

**REPORT TO: CABINET – 4 APRIL 2011**

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

**BY: JOHN SIMMONDS – CABINET MEMBER FOR FINANCE  
ANDY WOOD – ACTING DIRECTOR OF FINANCE  
MANAGING DIRECTORS**

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**SUMMARY:**

**Members are asked to:**

- note the latest monitoring position on the revenue and capital budgets,
  - agree the changes to revenue cash limits within the CFE portfolio to reflect the directorate restructure, as approved by County Council in June 2009, which took effect from 1 October 2010,
  - agree the changes to the capital programme,
  - agree that £24.919m of re-phasing on the capital programme is moved from 2010-11 capital cash limits to future years
  - agree that a £0.953m underspend resulting from delays on Regeneration projects due to uncertainty around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships, be transferred to the Regeneration Fund to be used to fund the projects in future years, subject to approval by the Regeneration Board.
  - agree a virement of £0.250m from the underspending on the debt charges budget within the Finance portfolio to the Libraries budget within the Communities portfolio to fund a stand-by facility for an increase in the cost of the Beaney project within the Communities capital programme, by way of revenue contribution to capital, should alternative external funding not be realised. This funding will not be required until 2011-12, so this underspend will be required to roll forward in order to make the revenue contribution to capital next financial year, if necessary. If alternative external funding is secured and this stand-by facility is not required, then the £250k revenue funding will be returned to general reserves.
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**1. INTRODUCTION**

1.1 This is the third full monitoring report to Cabinet for 2010-11.

1.2 The format of this report is:

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

1.3 **Headlines:**

1.3.1 **Revenue:**

- The latest forecast revenue position (excl Schools) is an underspend of -£9.596m, which is an improvement of £6.933m since the February Cabinet report position before the implementation of management action. This movement is mainly within the CFE and KASS portfolios where management action has been delivered, largely through the rebadging of eligible expenditure against unspent grant, and additional health monies has enabled us to cover some of the costs which we would have inevitably had to cover for the anticipated increase in services due to the winter (further details are provided below).
- There are net pressures totalling £5.8m as a result of increased demand for Children's Social Services. An additional £5.8m has been provided in the 2011-13 MTFP.
- CFE have re-badged eligible expenditure against unspent grant in order to balance their budget. In addition, there are significant further savings reported on SEN and Mainstream Home to School Transport.

- Schools reserves are forecast to reduce by £5.634m in 2010-11, £4.634m is due to 27 schools converting to academies and taking their reserves with them and £1m is the forecast reduction for all other Kent schools.
- The current position on Asylum is a pressure of £2.550m. Of this £1.245m is primarily due to the costs incurred in continuing to support young people (18+ care leavers) who are categorised as “All Rights Exhausted” (ARE) and “naturalised” until the point of removal. The UK Border Agency (UKBA) is working on speeding up the ARE and removal processes. The remaining £1.305m pressure follows notification from UKBA of our final settlement in relation to prior years, which is significantly less than we had forecast. Following the Leaders letter to the UKBA, the Leader met with Damien Green, Immigration Minister, at which the UKBA made an informal offer. This offer is still being discussed and an update will be given in a future exception report.
- Demographic and price pressures are cause for concern within Adult Social Services as both client numbers and complexity of care requirements increase, especially within residential care across all service groups, likely to be as a result of medical advances enabling people to live longer but with more complex needs. This has been addressed in the 2011-13 MTFP.
- Adult Social Services has recently received £5.9m additional funding from the NHS for joint working arrangements with Kent PCTs to promote better services for patients leaving hospital and to invest in a broader range of social care services to benefit health and to improve overall health gain. Although much of this has allowed both the PCTs and KASS to commission new projects and services to meet this aim, it has also allowed us to cover some of the additional costs which we would have inevitably had to cover for the anticipated increase in services due to the winter.
- The two snow emergencies in December have resulted in a pressure just in excess of £2m. Some of this will be met by a drawdown from the emergency conditions reserve, the balance is being offset by savings on waste management.
- The April RPI figure, to which the indexation on many waste contracts is linked, was higher than expected in the MTP. The impact of this in 2010-11 is £1m.
- The Freedom Pass has proved extremely popular with the number of passes issued and the number of journeys undertaken exceeding expectation. The net impact in 2010-11 is £1.2m.
- In January, we recovered a further £0.866m from our principal investments in the collapsed Icelandic Banks, bringing our total recovery so far to £9.195m, which all relates to the UK registered Heritable Bank.

### 1.3.2 Capital:

- The latest forecast capital position is a variance of -£28.610m, -£25.858m on schemes which we are re-phasing and -£2.752m on schemes with a real variance.

## 2. OVERALL MONITORING POSITION

### 2.1 Revenue

- 2.1.1 The net projected variance against the combined portfolio revenue budgets is an underspend of £9.596m. All management action has now been delivered and is reflected within these forecasts. Section 3 of this report provides the detail, which is summarised in Table 1a below.

**Table 1a – Portfolio position – net revenue position**

Portfolio	Budget	Variance
	£k	£k
Children, Families & Education	-762,850	-200
Kent Adult Social Services	+344,564	+225
Environment, Highways & Waste	+151,553	-507
Communities	+88,790	-1,115
Localism & Partnerships	+8,296	-191
Corporate Support & Performance Mgmt	+10,417	-1,090
Finance	+125,632	-6,570
Public Health & Innovation	+567	-49
Regeneration & Economic Development	+7,228	-99
<b>TOTAL (excl Schools)</b>	<b>-25,803</b>	<b>-9,596</b>
Schools	+969,773	+5,634
<b>TOTAL</b>	<b>+943,970</b>	<b>-3,962</b>

2.1.2 The recently approved 2011-12 budget assumes rolled forward underspending from 2010-11 of £6.098m as follows:

- £4.500m underspending as reported to Cabinet in the last full monitoring report in November,
- £1.000m from the moratorium on non-essential spend. (The savings achieved from this moratorium are reflected within the forecast variances shown in tables 1a, b & c and further details are provided within the annex reports).
- £0.387m within Communities for the Youth Service, and
- £0.211m which was an amendment to the 2011-12 budget approved at County Council on 17 February to change the savings proposal for subsidised bus routes.

In addition, the position reported in table 1a above includes some underspending related to projects which are re-phasing into 2011-12 and are committed and therefore will require roll forward. The adjusted position is therefore:

Total forecast underspend (excl Schools) per table 1a	£k -9,596
Required to roll forward to 2011-12 per approved 2011-13 MTFP	6,098
Other committed roll forwards/re-phased projects	370
Adjusted position	<hr/> -3,128

2.1.3 Although it is likely that much of this uncommitted balance will be held in reserves pending future decisions on its use, there are two initiatives which Members may wish to consider supporting from this underspend:

- £250k towards the Bold Steps for Health Agenda - to work with GP's and the new Commissioning Consortia to address local health inequalities. This will use the local knowledge of GP's and colleagues at a district level to identify their priorities for reducing health inequalities in their areas and provide funding to deliver the interventions that will make the most difference.
- £250k contribution to the Elections Reserve – in recent times the County Council election and the General Election have been held on the same day, which has considerably reduced the cost to KCC as we share the cost 50:50. However this will not be the case for the next County Council election and therefore we need to provide for this additional cost. £250k is suggested as our initial contribution to these additional costs with a review of the position as part of the next budget process.

