunbridge Wells Library – investigative works to the basement have identified the potential for more excavation works, which may add to the overall costs.

Kent History Centre – conditional developer agreement depends on the outcome of the judicial review, which could delay the project. The stopping-up order for access to the site is due to be considered immediately following judicial review and could also delay the project further if problems occur.

Gravesend Library – outstanding party wall issues could delay the start of works and additional costs could arise from the asbestos removal and demolition. Works due to start at the end of March.

Edenbridge Community Facility – the revised project will require a further planning application and is reliant on third party investor partners.

Marlowe Theatre – the grant agreement has yet to be finalised and certain financial information is awaited from Canterbury City Council to enable the payment of the current year forecast of £1m. Such delays could result in the re-phasing of the project.

(b) Details of action being taken to alleviate risks

The Beaney project – the archaeology works are being closely monitored and nothing of significance has been found to date. Profiling of payments and provision of financial information is currently being discussed with Canterbury City Council.

Turner Contemporary – any additional costs will be met from the contingency provision and action is being taken to minimise any necessary extension of time, however the persistent inclement weather has led to the delay in works on the roof and façade, both of which were due for completion by the year end and are expensive phases of the build.

Ashford Gateway Plus – current negotiations with the contractor and planners is seeking to minimise these issues. No significant issues at this stage.

Ramsgate Library – a meeting with the Administrator is now set, after which we should know the final cost figure.

Dover Big Screen – Property Group is preparing the final cost statement and a plan is in place, including a contingency provision. Alternative sources of funding are also being explored should the final cost statement exceed current allocated funding levels.

Tunbridge Wells Library – the structural engineer has been commissioned to report on the detailed works necessary, in conjunction with the conservation officer, to refine the listed buildings application. If costs increase TWBC will be asked to increase their contribution.

Kent History Centre – the planning conditions have been complied with and the necessary preparations have been made to ensure as far as possible the stopping-up order is considered by the Magistrate as planned.

Gravesend Library – due to a favourable tender process, it has been possible to increase the contingency provision to mitigate any additional unforeseen costs.

Edenbridge Community Facility – consultation has begun in anticipation of the revised planning application and negotiations are ongoing with potential interested investors.

Marlowe Theatre – Profiling of payments and provision of financial information is currently being discussed with Canterbury City Council.

1.2.7 Project Re-Phasing

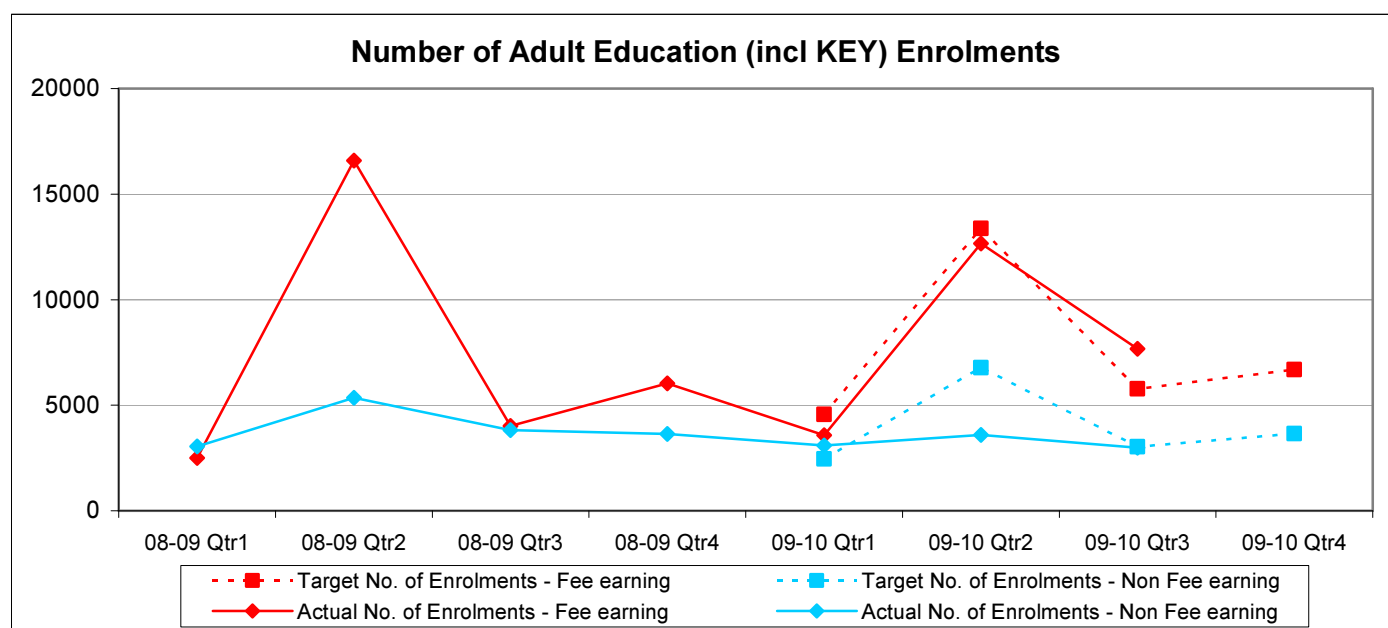
Cash Limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The possible re-phasing is detailed in the table below.

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Library Upgrade Programme					
Amended total cash limits	+445	+894	+460	+460	+2,259
re-phasing	-144	+144			0
Revised project phasing	+301	+1,038	+460	+460	+2,259
Modernisation of Assets					
Amended total cash limits	+1,970	+1,951	+1,905	+2,084	+7,910
re-phasing	-107	+107			0
Revised project phasing	+1,863	+2,058	+1,905	+2,084	+7,910
Turner Contemporary					
Amended total cash limits	+7,608	+6,601	+299		+14,508
re-phasing	-741	+754	-13		0
Revised project phasing	+6,867	+7,355	+286	0	+14,508
Ashford Gateway Plus					
Amended total cash limits	+497	+5,350	+892		+6,739
re-phasing	-125	+125			0
Revised project phasing	+372	+5,475	+892	0	+6,739
Tunbridge Wells Library					
Amended total cash limits	+334				+334
re-phasing	-332	+332			0
Revised project phasing	+2	+332	0	0	+334
Gravesend Library					
Amended total cash limits	+226	+1,606	+631		+2,463
re-phasing	-4	+488	-484		0
Revised project phasing	+222	+2,094	+147	0	+2,463
Total re-phasing >£100k	-1,453	+1,950	-497	0	0
Other re-phased Projects below £100k					
	-21	+54	-33		0
TOTAL RE-PHASING	-1,474	+2,004	-530	0	0

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Number of Adult Education & KEY enrolments:

	2008-09			2009-10					
	ACTUALS			TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	2,496	3,049	5,545	4,560	2,456	7,016	3,572	3,087	6,659
Jul - Sept	16,590	5,360	21,950	13,377	6,774	20,151	12,667	3,598	16,265
Oct - Dec	4,024	3,816	7,840	5,776	3,029	8,805	7,680	2,986	10,666
Jan - Mar	6,039	3,639	9,678	6,689	3,651	10,340			
TOTAL	29,149	15,864	45,013	30,402	15,910	46,312	23,919	9,671	33,590



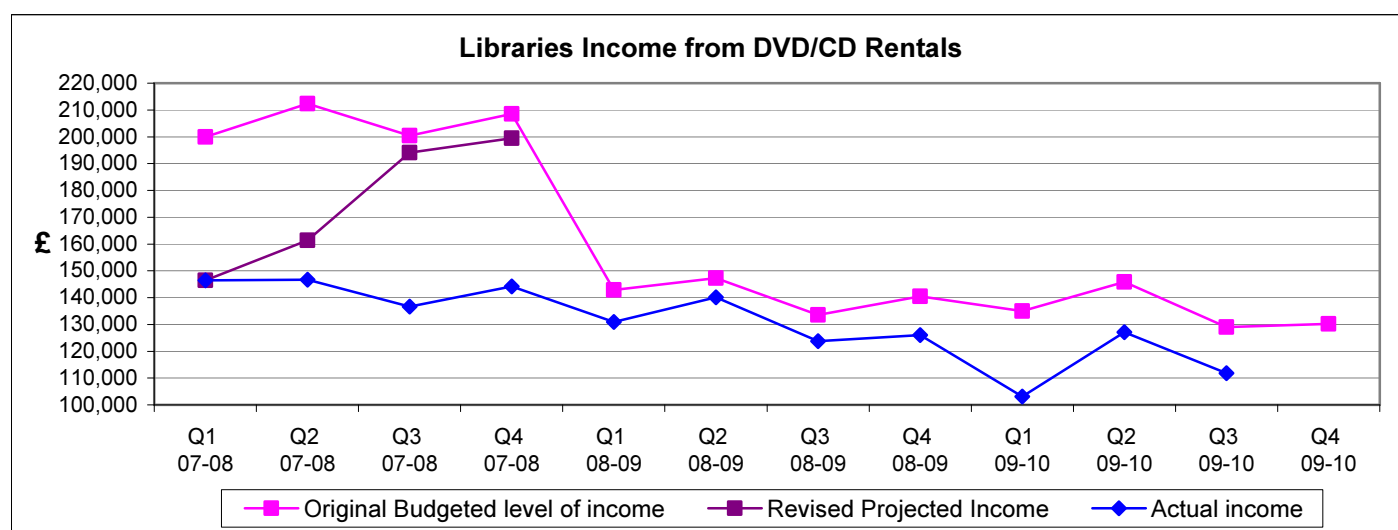
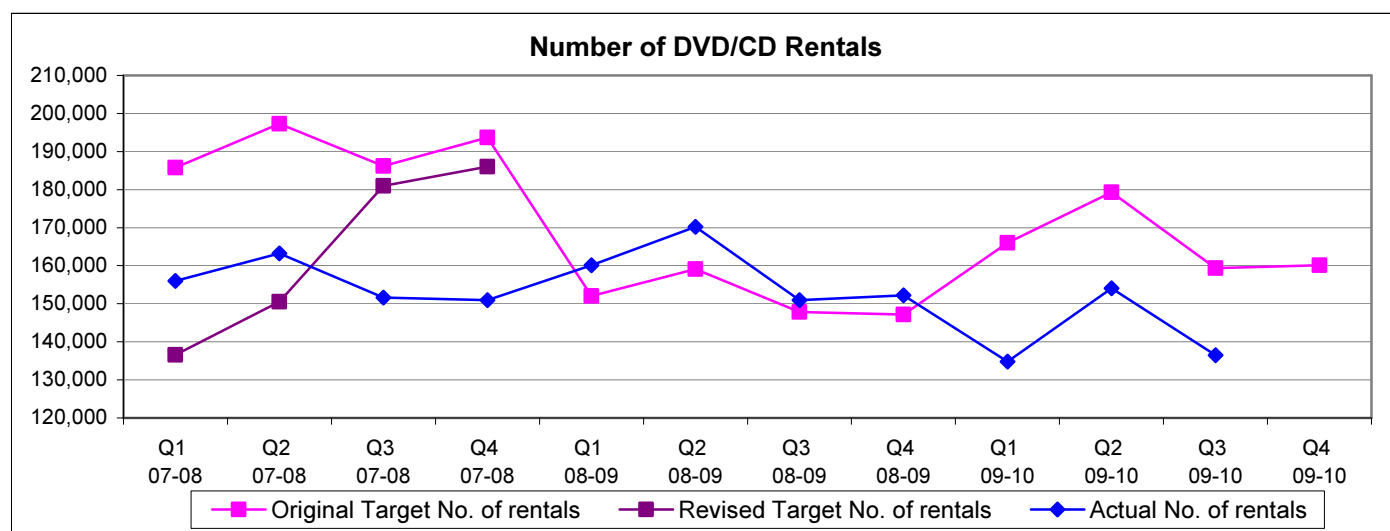
Comments:

- The LSC grants depend partly on enrolments to courses and are subject to a contract agreement with LSC. Students taking courses leading to a qualification are funded via Further Education (FE) grant based upon the course type and qualification. However, students taking non-vocational courses not leading to a formal qualification are funded via a block allocation not related to enrolments, referred to as Adult and Community Learning Grant (ACL) grant. Student enrolments are gathered via a census at three points during the academic year. Students pay a fee to contribute towards costs of tuition and examinations. There is a concession on ACL tuition fees for those aged under 19, those in receipt of benefits and those over 60. FE courses are free for those aged under 19 or in receipt of benefits undertaking Basic Skills or Skills for Life Courses.
- The enrolment figures reported this year represent actual enrolments in the quarter rather than enrolments for courses started during the quarter, which is what has previously been reported. This should resolve the issue of previous quarter's figures constantly changing. The figures also now include KEY training enrolments as well as Adult Education enrolments.
- All enrolments are now achieving 93% of the 2009-10 target for the period April to December. Enrolments on fee paying courses have increased by 3.5% over that achieved last year and are slightly above target by 0.9%. This small increase has no impact on the forecast for tuition fee income, as the income due for enrolments during this period will partly be deferred into the new financial year, based on start and end dates of courses. Enrolments on courses where fees are not payable are at 79% of target for the period April to December. The majority of these enrolments are for family learning and skills for life programmes which are wholly funded by LSC contracts. Performance on the contracts is regularly monitored to ensure the services will draw down the total contract values for the academic year. Enrolment patterns are different this year, due to changes in administrative processes but the service expects to deliver both contracts to full value by the end of the academic year 2009-10 (July 2010).

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

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

	2009-10			
	No of rentals		Income (£)	
	Budgeted target	actual	Budget	actual
April–Jun	166,000	134,781	135,000	103,135
July–Sep	179,300	154,044	145,800	127,156
Oct–Dec	159,400	136,516	129,000	111,827
Jan–Mar	160,100		130,200	
TOTAL	664,800	425,341	540,000	342,118



Comments:

- Rentals of audio visual materials (especially videos and CDs) continue to decline as videos become more obsolete and alternative sources for music become more widely available, which has resulted in the forecast reduction in AV income of £79k as identified in tables 1 & 2 and paragraph 1.1.3.2. Demand for spoken word materials and DVDs has remained reasonably stable.
- Research undertaken by the service in order to mitigate this actual and forecast decline, indicates issues can be increased if loans are offered for longer periods at a reduced fee. The service has also identified that it has a niche market for certain genres where demand can be sustained and there is little competition e.g. old TV shows.
- The service has reviewed its marketing strategy and set more realistic levels of rentals both in terms of volume and value. The service reduced expenditure on consumables in 2007-08 to offset the estimated loss of £120k income from the original budget.
- The roll out of the revised strategy in 2007-08 was not as successful as the research indicated and we fell just over 30,000 issues short of the revised target. The service was able to generate additional income from other merchandising in libraries not included in the original or revised budget to offset the £127k shortfall against the revised income budget for 2007-08.
- Targets and income budgets set for 2008-09 were based on a continued decline but these were increased slightly for 2009-10. The service increased income budgets from other merchandising to offset the loss of income from AV issues. Issues in 2008-09 exceeded the target but income fell short, due to an increase in the spoken word issues for which no fees are charged and this trend has continued in 2009-10. The correlation between issues and income is subject to an ongoing review and mitigating action will be taken accordingly.
- The actual number of rentals includes those from visits to lending libraries, postal loans and reference materials.
- To enable better comparison of AV issues and income data, the actual income reported for the previous quarter is changed from the figure previously reported, to reflect the late banking of income which has taken place during the current quarter but relates to rentals issued within the previous quarter. The number of rentals reported previously remains unchanged. It is likely that this adjustment will be required in each report.

CHIEF EXECUTIVES DIRECTORATE SUMMARY JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Localism & Partnerships portfolio							
Democratic Services:							
- core service & PAYG activity	4,408	-49	4,359	210	-14	196	Committee manager post & Members allowances
- delegated to directorates	160	-160	0	81	-81	0	Schools Appeals recharged to CFE
TOTAL Democratic Services	4,568	-209	4,359	291	-95	196	
International Affairs Group	587	-35	552	31	-31	0	
Kent Partnerships	810	-321	489	-78	116	38	£35k reduction in income & expenditure relating to Learning Skills Council. Income from Thanet for staff secondment less than budgeted.
County Council Elections	255		255	0	0	0	
Public Consultation	100		100	-41	0	-41	
Provision for Member Community Grants	852		852	0	0	0	
Local Scheme Spending recommended by Local Boards	429		429	0	0	0	
District Grants for Local Priorities	625		625	0	0	0	
Budget Managed by this portfolio	8,226	-565	7,661	203	-10	193	
Less Support Costs delegated to Service Directorates	-160	160	0	-81	81	0	Adj for Schools Appeals revised charge
Total L&P portfolio	8,066	-405	7,661	122	71	193	
Corporate Support & Performance Management portfolio							
Personnel & Development:							
- core service & PAYG activity	6,205	-5,032	1,173	578	-702	-124	Pay as you go activity. Underspends due to delays on National Crisis Leadership programme, Backing Kent Business seminars & Healthchecks.
- delegated to directorates	4,356	-4,356	0	0	0	0	
TOTAL P&D	10,561	-9,388	1,173	578	-702	-124	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Solutions & Policy:							
- core service & PAYG activity	9,846	-8,239	1,607	2,914	-2,919	-5	ISG pay as you go activity and EIS trading activity with Schools.
- delegated to directorates	14,410	-14,410	0	-28	28	0	KPSN adj
TOTAL Business Solutions	24,256	-22,649	1,607	2,886	-2,891	-5	
Property Group:							
- core service & PAYG activity	5,442	-4,080	1,362	393	-451	-58	Pay as you go activity.
- delegated to directorates	4,525	-4,525	0	0	0	0	
TOTAL Property Group	9,967	-8,605	1,362	393	-451	-58	
Internal Audit & Procurement Support to Directorates							
- core service & PAYG activity	286	-31	255	17	-17	0	Pay as you go activity
- delegated to directorates	754	-754	0	0	0	0	
TOTAL Internal Audit & Procure	1,040	-785	255	17	-17	0	
Legal Services	6,189	-7,037	-848	807	-1,157	-350	Increased trading activity & related costs
Corporate Communications	1,596	-94	1,502	53	-80	-27	£20k addt staff cost funded by income from EH&W. Also Increased trading activity.
Strategic Development Unit	3,567	-961	2,606	132	-78	54	Mainly increased running costs for Gateways
Strategic Management	604		604	60	0	60	
Centrally Managed Budgets	2,010	-434	1,576	156	-12	144	In year management action savings target
Contact Kent	5,108	-2,091	3,017	56	-56	0	Increased trading activity & related costs
Central Policy	566	-81	485	258	-84	174	Strengthening of team
Performance, Improvement & Engagement	570	-86	484	72	-1	71	Expenditure to develop plans for change
Kent Works	895	-895	0	112	-112	0	Increased costs & income for Health & Safety checks in Schools
PFI Grant		-630	-630	0	0	0	
Dedicated Schools Grant		-4,289	-4,289	0	0	0	
Support Services purchased from CED	4,199		4,199	0	0	0	
Budget Managed by this portfolio	71,128	-58,025	13,103	5,580	-5,641	-61	
Less Support Costs delegated to Service Directorates	-24,045	24,045	0	28	-28	0	Adj for KPSN revised charges
Total CS&PM	47,083	-33,980	13,103	5,608	-5,669	-61	
Finance Portfolio							
Finance Group:							
- core service & PAYG activity	6,178	-4,199	1,979	41	-41	0	Increased costs & recovery in Investments & Treasury
- delegated to directorates	1,706	-1,706	0	0	0	0	
TOTAL Finance Group	7,884	-5,905	1,979	41	-41	0	
Less Support Costs delegated to Service Directorates	-1,706	1,706	0	0	0	0	
Total Finance portfolio	6,178	-4,199	1,979	41	-41	0	
TOTAL CORPORATE POSC	61,327	-38,584	22,743	5,771	-5,639	132	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Public Health & Innovation portfolio							
Kent Department of Public Health	1,410	-620	790	-272	164	-108	Underspend on Publicity campaign for Healthwatch
Regeneration & Economic Development portfolio							
Economic Development incl Regeneration Projects	9,406	-3,099	6,307	-36	35	-1	staffing savings offset by contribution to Kent Contemporary Campaign
Kent Film Office	101		101	6	-4	2	
Resources	384	-117	267	0	0	0	
Strategic Management	158		158	0	0	0	
Analysis & Information	931	-60	871	26	-71	-45	
Geographic Information Systems	534	-146	388	0	0	0	
TOTAL Regen & ED	11,514	-3,422	8,092	-4	-40	-44	
Total Directorate Controllable	74,251	-42,626	31,625	5,495	-5,515	-20	
Assumed Management Action:							
- L&P portfolio						0	
- CS&PM portfolio				-311		-311	Drawdown from reserves
- Finance portfolio						0	
- PH&I portfolio						0	
- Regen & ED portfolio						0	
Forecast after Mgmt Action				5,184	-5,515	-331	