Further details will be provided in the outturn report to Cabinet in June.

## 2.2 Capital

This report reflects the current monitoring position against the revised programme, where an underspend of -£2.752m and re-phasing of -£25.858m of expenditure into future years is forecast, giving a total variance in 2010-11 of -£28.610m. Further details are provided in section 4 of this report.

## 3. REVENUE

### 3.1 Virements/changes to budgets

Directorate cash limits have been adjusted 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.
- changes to cash limits within the CFE portfolio as a result of the directorate restructure approved by County Council in June 2009, which came into effect from 1 October 2010. further details are provided in section 1.1 of annex 1. **Cabinet is asked to agree these changes.**

All other changes to cash limits reported this quarter are considered "technical adjustments" i.e. where there is no change in policy, including allocation of grants and previously unallocated budgets and savings targets where further information regarding allocations and spending plans has become available since the budget setting process.

### 3.2.1 Table 1b – Portfolio/Directorate position

Portfolio	Budget £k	Variance £k	Directorate						
			CFE £k	KASS £k	EH&W £k	CMY £k	CED £k	FI £k	
Children, Families & Educ	-762,850	-200	-200						
Kent Adult Social Services	+344,564	+225		+225					
Environ, Highways & Waste	+151,553	-507			-507				
Communities	+88,790	-1,115				-1,115			
Localism & Partnerships	+8,296	-191					-191		
Corporate Support & Performance Mgmt	+10,417	-1,090					-888	-202	
Finance	+125,632	-6,570					-22	-6,548	
Public Health & Innovation	+567	-49					-49		
Regen & Economic Dev	+7,228	-99					-99		
<b>SUB TOTAL (excl Schools)</b>	<b>-25,803</b>	<b>-9,596</b>	-200	+225	-507	-1,115	-1,249	-6,750	
Schools	+969,773	+5,634	+5,634						
<b>TOTAL</b>	<b>+943,970</b>	<b>-3,962</b>	+5,434	+225	-507	-1,115	-1,249	-6,750	

### 3.2.2 Table 1c – Revenue Gross, Income & Net (GIN) position

Portfolio	CASH LIMIT			VARIANCE		
	Gross £k	Income £k	Net £k	Gross £k	Income £k	Net £k
Children, Families & Educ	+413,906	-1,176,756	<b>-762,850</b>	+1,311	-1,511	<b>-200</b>
Kent Adult Social Services	+482,435	-137,871	<b>+344,564</b>	-1,307	+1,532	<b>+225</b>
Environ, Highways & Waste	+174,408	-22,855	<b>+151,553</b>	-6	-501	<b>-507</b>
Communities	+145,952	-57,162	<b>+88,790</b>	-1,147	+32	<b>-1,115</b>
Localism & Partnerships	+8,382	-86	<b>+8,296</b>	-169	-22	<b>-191</b>
Corporate Support & Performance Mgmt	+55,950	-45,533	<b>+10,417</b>	+1,816	-2,906	<b>-1,090</b>
Finance	+139,721	-14,089	<b>+125,632</b>	-8,343	+1,773	<b>-6,570</b>
Public Health & Innovation	+794	-227	<b>+567</b>	-38	-11	<b>-49</b>
Regen & Economic Dev	+9,533	-2,305	<b>+7,228</b>	+47	-146	<b>-99</b>
<b>SUB TOTAL (excl Schools)</b>	<b>+1,431,081</b>	<b>-1,456,884</b>	<b>-25,803</b>	-7,836	-1,760	<b>-9,596</b>
Schools	+1,050,740	-80,967	<b>+969,773</b>	+5,634	0	<b>+5,634</b>
<b>TOTAL</b>	<b>+2,481,821</b>	<b>-1,537,851</b>	<b>+943,970</b>	-2,202	-1,760	<b>-3,962</b>

A reconciliation of the above gross and income cash limits to the approved budget 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**

There are a number of savings referred to in the annex reports, which individually are below £100k and therefore do not appear in the table below. Therefore overall the net position in table 2 below (-£1,340k) is significantly greater than the overall position presented in tables 1a, b & c above (-£3,962k).

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools Delegated Budget: estimated drawdown of schools reserves due to 27 schools converting to academies	+4,634	FIN	Treasury savings - lower debt charges & lower than expected costs of Property Enterprise Fund	-6,044
CMY	Supporting People: planned increase in the level of Floating Support and small underspend on administration	+2,870	CMY	Drawdown from Supporting People reserve.	-2,870
CFE	Fostering Service (gross): Continual high demand for Independent fostering allowances	+2,168	CFE	Mainstream Home to School Transport: fewer children than budgeted level, contract renegotiation	-2,355
EHW	Snow emergencies	+2,027	CFE	SEN Transport (gross): fewer than budgeted children travelling, contract renegotiation and snow	-2,203
FIN	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,899	EHW	Waste tonnage	-2,100
CFE	Residential Care (gross): high demand for independent sector residential care placements	+1,745	FIN	In year Minimum Revenue Provision saving as a result of 2009-10 re-phasing of the capital programme	-1,899
CFE	Fostering Service (gross): high demand for in-house foster care placements	+1,418	CFE	14-19 Entitlement (gross): re-badge of eligible expenditure to DSG	-1,250
EHW	Freedom Pass: increased demand	+1,356	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-1,090
CFE	Asylum Service (gross): shortfall relating to prior years final settlement	+1,305	FIN	2010-11 write down of discount saving from 2008-09 debt restructuring	-1,016
KASS	LD Residential Gross Independent Sector Activity higher than affordable	+1,287	KASS	LD Other Gross - uncommitted grant monies	-1,005
CFE	Asylum Service (gross): Providing support for young people categorised as "all rights exhausted" & naturalised	+1,245	R&ED	Underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	-953
FIN	Contribution to economic downturn reserve of 2010-11 write down of discount saving from 2008-09 debt restructuring	+1,016	EHW	Materials Recycling: more cost effective disposal	-946
EHW	Waste contract prices including Allington WtE incinerator	+1,000	KASS	LD Other Gross - Release of MDs Contingency	-830
CFE	Schools Delegated Budget: estimated drawdown of schools reserves	+1,000	FIN	release of provisions following review of balance sheet	-807
KASS	LD Residential Income Independent Sector Unit Income lower than affordable	+1,000	KASS	OP Nursing Gross Independent Sector Activity less than affordable	-779
KASS	OP Residential Income Independent Sector Unit Income lower than affordable	+976	CFE	Personnel (gross): re-badge of eligible expenditure to DSG	-775
R&ED	Transfer to the Regeneration Fund of underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	+953	FIN	release of Minimum Revenue Provision contingency	-739
KASS	PD Residential Gross Independent Sector Activity higher than affordable	+921	KASS	Strategic Business Support Gross - vacancy management	-706
KASS	MH Residential Gross - P&V activity greater than affordable	+760	CSPM	Information Systems income from additional pay as you go activity	-690
CFE	16+ Service (gross): high demand for residential care placements	+728	KASS	OP Nursing Gross Independent Sector Unit Cost less than affordable	-672

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Supported Accommodation Gross - Activity above affordable	+716	CSPM	Legal Services increased income relating to Disbursements	-664
FIN	Contribution to restructure reserve to fund P&D & ICT support during transformation of council	+700	KASS	OP Nursing Income Unit income higher than affordable	-628
CSPM	Information Systems costs of additional pay as you go activity	+690	CMY	Libraries: vacancy management & advancement of planned restructuring	-609
FIN	Treasury - pressure on the interest on cash balances budget	+664	FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-600
CSPM	Legal Services increased costs of Disbursements	+664	KASS	OP Domiciliary Gross In House - Activity below affordable level	-577
CSPM	Legal services cost of additional work (offset by increased income)	+637	CFE	Personnel and Development (gross): Independent Safeguarding Authority scheme & 3 yearly CRB checks put on hold indefinitely	-544
CFE	16+ Service (gross): high demand for Section 24/leaving care services	+632	KASS	MH Other Gross - Release of uncommitted funding	-520
KASS	LD Residential Pres Rights Income - P&V unit Income less than affordable	+626	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
KASS	PD Direct Payments Gross Independent Sector Activity higher than affordable	+617	EHW	New wood recycling contract	-497
FIN	Pressure on Insurance Fund due to rise in liability claims	+600	CFE	SEN (income): additional income from Other local authorities for recoupment	-487
EHW	Pothole Find and fix programme 2	+588	CFE	Assessment & Related (gross): high levels of staff vacancies due to difficulty in recruitment	-471
KASS	LD Residential Gross Independent Sector Unit Cost higher than affordable	+576	KASS	MH Assessment & Related Gross - vacancy management & recruitment difficulties	-469
KASS	OP Domiciliary Gross Independent Sector Activity higher than affordable	+575	KASS	OP Nursing Income increased activity giving rise to increased income from health	-466
CFE	Childrens Support Service (gross): Rise in costs due to change in care proceedings and high demand for children social services legal budget	+538	KASS	LD Supported Accommodation Gross - Unit cost below affordable level	-442
EHW	Pothole Find and fix programme 1	+532	CMY	CLS: Vacancy management and targeted savings on running costs	-406
KASS	LD Direct Payments Gross Independent Sector Unit Cost higher than affordable	+501	EHW	Drawdown from Emergency conditions reserve towards snow emergencies	-400
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	KASS	LD Residential Pres Rights Gross Independent Sector Activity less than affordable	-397
CMY	Libraries: revenue contributions to capital programme	+494	CMY	Youth Service: Unspent YOF funding to roll forward to 2011-12 to fund apprenticeship programme.	-387
CFE	SEN (gross): transfer of surplus recoupment income to schools DSG reserve	+487	KASS	Strategic Business Support Gross - Posts for which external funding has been secured	-373
KASS	OP Nursing Gross increased cost & activity for RNCC	+466	CFE	Fostering Service (gross): Delays in the implementation of the county wide therapeutic service	-350
KASS	PD Residential Income Independent Sector Unit Income lower than affordable	+339	EHW	Public transport underspend mainly from improved contracting	-345
FIN	Reduced drawdown from Pension & Insurance funds to reflect reduced salary costs	+325	KASS	OP Residential Income - Additional health income	-337
KASS	PD Domiciliary Gross Independent Sector Activity higher than affordable	+288	KASS	OP Other Services - uncommitted grant funding	-330

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	CLS: reduction in grant for Train to Gain following changes in funding levels per learner imposed by Skills funding Agency	+287	KASS	LD Residential Income Independent Sector Activity higher than affordable	-329
KASS	OP Nursing Income - P&V activity below affordable level	+280	FIN	Vacancy freeze within pensions & insurance	-325
KASS	OP Direct Payments Gross Independent Sector Unit Cost higher than affordable	+280	KASS	OP Other Services - Whole System Demonstrator management actions meaning base funding not required for	-315
CMY	Centrally Managed Budgets: centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	EHW	MIDAS financial system replacement rephasing	-300
KASS	OP Residential Gross Increase in Bad Debt Provision	+250	EHW	Increased recycling income	-298
CSPM	Workplace Transformation - One-off costs re: alterations for displacements from Kings Hill Avenue	+240	KASS	LD Domiciliary Gross Independent Sector Unit Cost less than affordable	-298
CSPM	Centrally Managed Budgets: centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio	+231	CFE	16+ Service (gross): fewer placements in independent fostering	-296
CMY	Centrally Managed Budgets: Unachievable Income Targets	+229	KASS	LD Direct Payments Gross - Recovery of unused surplus funds from 09-10 payments	-291
CFE	Capital and Infrastructure (gross): feasibility costs of abortive projects	+222	CFE	Residential Care (gross): fewer placements in secure accommodation	-289
KASS	PD Direct Payments Gross additional one offs, respite and payments to carers	+220	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
CFE	Other Preventative Services (gross): high demand for s17 payments	+211	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-278
CFE	Other Preventative Services (gross): high demand for daycare services for children with a disability	+206	KASS	Strategic Business Support Gross - uncommitted grant funding	-250
KASS	Specific Grant - Social Care Reform Grant re-phasing in OP Residential	+200	CFE	Safeguarding (gross): delays in staff recruitment	-243
KASS	MH Residential Income - Increase in S117 clients who do not contribute to costs	+199	CFE	Residential Care (income): additional income for new placements	-242
CFE	Assessment & Related (gross): occupational therapy	+197	CSPM	Workplace Transformation - 4th Qtr rent for 17 King's Hill Avenue	-240
KASS	OP Residential Gross Independent Sector Activity higher than affordable	+189	EHW	Road works income	-235
CFE	Finance (gross): staffing pressure whilst finalising the handover of work to the Student Loan Company	+182	EHW	Staff vacancies within Resources & Strategic Management	-226
KASS	LD Domiciliary Income In House - reduction in Supporting People related activity	+180	CMY	Libraries: income contributions from internal and external partners.	-224
KASS	MH Residential Gross - S117 provision	+180	KASS	PD Residential Gross Independent Sector Unit Cost less than affordable	-222
CMY	Coroners: long inquest costs	+171	CFE	Commissioning (gross): staff vacancies	-221
CFE	Other Preventative Services (gross): high demand for direct payments	+168	CFE	Educational Psychology (gross): staff vacancies	-217
KASS	MH Supported Accommodation Gross - Activity in excess of affordable level	+168	EHW	Moratorium savings	-207
CFE	Assessment & Related: costs of Safeguarding Improvement Plan	+164	CMY	Libraries: reduced spend on utilities and one-off rates rebates	-203
KASS	OP Residential In House Gross - Staffing issues; maintaining care levels	+163	KASS	LD Other Gross - Savings on Day Care & other services	-202