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

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

Localism & Partnerships portfolio

- 1.1.3.1 Democratic Services: Primary variance on gross (**£120k**) is due to continuance of the Committee Manager post through to March 2010 plus other salary pressures which include three cases of maternity cover. A further (**£52k**) variance is due to the part year effect of the restructuring of Members Allowances.

Corporate Support & Performance Management portfolio:

- 1.1.3.2 Personnel & Development: Variances on gross spend and income reflect the increased demand for additional Personnel services, mainly trading activity with Learning & Development (**£378k** expenditure, **£384k** income) and Schools Personnel Service (**£133k**). Also, within Employee Services, additional external income, partly from shared HR services with District Councils at East Kent, has been offset by additional expenditure on the replacement of the telephony system (**£234k**). There will be a request to roll forward, in accordance with the year-end guidance, underspends for:

- Healthchecks due to slow uptake of programme (-£52k);
- National Crisis Leadership programme due to delays in procuring hardware and software necessary to run the programme (-£54k) and
- seminars for Backing Kent Business (-£15k).

- 1.1.3.3 Information Systems (Business Solutions & Policy): Variances on gross spend **(+£2914k)** and income **(-£2919k)** reflect the increased demand for additional IT services, mainly trading activity with Schools through EIS +/-£890k and Pay-as-you-go projects +/-£1,966k (includes support to Libraries +/-£457k & Children's Centres +/-£490k). Project demand is difficult to predict during budget setting. Within the budgets delegated to service directorates, reduced costs relating to the Kent Public Services Network (KPSN) will result in lower recharges to directorates **-/+£28k**.
- 1.1.3.4 Property Group: Variances on gross spend **(+£393k)** and income **(-£451k)** reflect increased demand for additional pay as you go services mainly within the Estates and Capital Projects teams. The resulting underspend of **(-£58k)** will be requested to roll forward to meet consultancy costs for Total Place work in the new financial year.
- 1.1.3.5 Legal Services: Variances on gross spend **(+£493k)** and income **(-£843k)** reflect the additional work that the function has taken on over and above that budgeted for, responding to both internal and external demand. Variances of **(+/-£314k)** is due to increased costs & their recovery for Disbursements.
- 1.1.3.6 Strategic Development Unit: There is a variance of £152k on the running costs of new Gateways in 2009/10, which is partially offset by an additional £81k contribution from partners. The costs for each Gateway are unique arising from individual negotiations and opportunities and during the year we have incurred £66k of one-off costs, such as furniture and equipment for Tenterden Gateway, workshops and multimedia campaign.
- 1.1.3.7 Centrally Managed Budgets (CMB): **(+£175k)** - In the 2009-10 approved budget there is an MTP saving for 'In year Management action'. The saving is to be met from savings and income generation opportunities which present themselves through the year. Although the savings target is held within CMB, the offsetting savings/income generation is being/will be achieved across the other budget lines. There are some compensating savings **(-£31k)** within CMB themselves.
- 1.1.3.8 Central Policy & Performance, Improvement & Engagement: Additional permanent and temporary appointments **(+£170k)** have been made within the Central Policy and Improvement & Engagement teams in order to strengthen these areas in preparation of developing plans to improve performance management and corporate assurance across KCC. These pressures have been addressed in the MTP.
- 1.1.3.9 Kent Works: **(+/-£112k)** Increased costs and income from Health & Safety checks in Schools.

Public Health and Innovation:

- 1.1.3.10 Public Health: There are underspends on the 'Mobile House' and 'Communities for Health' programmes which have both been delayed, resulting in **(+/-£153k)** reduced expenditure and income. There has also been an underspend of **(-£108k)** on the Healthwatch programme due to delayed spend on publicity which will be requested to roll-forward for a publicity and marketing campaign in the new financial year.

Regeneration & Economic Development portfolio:

- 1.1.3.11 Economic Development incl. Regeneration Projects: The staff vacancies frozen pending the arrival of the new director have been earmarked to deliver part of the savings identified in the proposed budget for 2010/11 and result in £141k under spend in this financial year which together with further one-off savings from maternity & secondments of £125k results in a total under spend on the staff budget for the Economic Development team of £266k. This has been partially offset by a £200k contribution to a new initiative to provide £400k for the Kent Contemporary Campaign (the remainder being funded from LABGI income included within the cash limit)

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CSPM	Information Systems costs of additional pay as you go activity	+1,966	CSPM	Information Systems income from additional pay as you go activity	-1,966
CSPM	Information Systems costs of EIS additional services/projects	+890	CSPM	Information Systems income from EIS additional services/projects	-890
CSPM	Legal services cost of additional work (offset by increased income)	+493	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-843
CSPM	Property Group - Additional costs of increased PAYG activity	+393	CSPM	Property - Additional income from PAYG activity	-451
CSPM	Personnel - increased trainer costs in Learning & Development	+378	CSPM	Personnel - increased income from Learning & Development courses	-384
CSPM	Legal services increased costs of Disbursements	+314	CSPM	Legal services increased income relating to Disbursements	-314
CSPM	Personnel - increased costs of trading activity, including new telephony system for Employee Services	+234	R&ED	staff savings within Regeneration	-266
R&ED	Contribution to Kent Contemporary Campaign from staff underspend	+200	CSPM	Personnel - Increased external income in Employee Services, partly from shared HR with DCs at East Kent	-234
CSPM	MTP saving 'In year management action'	+175	PH&I	Public Health - reduced costs for delayed Mobile House and Communities for Health programmes	-153
CSPM	Policy & PIE- Staffing costs to strengthen performance management & corporate assurance across KCC	+170	CSPM	Personnel - increased income from trading activity with Schools	-133
PH&I	Public Health - reduced income relating to delayed Mobile House and Communities for Health programmes	+153	CSPM	Kent Works - Increased Income from Health & Safety checks in Schools	-112
CSPM	increased running costs and one-off costs of new Gateways	+152	PH&I	Public Health - delayed Publicity campaign for Healthwatch	-108
CSPM	Personnel - increased costs of trading activity with Schools	+133			
L&P	Committee Manager post to March 2010 plus maternity covers.	+120			
CSPM	Kent Works - Increased costs for Health & Safety checks in Schools	+112			
		+5,883			-5,854

1.1.4 Actions required to achieve this position:

N/A

1.1.5 Implications for MTP:

The 2010-13 Medium Term Plan reflects the ongoing pressures on all services at the time the 2010-11 budget was produced.