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Direct Payments Gross - additional one off direct payments	+162	KASS	OP Residential Gross - Re-phasing of Social Care Reform Grant funded project	-200
KASS	Specific Grant - Social Care Reform Grant re-phasing in LD Other Services	+162	CSPM	Property - Rates rebate	-198
KASS	OP Nursing Gross - Increase to bad debt provision	+152	CFE	Fostering Service (gross): Staff vacancies	-197
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CMY	Youth Service: Vacancy Management and restructure of the Service	-195
CSPM	Property - Increased staff costs for pay as you go activity	+140	CFE	Assessment & Related: income from CWDC for Improvement Plan	-180
CFE	16+ Service (gross): high demand for in-house fostering placements	+140	KASS	LD Domiciliary Gross In House - Reduction in Supporting People related activity	-180
EHW	Term maintenance re-procurement costs	+130	EHW	Transfer Stations improved contracting and reduced dilapidations	-177
CFE	Commissioning (gross): legal costs associated with schools converting to academies	+130	KASS	OP Residential Gross Independent Sector Unit Cost less than affordable	-174
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	KASS	Strategic Business Support Gross - savings found on printing, stationery, room hire & Girobank charges	-163
CMY	Libraries: reduced forecast on audio visual income stream and anticipated shortfall in merchandising income.	+129	KASS	LD Other Gross - Social Care Reform Grant re-phasing	-162
CFE	Capital and Infrastructure (income): under-recovery of income relating to the cleaning and refuse collection contract	+129	CFE	Strategic, Planning, Partnerships and Democratic Services (gross): National Foundation of Educational Research survey will not take place in 2010-11	-160
KASS	OP Direct Payments Gross Independent Sector Activity higher than affordable	+126	CFE	Standards & School Improvement (gross): T2010 targets for Healthy Eating & Parent Support achieved in 2009-10	-155
CFE	Attendance & Behaviour (income): Kent Safe Schools	+125	KASS	LD Other Gross - Transfer of some Supported Employment activities to private sector	-148
KASS	LD Residential Gross In House - Maintaining care levels and providing additional 1:1 support	+123	KASS	Strategic Management Gross - Vacancy management	-147
KASS	OP Domiciliary Income - under recovery in client income	+122	KASS	OP Domiciliary Gross Independent Sector Unit Cost less than affordable	-147
CMY	CLS: shortfall in contributions from employers for Train to Gain courses	+119	CMY	Registration: increased income from ceremonies & registration of births & deaths.	-146
CFE	Preventative Service Managers (gross): Childrens Centres	+119	CSPM	P&D - increased demand for leadership and managerial qualifications	-145
EHW	Energy loan fund: reduction in repayments due to lower take-up	+111	CFE	Capital and Infrastructure (gross): revenue maintenance	-141
CFE	Preventative Service Managers (gross): pressure for provision of 2 year old places at Children's Centres & Nurseries	+105	CSPM	Property - increased income for pay as you go projects	-140
KASS	All Adults A&R Gross - additional staffing to cover increased workloads at Kent Contact & Assessment Service	+105	KASS	LD Domiciliary Income - unit income higher than affordable	-140
KASS	LD Direct Payments Gross Independent Sector Activity higher than affordable	+103	CMY	Community Safety: Vacancy management & targeted savings on running costs	-135
KASS	OP Domiciliary Income - under recovery of other income (non-client income)	+103	CFE	Strategic, Planning, Partnerships and Democratic Services (gross): childrens trust development	-135



Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
KASS	LD Residential Pres Rights Income Independent Sector Activity lower than affordable	+102	CFE	Capital and Infrastructure (gross): facilities management and accommodation	-133
CSPM	P&D - increased demand for leadership & managerial qualifications (offset by	+100	CFE	Attendance & Behaviour (gross): Kent Safe Schools	-125
CFE	Capital and Infrastructure (gross): milk subsidy	+100	FIN	ABG Centrally held allocations moratorium saving	-124
KASS	PD Direct Payments Gross - unit cost higher than affordable	+100	CFE	Other Preventative Services (gross): district projects	-124
			KASS	LD Direct Payments Income Independent Sector Unit income higher than affordable	-123
			CSPM	Property - Vacancy management including Director of Property post	-120
			CMY	Centrally Managed Budgets - Reduced spend on Property budget.	-120
			CMY	Centrally Managed Budgets: Property Pay as You Go Services - reduced spend on commissioned work.	-119
			CFE	Preventative Service Managers (gross): Childrens Centres	-119
			FIN	savings on leasing costs	-116
			EHW	Increase in Freedom Pass income	-115
			CSPM	local authority subscriptions	-112
			EHW	Energy loan fund: reduction in transfer to reserves due to lower level of repayments	-111
			KASS	LD Domiciliary Gross Independent Sector Activity less than affordable	-109
			CMY	Registration: Staff savings achieved though vacancy management.	-107
			CFE	Preventative Service Managers (income): additional internal income for provision of 2 year old places	-105
			KASS	All Adults A&R Income - recharge income for additional work undertaken at Kent Contact & Assessment Service	-105
			KASS	PD Residential Income Independent Sector Activity higher than affordable	-103
			CFE	Children's Support Services (gross): underspend on social care professional training due to staff vacancies & use of external income to fund training programmes	-102
			CMY	Centrally Managed Budgets - Unused contingency for Secure Accommodation costs.	-100
			CFE	Capital and Infrastructure (gross): milk subsidy	-100
		<b>+51,375</b>			<b>-52,715</b>

### 3.4 Key issues and risks

#### 3.4.1.1 **Children, Families & Education portfolio:** Forecast (excl. schools) **-£0.200m**

Pressures on the children's social services budgets, mainly residential care and fostering within both the under 16's and the 16+ services, and other preventative services such as direct payments and daycare services for children with a disability, are offset by savings on SEN and Mainstream home to school transport and the re-badging of eligible expenditure against unspent grants. There is also a pressure on the Asylum service mainly due to costs incurred in continuing to support young people who are categorised as "All Rights Exhausted" and "naturalised" until the point of removal together with a shortfall in the final settlement relating to previous years. Further details are provided in Annex 1.

#### 3.4.1.2 **Children, Families & Education portfolio – Schools Delegated:** Forecast **+£5.634m**

This forecast relates to the reduction in schools reserves resulting from 27 schools converting to academy status and taking their reserves with them, together with a forecast drawdown of £1m for other Kent schools, based on their monitoring returns.

#### 3.4.2 **Kent Adult Social Services portfolio:** Forecast **+£0.225m**

There are demographic and placement pressures primarily within services for people with disabilities and within residential care for older people and those with mental health issues. We are also expecting to increase our bad debt provision as a result of the overall increase in debt over the last few months. These pressures are offset by savings from vacancy management and holding back uncommitted funding. In addition, new funding streams from Health for winter pressures and re-ablement have allowed us to cover some of the additional costs which we would have inevitably had to cover for the anticipated increase in services due to the winter, as well as commission new projects and services to benefit health and improve overall health gain. Further details are provided in Annex 2.

#### 3.4.3 **Environment, Highways & Waste portfolio:** Forecast **-£0.507m**

Pressures due to the increased popularity of the Freedom Pass, increased waste contract prices, costs of the two snow emergencies and completion of the find and fix programmes are more than offset by savings as a result of reduced waste tonnage, a new wood recycling contract, improved contracting for public transport, vacancy management and a drawdown from the emergency conditions reserve towards the costs of the snow. In addition there is some re-phasing of costs into 2011-12 relating to the MIDAS financial system replacement project. Further details are provided in Annex 3.

#### 3.4.4 **Communities portfolio:** Forecast **-£1.115m**

Pressure continues to be experienced on the Coroners budget as a result of more long inquests and an increase in post mortem and body storage charges. In addition there is a reduction in income from audio visual rentals and merchandising within our libraries but these pressures are more than offset by underspends across other units, largely as a result of vacancy management and advancement of planned restructuring within Libraries, Trading Standards and Community Safety. Within Community Learning & Skills, a reduction in grant and contributions from employers for Train to Gain courses is offset by savings on running costs and vacancy management. A planned increase in the level of floating support within the Supporting People service will be offset by a drawdown from the Supporting People earmarked reserve. Unspent Youth Opportunities Funding is required to roll forward to 2011-12 to fund an apprenticeship programme, as reflected in the recently approved 2011-13 MTFP. Further details are provided in Annex 4.

3.4.5 In the Chief Executives directorate, there are underspends within each of the portfolios, but the main issues are:

#### 3.4.5.1 **Localism & Partnerships portfolio:** Forecast **-£0.191m**

There is an underspend on annual IT support to Members together with savings achieved from the moratorium on non-essential spend.

#### 3.4.5.2 **Corporate Support and Performance Management portfolio: Forecast -£0.888m**

A centrally held savings target is being more than offset by additional income within Legal Services from increased internal and external demand, savings achieved as a result of the moratorium, a rates rebate for Invicta House and Sessions House and vacancy savings. In addition, there is some re-phasing into 2011-12 of some workstreams related to the changes to the Total Contribution Pay arrangements.

#### 3.4.5.3 **Regeneration & Economic Development portfolio: Forecast -£0.099m**

It is proposed that £0.953m underspending resulting from delays encountered on regeneration projects, due to uncertainty around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships, is transferred into the Regeneration Fund and will be used to fund the projects in future years, subject to the approval of the Regeneration Board. This is consistent with the future strategy for regeneration projects and staffing, where increasingly funds are proposed to be provided through the Regeneration Fund rather than the base revenue budget. This transfer to reserves is assumed in this report. There are also small savings due to staff vacancies.

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 -£6.548m.**

There is an underspend on the debt charges budget due to delays in taking new borrowing and achieving lower interest rates on new borrowing than assumed in the budget. There is an in year saving in the Minimum Revenue Provision (MRP) because fewer assets became operational in 2009-10 than assumed, however once these assets become operational we will incur MRP in the following year, therefore we need to transfer this saving to reserves to cover the potential future impact. We have also been able to release a contingency held in case there was a detrimental impact in the current year from this MRP calculation. 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 forecast pressure on the Insurance Fund largely due to a continued rise in the number of liability claims will be met by a drawdown from the Insurance reserve. Also, following our regular review of balances held within the balance sheet and settlement of some of our outstanding liabilities, some funding has been released back to revenue. In addition there is a saving on leasing costs and some savings resulting from the moratorium. These savings are being partially offset by a pressure on the interest on cash balances budget and a contribution to the restructure reserve to fund the costs of P&D and ICT support through the transformation.

It is proposed that £0.250m of the underspending on the debt charges budget is vired to the Libraries budget within the Communities portfolio to fund a stand-by facility for an increase in the cost of the Beaney project within the Communities capital programme, by way of revenue contribution to capital, should alternative external funding not be realised. This funding will not be required until 2011-12, so this underspend will be required to roll forward in order to make the revenue contribution to capital next financial year, if necessary. If alternative external funding is secured and this stand-by facility is not required, then the £250k revenue funding will be returned to general reserves. **Cabinet is asked to agree this virement.**

##### 3.4.6.2 **Corporate Support & Performance Management portfolio: Forecast -£0.202m**

There is a small underspend on the local authority subscriptions and audit fees budgets.

Further details are provided in Annex 6.

### 3.5 **Implications for future years/MTFP**

3.5.1 The key issues and risks identified have been addressed in directorate medium term plans (MTFP) for 2011-13. Although these are forecast to be offset this year, a significant amount of the management action taken has been one-off or not sustainable for the longer term. Consequently the 2011-13 MTFP has put all services, excluding Asylum, into a fully funded base budget position for the start of 2011-12 and reflects predicted changes in activity levels and service delivery. Negotiations with central government regarding the funding of the Asylum service are continuing. These and other pressures and savings are detailed in the Annex reports.

## 4. CAPITAL

### 4.1 Changes to budgets

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

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

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

4.1.2 The 2010-11 capital programme was revised as part of the 2011-14 MTFP process, to reflect the revised anticipated phasing of projects. This was approved by County Council on 17 February 2011 and forms the basis for this monitoring report. Since the approval of this programme the following adjustments have been made to the 2010-11 capital budget.

	£000s 2010-11	£000s 2011-12
1 Cash Limits as reported to County Council 17 February	436,967	308,482
2 Re-phasing agreed at Cabinet on 2 February		
Children, Families & Education (CFE)	-1,127	794
Communities	-465	465
Kent Adult Social Services	-395	395
Localism & Partnerships		
3 Virement from LD Good Day and MoA for CMY Library modernisation - KASS Portfolio	-28	
4 Virement from KASS for Library Modernisation - CMY Portfolio	28	
5 Developer contribution from KASS for Library Modernisation - additional external funding - CMY portfolio	19	
6 Library Modernisation - additional capital receipt - CMY Portfolio	20	
7 Workplace transformation - CSS&PM Portfolio	180	-180
	<b>435,199</b>	<b>309,956</b>
8 PFI	27,101	22,000
	<b>462,300</b>	<b>331,956</b>

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

Portfolio	Budget	Variance	Directorate				
			CFE	KASS	E,H&W	CMY	CED
			£k	£k	£k	£k	£k
CFE	+175,572	-8,325	-8,325				
KASS	+6,326	-678		-678			
E,H&W	+151,498	-11,374			-11,374		
Communities	+26,806	-324				-324	
Regen & ED	+11,571	-4,675					-4,675
Corporate Support & PM	+15,633	-3,234					-3,234
Localism & Partnerships	+503	0					0
<b>TOTAL (excl Schools)</b>	<b>+387,909</b>	<b>-28,610</b>	-8,325	-678	-11,374	-324	-7,909
Schools	+47,290	0	0				
<b>TOTAL</b>	<b>+435,199</b>	<b>-28,610</b>	-8,325	-678	-11,374	-324	-7,909

<b>Real Variance</b>		-2,752	+3	+14	-2,809	-4	+44
<b>Re-phasing (detailed below)</b>		-25,858	-8,328	-692	-8,565	-320	-7,953
		<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Future yrs</b>		<b>Total</b>
<b>Re-phasing</b>		-25,858	+25,202	+72	+584		0

4.2.1 Table 3 shows that there is an underspend of -£2.752m on the capital programme for 2010-11 and -£25.858m of re-phasing of expenditure into later years. Of the current -£25.858m forecast re-phasing, -£18.438m relates to projects with variances of £1m or more which are identified in table 6 and section 4.6 below, and reported in detail in the annex reports; -£5.445m relates to projects with variances between £0.25m and £1m which are also identified in table 6, and the balance of -£1.975m is made up of projects with variances of under £0.25m which do not get reported in detail in this report.