1.1.6 Details of re-phasing of revenue projects:

The following projects are re-phasing into 2010-11:

	£000s
Corporate Support & Performance Management portfolio:	
Personnel & Development:	
• Healthchecks - due to slow uptake of programme	-52
• National Crisis Leadership programme – due to delays in procuring hardware and software necessary to run the programme	-54
• Backing Kent Business seminars	-15
Public Health & Innovation portfolio:	
• Healthwatch programme – delay in the publicity and marketing campaign	-108
	-229

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

The overall forecast position before management action as shown in table 1 is an underspend of £20k. However there is re-phasing of projects into 2010-11 of £229k as identified in section 1.1.6 above, giving an underlying pressure of £209k. In addition, the following bids for roll forward will be requested:

	£000s
Corporate Support & Performance Management portfolio:	
Property Group:	
• to meet consultancy costs for Total Place work in the new financial year	-58
Regeneration & Economic Development portfolio:	
• transfer of residual portfolio underspend to the Regeneration Fund	-44
	-102

This gives an underlying pressure of £311k. However, there has been an in depth review of all reserves held within CED and as a result, it is expected that enough money can be returned to revenue to cover this residual pressure.

1.2 CAPITAL

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

The capital cash limits have been adjusted to reflect the position reflected in the 2010-13 MTP as agreed by County Council on 18 February 2010, any further adjustments are detailed in section 4.1.

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

	Prev Yrs Exp £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	Future Yrs £000s	TOTAL £000s
Corporate Support Services & Performance Management						
Budget	10,919	15,450	22,116	16,631	18,575	83,691
Adjustments:						
- Gateways		-93	-7			-100
						0
Revised Budget	10,919	15,357	22,109	16,631	18,575	83,591
Variance		363	231	0	-56	538
split:						
- real variance		+538				+538
- re-phasing		-175	+231		-56	0
Localism & Partnerships Portfolio						
Budget	0	584	500	500	500	2,084
Adjustments:						
-						0
						0
Revised Budget	0	584	500	500	500	2,084
Variance		0	0	0	0	0
split:						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
Regeneration & Economic Development Portfolio						
Budget	11,295	8,532	7,455	4,230	6,222	37,734
Adjustments:						
-						0
						0
Revised Budget	11,295	8,532	7,455	4,230	6,222	37,734
Variance		-2,828	2,763	0	0	-65
split:						
- real variance		-241	+176			-65
- re-phasing		-2,587	+2,587			0
Directorate Total						
Revised Budget	22,214	24,473	30,064	21,361	25,297	123,409
Variance	0	-2,465	2,994	0	-56	473
Real Variance	0	+297	+176	0	0	+473
Re-phasing	0	-2,762	+2,818	0	-56	0

1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2009-10 and identifies these between projects which are:

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

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

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
Overspends/Projects ahead of schedule						
CSS&FM	Commercial Services VPE	real	+538			
			+538	+0	+0	+0
Underspends/Projects behind schedule						
R&ED	Capital Regeneration Fund	phasing			-1,874	
			-0	-0	-1,874	-0
			+538	+0	-1,874	+0

1.2.4 Projects re-phasing by over £1m:

1.2.4.1 Capital Regeneration Fund (R&ED) – re-phasing of -£1.874m

Capital Regeneration fund has been re-phased as there are various bids in the pipeline but no spend will occur in 2009/10

Revised phasing of the scheme is now as follows:

	Previous Years	2009-10	2010-11	2011-12	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
BUDGET & FORECAST						
Budget		1,874	2,500	2,000	5,000	11,374
Forecast		0	4,374	2,000	5,000	11,374
Variance	0	-1,874	1,874	0	0	0
FUNDING						
Budget:						
Prudential		1,874	1,500	1,500	2,500	7,374
Capital Receipt			1,000	500	2,500	4,000
TOTAL	0	1,874	2,500	2,000	5,000	11,374
Forecast:						
Prudential		0	3,374	1,500	2,500	7,374
Capital Receipt			1,000	500	2,500	4,000
TOTAL	0	0	4,374	2,000	5,000	11,374
Variance	0	-1,874	+1,874	0	0	0

1.2.5 **Projects with real variances, including resourcing implications:****Regeneration & Economic Development Portfolio**

Dover Priory Station Approach -£0.240m (in 2009/10): Underspend of the regeneration capital fund allocation as this is no longer required, the main works contract award was lower than originally anticipated. The £0.176m of prudential funding has been returned to the fund for 2010-11 allocation.

Corporate Support and Performance Management Portfolio

Commercial Services Vehicles, Plant & Equipment +£0.538m (in 2009/10): The increase in expenditure on vehicles, plant & equipment will be funded by an increased contribution from their Renewals Fund.

Taking these into account, there is no underlying real variance.

1.2.6 **General Overview of capital programme:**

(a) Risks

None

(b) Details of action being taken to alleviate risks

None

1.2.7 **Project Re-Phasing**

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

	2009-10	2010-11	2011-12	Future Years	Total
	£k	£k	£k	£k	
Gateway Multi-Channel Service Delivery (CSS&PM)					
Amended total cash limits	+100	+200			+300
re-phasing	-100	+100			0
Revised project phasing	0	+300	0	0	+300
Dover Sea Change (R&ED)					
Amended total cash limits	+1,545	+750			+2,295
re-phasing	-663	+663			0
Revised project phasing	+882	+1,413	0	0	+2,295
Capital Regeneration Fund (R&ED)					
Amended total cash limits	+1,874	+2,500	+2,000	+5,000	+11,374
re-phasing	-1,874	+1,874			0
Revised project phasing	0	+4,374	+2,000	+5,000	+11,374
Total re-phasing >£100k	-2,637	+2,637	0	0	0
Other re-phased Projects below £100k	-125	+181		-56	0
TOTAL RE-PHASING	-2,762	+2,818	0	-56	0