4.3 Table 4 below, splits the forecast variance on the capital budget for 2010-11 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	Variance			total
		real variance	re-phasing	total	
	£'000s	£'000s	£'000s	£'000s	
Rolling Programme	87,967	-319	-2,187	-2,506	
Approval to Spend	275,863	-2,504	-13,036	-15,540	
Approval to Plan	24,079	71	-10,635	-10,564	
Preliminary Stage	0	0	0	0	
<b>Total</b>	<b>387,909</b>	<b>-2,752</b>	<b>-25,858</b>	<b>-28,610</b>	
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>future years</b>	<b>total</b>
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Re-phasing:</b>					
Rolling Programme	-2,187	2,809	-467	-155	0
Approval to Spend	-13,036	11,897	400	739	0
Approval to Plan	-10,635	10,496	139	0	0
Preliminary Stage	0	0	0	0	0
<b>Total</b>	<b>-25,858</b>	<b>25,202</b>	<b>72</b>	<b>584</b>	<b>0</b>

- 4.3.1 Table 4 shows that of the -£2.752m forecast capital variance (excluding devolved capital to schools), +£0.071m 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 -£2.823m 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 -£11.224m and this is a contributory factor in the treasury management underspend reported within the Finance portfolio.

**Table 5:** 2010-11 Capital Variance analysed by funding source (incl Devolved Capital to Schools)

	<b>Capital Variance £m</b>
Supported Borrowing	-0.080
Prudential	-8.766
Prudential/Revenue (directorate funded)	-1.866
PEF2	-0.512
Grant	-16.040
External Funding - Other	-0.023
External Funding - Developer contributions	-0.739
Revenue & Renewals	-0.178
Capital Receipts	+0.762
General Capital Receipts (generated by Property Enterprise Fund)	-1.168
Transfer of Land in payment	0.000
<b>TOTAL</b>	<b>-28.610</b>

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

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

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

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
	<b>Overspends/Projects ahead of schedule</b>					
EHW	Highways Major Maintenance	phasing	+254			
			<b>+254</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
		real	+0	+0	+0	+0
		phasing	+254	+0	+0	+0

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme £'000s	Approval to Spend £'000s	Approval to Plan £'000s	Preliminary Stage £'000s
<b>Underspends/Projects behind schedule</b>						
CED	Capital Regeneration Fund	phasing			-3,645	
CFE	Sheppey Academy	phasing			-3,190	
CFE	Spires Academy	phasing			-3,058	
EHW	Ashford-Drover's Roundabout Junction	phasing		-3,000		
EHW	East Kent Access PH2	phasing		-2,331		
EHW	Sittingbourne Northern Relief Road	real		-2,000		
CED	Gateway/One Stop Shops	phasing		-1,282		
CED	Sustaining Kent - Maintaining the Infrastructure	phasing		-1,123		
EHW	Victoria Way Ph1	phasing		-809		
EHW	Non TSG Land, Compensation Claims and Blight	phasing	-721			
CED	East Kent Empty Property Initiative	phasing		-600		
CFE	Transforming Short Breaks for Families with Disabled Children	phasing		-581		
CFE	Children's Centres Phase 1,2,3 & Early Years	phasing		-507		
EHW	Victoria Way Ph1	real		-396		
CED	Web Platform	phasing		-396		
CFE	Unit Review	phasing			-382	
EHW	Re-shaping Kent Highways Accommodation	phasing		-372		
EHW	Country Park Access and Development	phasing	-350			
CED	Swale Parklands	phasing		-342		
KASS	LD Modernisation - Good Day Programme	phasing			-327	
CED	SHQ Backlog Maintenance	phasing	-300			
EHW	Household Waste Recycling Centres and Transfer Station	phasing		-295		
EHW	Old Scheme Residual Works	real	-283			
EHW	Sittingbourne Northern Relief Road	phasing		-272		
EHW	A2 Slip Road	phasing	-254			
			<b>-1,908</b>	<b>-14,306</b>	<b>-10,602</b>	<b>0</b>
		real	-283	-2,396	+0	+0
		phasing	-1,625	-11,910	-10,602	+0
			<b>-1,654</b>	<b>-14,306</b>	<b>-10,602</b>	<b>+0</b>
		real	-283	-2,396	+0	+0
		phasing	-1,371	-11,910	-10,602	+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 -£2.752m real variance forecast. The main areas of under and overspending in 2010-11 are listed below together with their resourcing implications:-

- **Sittingbourne Northern Relief Road -£2.000m** (in 2010-11): This scheme was started in autumn 2009 and is progressing well, with completion expected in October 2011. A prudent view has been maintained on the predicted outturn until the engineered earth works, foundations and abutments of the major bridge structures over Kemsley light rail and Milton Creek had made substantial progress; and the effects on progress over winter fully assessed.

A major review of cost and risk has been carried out and this has allowed the forecast of the scheme cost to be reduced by £2.0m at this stage. This real saving has been reported to the Department of Transport.

- **The Beane +£0.290m** (in 2011-12): Additional costs have arisen due to recently identified essential works to the façade and roof. Revenue saving of £0.040m at the temporary library has been earmarked to help fund these costs. Bids for funding are being submitted to the Heritage Lottery fund and Viridor Credits to cover £0.250m. A virement from the revenue underspend in the Finance portfolio is requested as a standby facility in case the bids are unsuccessful. As referred to in section 3.4.6.1 above.
- Further details of smaller real variances are provided in the annex reports.