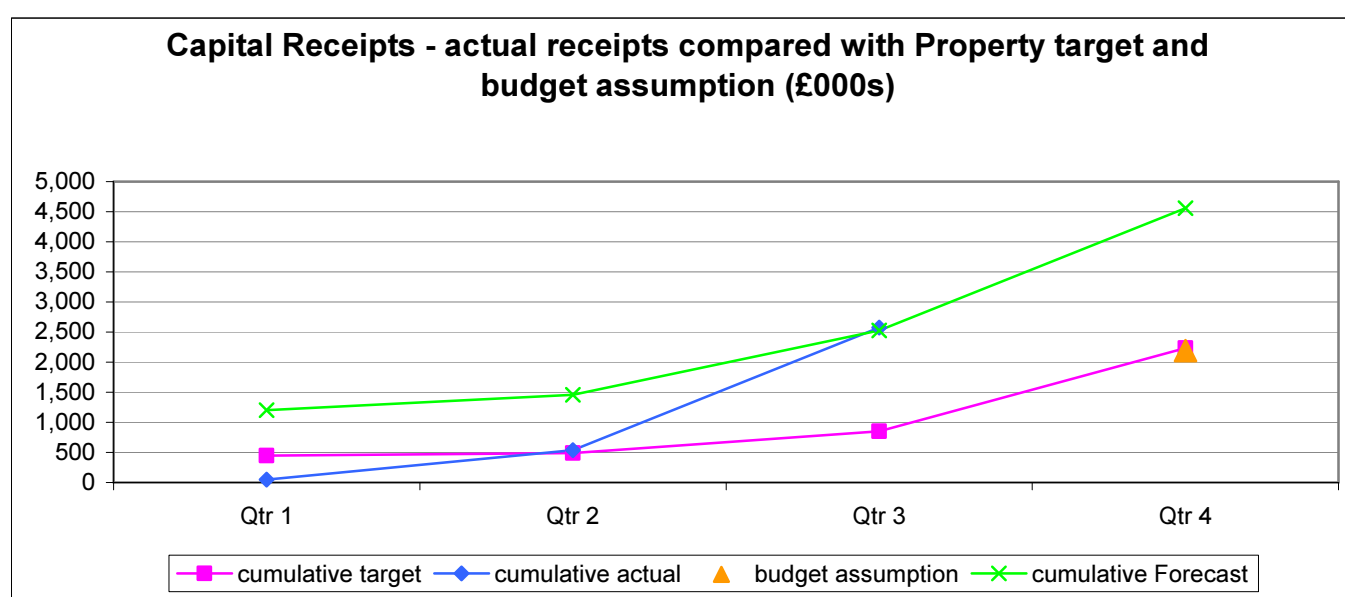
2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts – actual receipts compared to budget profile:

	2009-10			
	Budget funding assumption £000s	Cumulative Target profile £000s	Cumulative Actual receipts £000s	Cumulative Forecast receipts £000s
April - June		447	47	1,200
July – September		492	538	1,455
October - December		850	2,577	2,524
January - March		2,235		4,559
TOTAL	*2,194	**2,235	2,577	4,559

* Budget funding has been updated to reflect proposed 10-13 Budget.

**The cumulative target profile shows the anticipated receipts for 2009-10 total £2,235k. The difference between this and the budget funding assumption is mainly attributable to timing differences between when the receipts are anticipated to come in and when the spend in the capital programme will occur.



Comments:

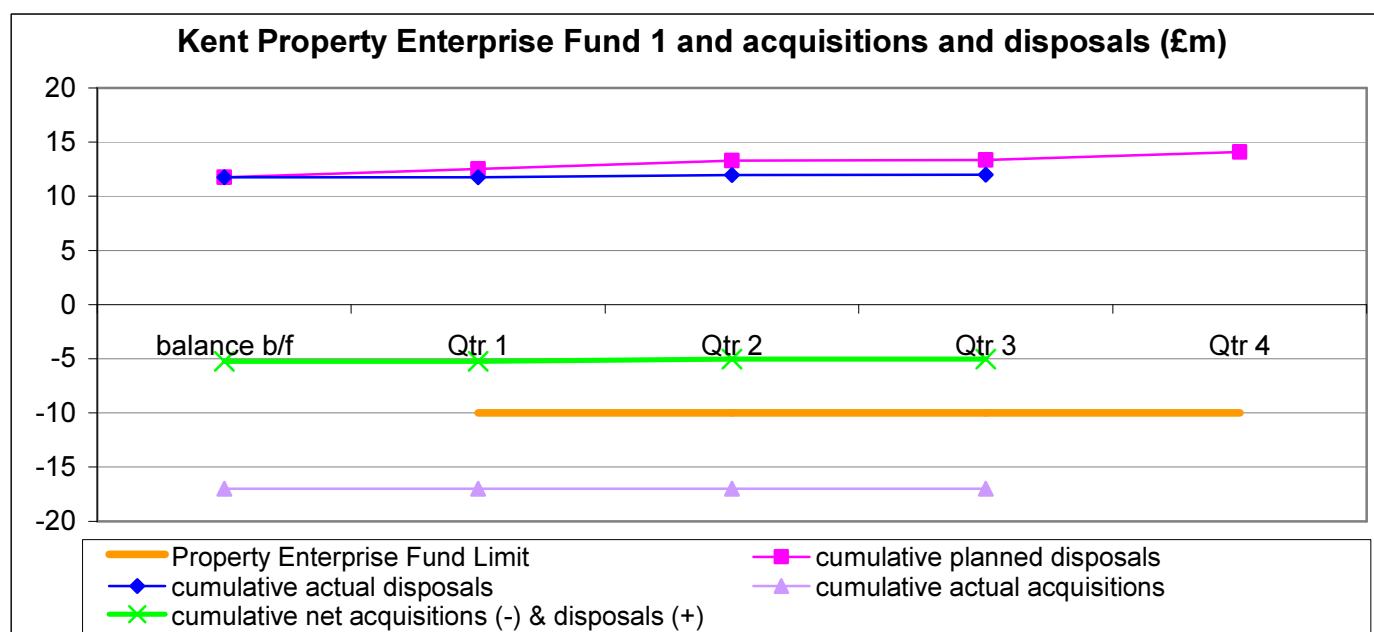
The table below compares the capital receipt funding required per the capital programme this year, with the expected receipts that will be available to fund this. Property group are actually forecasting a total of £4.56m to come in from capital receipts during this financial year. The table below only includes those that are earmarked to fund spend in the current financial year. The rest is needed to be earmarked for spend in future years of the programme.

It is continuously challenging to provide realistic forecasts of receipts given the current economic climate.

	2009-10 £'000
Capital receipt funding per revised 2010-13 MTP	2,194
Property Group's forecast receipts	407
Receipts banked in previous years for use	787
Capital receipts from other sources	1,000
Potential Deficit Receipts	0

2.2 Capital Receipts – Kent Property Enterprise Fund 1:

	<i>Kent Property Enterprise Fund Limit £m</i>	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		11.764	11.764	-16.999	-5.235
April - June	-10	12.529	11.771	-16.999	-5.228
July – September	-10	13.295	11.966	-16.999	-5.033
October – December	-10	13.341	11.986	-16.999	-5.013
January – March	-10	14.084			



Background:

- County Council approved the establishment of the Property Group Enterprise Fund No.1, with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
 - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
 - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.
 Any temporary deficit will be offset as disposal income from assets is realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

Comments:

The balance brought forward from 2008-09 on the Property Group Enterprise Fund No. 1 was **£5.235m**.