#### 4.6 Main projects re-phasing and why.

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

- **Sheppey Academy – re-phasing of -£3.190m**  
The Isle of Sheppey Academy is part of the BSF programme and is the only scheme to have been given the approval to proceed (at this point in time) as part of Wave 4. The scheme is to replace 5 schools with new build schools across two sites. The programme has re-phased due to planning approval problems which has delayed financial close. This is expected to be achieved in March 2011.
- **Spires Academy - re-phasing of -£3.058m**  
The Spires Academy is part of the Batch 1 Academies being built by Carillion under the Government's Academy's framework. The Spires Academy is a 100% new build scheme on a green field site in Canterbury. The programme has been delayed as a result of planning objections causing an impact on the planning decision and financial close. Financial close is expected during March 2011.
- **Ashford Drovers Roundabout, Junction 9 and Footbridge – re-phasing of -£3.000m**  
This scheme is made up of two elements, a conventional road works scheme and a feature pedestrian and cycle bridge over the M20. The bridge element of the project is complex due to its design and the contractor's erection methodology. The erection of the bridge will require the closure of the M20 which is not permitted over Easter and Bank Holidays. The bridge was due to be erected in March but this has been revised to May with full completion at the end of June. The road works have generally made good progress but the severe winter weather has had some impact. The combined re-phasing is £3.0m.
- **East Kent Access Phase 2 - re-phasing of -£2.331m**  
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 Richborough power station site. The construction of the scheme started in autumn 2009 and is progressing well with completion due in April 2012 which is nearly 6 months ahead of the contract programme. Due to a recent issue with piling design, which is now resolved, and the adverse winter weather the profile of expenditure has been revised. We are advised that this delay will be recovered and the completion date remains unchanged.
- **Capital Regeneration Fund – re-phasing of -£3.645m**  
There are various bids under consideration but no expenditure will occur in 2010-11.
- **Gateway/One Stop Shops – re-phasing of -£1.282m**  
The Gateways Programme is made up of a number of projects. The re-phasing is due to a range of issues including site issues and building delays. Details of the actual Gateways and reasons for the re-phasing can be found in the Chief Executive's Directorate summary.
- **Sustaining Kent – Maintaining the Infrastructure – re-phasing of -£1.123m**  
There have been delays to the Unified Communications stream of the capital programme due to issues surrounding implementation. A second stream of the programme is the Sessions Data Centre this has been re-phased due to property issues surrounding the changes to the building.



#### **4.7 Key issues and risks**

- 4.7.1 The impact on the quality of service delivery to clients as a consequence of re-phasing a capital project is always carefully considered, with adverse impact avoided wherever possible. The impact on service delivery of projects which are re-phasing by £1m or more, as identified in table 6 above, is highlighted in section 1.2.4 of the annex reports.
- 4.7.2 The £2.752m 'real' underspend in 2010-11 is due to the revision of project costs funded by Government Grants. The grant funding is to be repaid.

#### **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. The 'warning' in paragraph 3.5.2 also applies to capital funding, where the reduction in funding could be even greater.

#### **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**

We will continue with the practice adopted in 2009-10 of changing cash limits 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 proposed re-phasing is summarised in the table below, details of individual projects are listed within the directorate sections.

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

<b>Portfolio</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Future Years</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>CFE</b>					
Amended total cash limits	175,572	161,628	155,198	163,127	655,525
Re-phasing	-7,824	8,539	-715	0	0
<b>Revised cash limits</b>	<b>167,748</b>	<b>170,167</b>	<b>154,483</b>	<b>163,127</b>	<b>655,525</b>
<b>KASS</b>					
Amended total cash limits	6,326	13,761	5,868	6,045	32,000
Re-phasing	-438	438	0	0	0
<b>Revised cash limits</b>	<b>5,888</b>	<b>14,199</b>	<b>5,868</b>	<b>6,045</b>	<b>32,000</b>
<b>E,H&amp;W</b>					
Amended total cash limits	151,498	85,874	76,439	313,747	627,558
Re-phasing	-8,470	7,264	622	584	0
<b>Revised cash limits</b>	<b>143,028</b>	<b>93,138</b>	<b>77,061</b>	<b>314,331</b>	<b>627,558</b>
<b>Communities</b>					
Amended total cash limits	26,806	13,411	3,392	6,038	49,647
Re-phasing	-224	224	0	0	0
<b>Revised cash limits</b>	<b>26,582</b>	<b>13,635</b>	<b>3,392</b>	<b>6,038</b>	<b>49,647</b>
<b>Regen &amp; ED</b>					
Amended total cash limits	11,571	9,889	8,242	5,480	35,182
Re-phasing	-4,587	4,587	0	0	0
<b>Revised cash limits</b>	<b>6,984</b>	<b>14,476</b>	<b>8,242</b>	<b>5,480</b>	<b>35,182</b>
<b>Corporate Support &amp; PM</b>					
Amended total cash limits	15,633	10,982	7,053	5,613	39,281
Re-phasing	-3,376	3,176	200	0	0
<b>Revised cash limits</b>	<b>12,257</b>	<b>14,158</b>	<b>7,253</b>	<b>5,613</b>	<b>39,281</b>
<b>Localism &amp; Partnerships</b>					
Amended total cash limits	503	500	500	1,500	3,003
Re-phasing	0	0	0	0	0
<b>Revised cash limits</b>	<b>503</b>	<b>500</b>	<b>500</b>	<b>1,500</b>	<b>3,003</b>
<b>TOTAL RE-PHASING &gt;£100k</b>	<b>-24,919</b>	<b>24,228</b>	<b>107</b>	<b>584</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>-939</b>	<b>+974</b>	<b>-35</b>	<b>0</b>	<b>0</b>
<b>TOTAL RE-PHASING</b>	<b>-25,858</b>	<b>+25,202</b>	<b>+72</b>	<b>+584</b>	<b>0</b>

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

	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
<b>CFE</b>					
<b>Repton Park</b>					
Original budget	+175	+2,629	+1,096		+3,900
Amended cash limits	+10	-126	+116		0
additional re-phasing	-10	+227	-217		0
<b>Revised project phasing</b>	<b>+175</b>	<b>+2,730</b>	<b>+995</b>	<b>0</b>	<b>+3,900</b>
<b>Children's Centres Phase 1,2,3 &amp; Early Years</b>					
Original budget	+20,303	+7			+20,310
Amended cash limits	-3,960	+2,453			-1,507
additional re-phasing	-507	+507			0
<b>Revised project phasing</b>	<b>+15,836</b>	<b>+2,967</b>	<b>0</b>	<b>0</b>	<b>+18,803</b>
<b>Transforming Short Breaks for Families with Disabled Children</b>					
Original budget	+3,765	+1,493			+5,258
Amended cash limits	-1,098	+1,098			0
additional re-phasing	-581	+581			0
<b>Revised project phasing</b>	<b>+2,086</b>	<b>+3,172</b>	<b>0</b>	<b>0</b>	<b>+5,258</b>
<b>Sheppey Academy</b>					
Original budget	+16,690	+27,307	+4,625		+48,622
Amended cash limits	-11,000	+11,000			0
additional re-phasing	-3,190	+3,190			0
<b>Revised project phasing</b>	<b>+2,500</b>	<b>+41,497</b>	<b>+4,625</b>	<b>0</b>	<b>+48,622</b>
<b>CED</b>					
<b>Sustaining Kent - maintaining the infrastructure</b>					
Original budget	+6,226	+1,150	+250	+250	+7,876
Amended cash limits	-1,526	+1,776	-250		0
additional re-phasing	-1,123	+1,123			0
<b>Revised project phasing</b>	<b>+3,577</b>	<b>+4,049</b>	<b>0</b>	<b>+250</b>	<b>+7,876</b>
<b>ORACLE Release 12</b>					
Original budget	+1,317				+1,317
Amended cash limits	-300	+300			0
additional re-phasing	-150	+150			0
<b>Revised project phasing</b>	<b>+867</b>	<b>+450</b>	<b>0</b>	<b>0</b>	<b>+1,317</b>
<b>EH&amp;W</b>					
<b>Archaeological Resource Centre</b>					
Original budget	+100	+600	+200		+900
Amended cash limits	-100	+100			0
additional re-phasing		-700	+200	+500	0
<b>Revised project phasing</b>	<b>0</b>	<b>0</b>	<b>+400</b>	<b>+500</b>	<b>+900</b>