A value of **£0.287m** has been identified for disposal in 2009-10. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 31 January 2010 disposals to date this year have been **£0.222m** from the disposal of 3 non-operational properties.

The fund has been earmarked to provide **£0.990m** for Gateways in this financial year.

At present there are no committed acquisitions to report, however forecast outturn for costs of disposals (staff and fees) is currently estimated at **£0.397m**.

Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £6.335m at the end of 2009-10.

Opening Balance – 01-04-09	-£5.235m
Planned Receipts (Risk adjusted)	£0.287m
Costs	-£0.397m
Acquisitions	-
Other Funding: - Gateways	-£0.990m
Closing Balance – 31-03-10	-£6.335m

Revenue Implications

In 2009-10 the fund is currently forecasting £0.020m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.382m) against the overdraft facility and the cost of managing properties held for disposal (net £0.173m), the PEF1 is forecasting a £0.978m deficit on revenue which will be rolled forward to be met from future income streams.

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

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

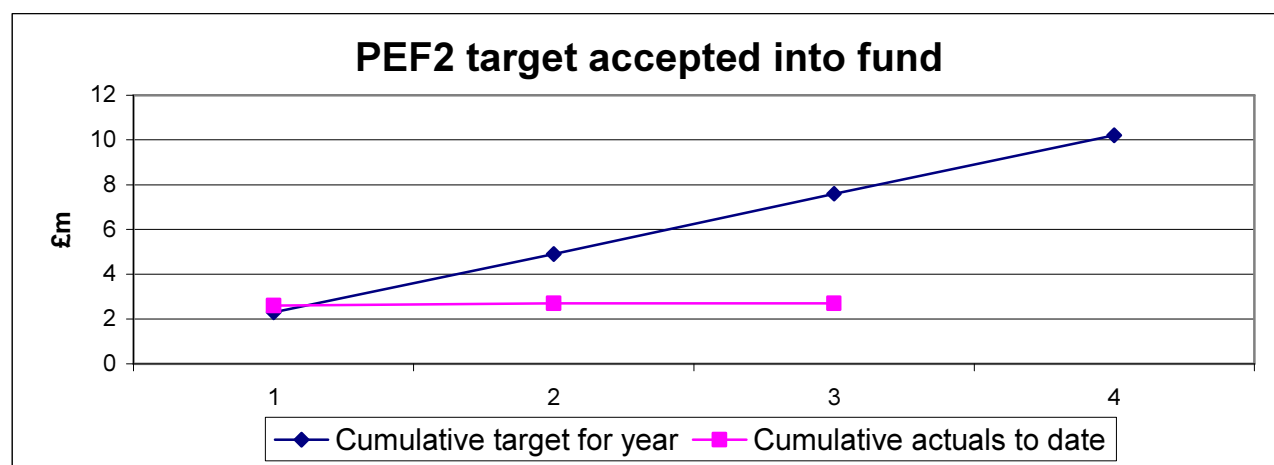
Overall forecast position on the fund

	2009-10 Forecast
	£m
Capital:	
Opening balance	-42.914
Potential receipts to be agreed into PEF2	-10.216
Forecast sale of PEF2 properties	12.696
Disposal costs	-0.635
Closing balance	-41.069
Revenue:	
Opening balance	0.000
Interest on borrowing	-1.680
Holding costs	-1.730
Closing balance	-3.410
Overall closing balance	-44.479

The forecast closing balance for PEF2 is -£44.479m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2009-10 equate to the PEF2 funding requirement in the proposed 10-13 budget book, and achievement against this is shown below:

	Cumulative target for year	Cumulative actuals to date
	£m	£m
Balance b/fwd		2.6
Qtr 1	2.3	2.6
Qtr 2	4.9	2.7
Qtr 3	7.6	2.7
Qtr 4	10.2	



Comments:

To date three PEF2 properties have been sold. The cumulative profit/(loss) on disposal to date is -£0.265m. Large profits or losses are not anticipated over the lifetime of the fund.

Interest costs

At the start of the year interest costs on the borrowing of the fund for 2009-10 were expected to total £1.77m.

Latest forecasts show interest costs of £1.68m, a decrease of £0.09m. This is due to a reduced net closing balance on the fund caused by reduced purchases and increased disposals.

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

FINANCING ITEMS SUMMARY

JANUARY 2009-10 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the last full monitoring report. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Support & Performance Management portfolio							
Contribution to IT Asset Maintenance Reserve	2,352		2,352			0	
Audit Fees & Subscriptions	764		764	-62		-62	underspend on subscriptions budget
Contribution from Commercial Services		-6,460	-6,460			0	
Total Corporate Support & PM	3,116	-6,460	-3,344	-62	0	-62	
Finance Portfolio							
Insurance Fund	2,979		2,979	2,332		2,332	increase in value of provision for recorded claims outstanding
Workforce Reduction	1,498		1,498			0	
Environment Agency Levy	359		359	-20		-20	
Joint Sea Fisheries	264		264	6		6	
Interest on Cash Balances / Debt Charges	117,821	-12,769	105,052	-9,975	1,026	-8,949	Write down of discount saving from 08-09 debt restructuring; no new borrowing; reduced interest apportionments to Pension fund & schools
Transferred Services Pensions	22		22			0	
PRG	83	-2,100	-2,017			0	
Contribution to/from Reserves	-2,392		-2,392	2,709		2,709	tfr of write down of discount saving from 08-09 debt restructuring to reserves; provision for recession; drawdown of Insurance reserve to cover pressure on Insurance Fund; tfr to reserves to support 10-11 budget

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Drawdown from Kings Hill reserve	-1,000		-1,000			0	
ABG Safer Stronger Communities	1,366		1,366			0	
Original Turner Contemporary	0	0	0	6,000	-6,000	0	settlement proceeds offset by tfr to reserves of net proceeds
Total Finance	121,000	-14,869	106,131	1,052	-4,974	-3,922	
Total Controllable	124,116	-21,329	102,787	990	-4,974	-3,984	

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

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

1.1.3.1 Interest on Cash Balances and Debt Charges:

- There is a saving of £1.971m which relates to the write-down in 2009-10 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£0.39m was written down into 2008-09, therefore leaving a further £1.663m to be written down over the period 2010-11 to 2012-13).
- There is a £6.978m saving as a result of lower debt charges and a saving on the interest on cash balances budget. This is because:
 - We have some long term deposits unexpectedly still running which have bolstered our rate of return. Call options have been allowed for in this forecast.
 - Our cash balances were higher than we assumed in our budgeted cash flow assumptions as a result of higher grant receipts than assumed and re-phasing on the capital programme, however balances have reduced following transfers out to Fund Managers of a large amount of the Pension Fund cash for reinvestment but the reduction in interest earned as a result of this is offset by reduced interest apportionments on cash balances to the Pension Fund and schools.
 - No new borrowing has been undertaken this financial year.
 - The forecast also reflects the impact of the new counterparty policy approved by Cabinet in October, where the newly added banking groups are being utilised as fully as possible.

1.1.3.2 Insurance Fund:

A forecast pressure on the Insurance Fund, currently estimated at £2.332m, will need to be met by a drawdown from the Insurance Reserve. The £0.9m increase from the previously reported deficit of £1.4m is almost entirely due to a £1.4m increase in recorded claims outstanding which has been offset by a reduction of £0.5m in the claims settlements paid.

The reserved value of claims is steadily increasing due to an increasing volume of claims coupled with rising compensatory awards which are dictated / influenced by external factors beyond our control.

1.1.3.3 Original Turner Contemporary:

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

1.1.3.4 Contributions to/from reserves:

- As planned, the £1.971m write down of the discount saving earned from debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve.

- There is also a forecast contribution to the reserve of £1.5m to provide contingency against the impact of the recession on the Finance Portfolio budgets.
- £1.570m has been transferred to reserves to support the 2010-11 budget, as agreed at County Council on 18 February.
- At year end there will be a draw down from the Insurance reserve to cover the overspend on the Insurance fund, currently estimated at £2.332m.

1.1.3.5 Workforce Reduction:

It is likely that we will not need all of the Workforce Reduction budget this year. It is proposed that, in line with usual practice, any unspent balance is transferred to the Workforce Reduction reserve at year end in order to fund future costs of modernising council services which cannot be accommodated within the base budget.

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

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Transfer to reserves of net proceeds from Turner settlement	+6,000	FIN	Treasury savings - lower debt charges and savings on interest on cash balances budget	-6,978
FIN	Pressure on Insurance Fund	+2,332	FIN	Original Turner Contemporary settlement	-6,000
FIN	Contribution to economic downturn reserve of 2009-10 write down of discount saving from 2008-09 debt restructuring	+1,971	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-2,332
FIN	Contribution to reserves to support 2010-11 budget	+1,570	FIN	2009-10 write down of discount saving from 2008-09 debt	-1,971
FIN	Contribution to economic downturn reserve to provide contingency for the impact of the recession	+1,500			
		+13,373			-17,281

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

N/A

1.1.5 **Implications for MTP:**

- The forecast reflects the transfer of £1.570m to reserves in order to support the 2010-11 budget.
- The 2010-13 MTP reflects an increase in funding for the Insurance fund as a result of the increasing number of claims. In addition a new way of charging KHS for highways insurance claims will be introduced from April 2010 in order to more accurately reflect the risk and reward associated with managing risk within the Highways service.

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

N/A

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

N/A

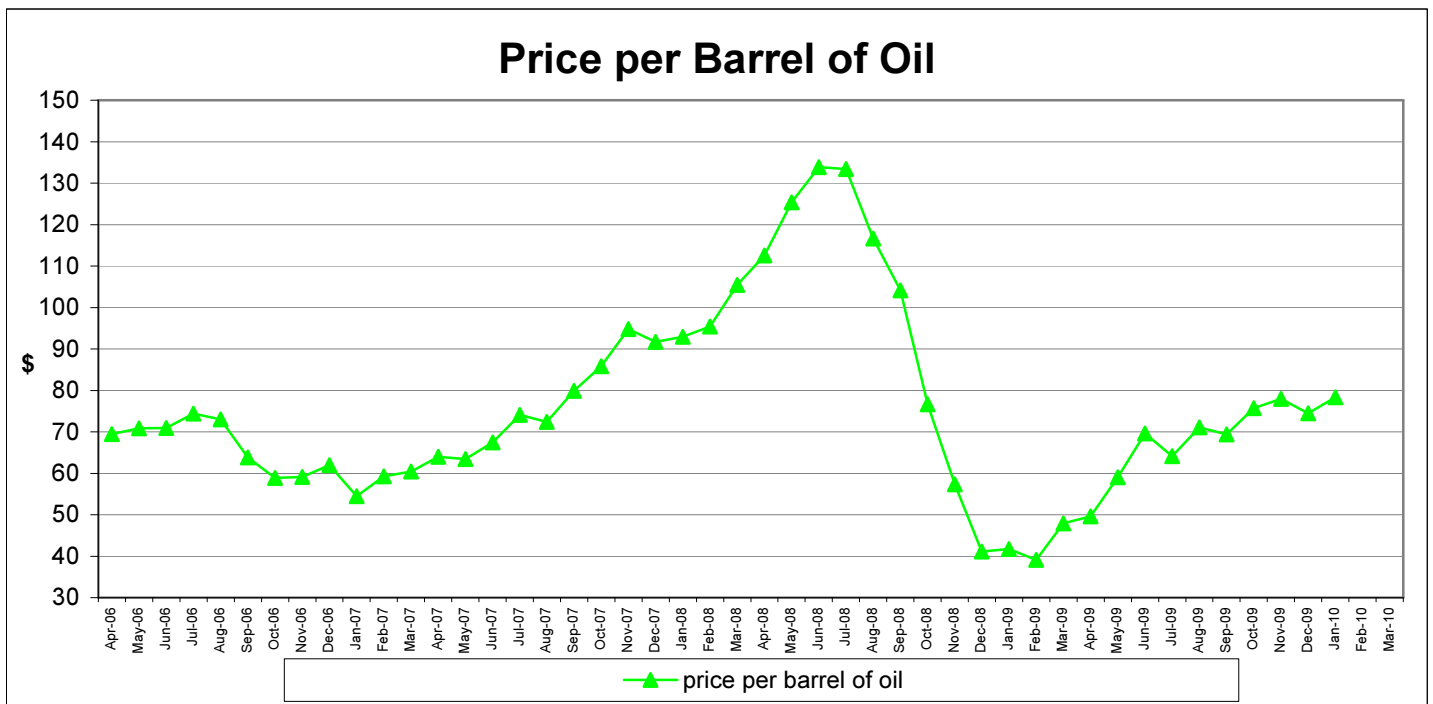
1.2 CAPITAL

N/A

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	Price per Barrel of Oil			
	2006-07	2007-08	2008-09	2009-10
	\$	\$	\$	\$
April	69.44	63.98	112.58	49.65
May	70.84	63.45	125.40	59.03
June	70.95	67.49	133.88	69.64
July	74.41	74.12	133.37	64.15
August	73.04	72.36	116.67	71.05
September	63.80	79.91	104.11	69.41
October	58.89	85.80	76.61	75.72
November	59.08	94.77	57.31	77.99
December	61.96	91.69	41.12	74.47
January	54.51	92.97	41.71	78.33
February	59.28	95.39	39.09	
March	60.44	105.45	47.94	



Comments:

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