	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	
<b>Kent Thameside Strategic Transport Programme</b>					
Original budget	+2,317	+9,743	+11,497	+121,523	+145,080
Amended cash limits	-2,061	-7,106	-3,357	+12,524	0
additional re-phasing	-173		+173		0
<b>Revised project phasing</b>	<b>+83</b>	<b>+2,637</b>	<b>+8,313</b>	<b>+134,047</b>	<b>+145,080</b>
<b>Non TSG Land, Compensation Claims and Blight</b>					
Original budget	+2,873	+1,333	+438	+178	+4,822
Amended cash limits	-1,243	+630	+20	+593	0
additional re-phasing	-721	+627	+249	-155	0
<b>Revised project phasing</b>	<b>+909</b>	<b>+2,590</b>	<b>+707</b>	<b>+616</b>	<b>+4,822</b>
<b>Sittingbourne Northern Relief Road</b>					
Original budget	+13,804	+6,254	+1,703	+1,110	+22,871
Amended cash limits	-909	+909			0
additional re-phasing	-272	+272			0
<b>Revised project phasing</b>	<b>+12,623</b>	<b>+7,435</b>	<b>+1,703</b>	<b>+1,110</b>	<b>+22,871</b>
<b>East Kent Access Ph2</b>					
Original budget	+47,072	+19,892	+5,850	+3,217	+76,031
Amended cash limits	-741	+5,679	-4,938		0
additional re-phasing	-2,331	+2,331			0
<b>Revised project phasing</b>	<b>+44,000</b>	<b>+27,902</b>	<b>+912</b>	<b>+3,217</b>	<b>+76,031</b>
<b>Reshaping Kent Highways Accomodation</b>					
Amended total cash limits	+4,272	+300			+4,572
Amended cash limits	-1,712	+1,712			0
additional re-phasing	-372	+372			0
<b>Revised project phasing</b>	<b>+2,188</b>	<b>+2,384</b>	<b>0</b>	<b>0</b>	<b>+4,572</b>
<b>Household Waste Recycling Centres and Transfer Station</b>					
Original budget	+3,009	+1,500	0	+500	+5,009
Amended cash limits					0
additional re-phasing	-295	+295			0
<b>Revised project phasing</b>	<b>+2,714</b>	<b>+1,795</b>	<b>0</b>	<b>+500</b>	<b>+5,009</b>
<b>Country Park Access and Development</b>					
Original budget	+1,318	+800			+2,118
Amended cash limits	-100	+100			0
additional re-phasing	-350	+350			0
<b>Revised project phasing</b>	<b>+868</b>	<b>+1,250</b>	<b>0</b>	<b>0</b>	<b>+2,118</b>
<b>Rushdean Link Road</b>					
Original budget	+1,406	+1,756	+70	+600	+3,832
Amended cash limits					0
additional re-phasing	-147	+147			0
<b>Revised project phasing</b>	<b>+1,259</b>	<b>+1,903</b>	<b>+70</b>	<b>+600</b>	<b>+3,832</b>

## 5. FINANCIAL HEALTH

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

## 6. RISK MANAGEMENT

- 6.1 The Strategic Risk Register is once again in the process of being updated. There have been a number of changes to the risk entries and details of these will be brought to the attention of CMT when the Register is formally presented in March.
- 6.2 The reorganisation of the Council provides an opportunity to review the management and reporting of high level risks. Discussions are being held with directorates to inform the revision of the Risk Management Strategy and framework so that the management and reporting of risks are aligned with the new roles and responsibilities within the structure. It is hoped that the revised Risk Management Strategy and framework will be approved and implemented during April.

## 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 2010 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 31/3/11 £m	Balance at 31/3/10 £m
Earmarked Reserves	90.9	115.9
General Fund balance	26.7	25.8
Schools Reserves *	46.1	51.8

\* 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 £25m in earmarked reserves is mainly due to the planned movements in reserves such as IT Asset Maintenance, Kingshill Smoothing, PRG, earmarked reserve to support 10-11 budget, insurance reserve, economic downturn reserve, revenue reserve to support projects previously classified as capital eg Member Highway Fund and PFI equalisation reserves, together with the anticipated movements in the Regeneration Fund, rolling budget, DSG and Supporting People reserves. In addition, reserves have been drawn down in order to offset some of the Government grant reductions, as reported to Cabinet in July.
- 7.1.3 The £0.9m increase in general reserves is due to the proposed transfer of the forecast residual balance of the Asylum reserve. Although the position on Asylum has changed significantly since the last full monitoring report to Cabinet in November, the CFE directorate is currently expecting to manage this pressure.
- 7.1.4 The reduction of £5.7m in the schools reserves is due to a reduction of £4.7m resulting from 27 schools converting to academy status during 2010-11 and therefore taking their reserves with them. In addition, the budget monitoring returns from schools detailing their forecasts show that school reserves are expected to reduce by approximately £1m during 2010-11.

## 8. STAFFING LEVELS

8.1 The following table provides a snapshot of the staffing levels by directorate as at 31 December compared to the numbers as at 30 September, 30 June and 31 March, based on active assignments.

		Mar-10	Jun-10	Sep-10	Dec-10	Movement in year	
						Number	%
<b>KCC</b>	Assignment count	52,131	52,036	51,640	50,968	-1,163	-2.23%
	Headcount (inc. CRSS)	44,583	44,557	44,281	43,495	-1,088	-2.44%
	Headcount (exc. CRSS)	39,402	39,435	39,232	38,571	-831	-2.11%
	<b>FTE</b>	<b>29,162.50</b>	<b>29,218.70</b>	<b>29,125.23</b>	<b>28,567.50</b>	<b>-595.00</b>	<b>-2.04%</b>
<b>KCC - Non Schools</b>	Assignment count	16,252	16,082	15,705	15,469	-783	-4.82%
	Headcount (inc. CRSS)	14,719	14,570	14,221	13,979	-740	-5.03%
	Headcount (exc. CRSS)	12,549	12,475	12,219	12,011	-538	-4.29%
	<b>FTE</b>	<b>10,530.87</b>	<b>10,477.39</b>	<b>10,259.14</b>	<b>10,094.08</b>	<b>-436.79</b>	<b>-4.15%</b>
<b>CED</b>	Assignment count	2,169	2,155	2,120	2,103	-66	-3.04%
	Headcount (inc. CRSS)	2,160	2,148	2,109	2,083	-77	-3.56%
	Headcount (exc. CRSS)	2,121	2,110	2,070	2,045	-76	-3.58%
	<b>FTE</b>	<b>2,003.23</b>	<b>1,993.37</b>	<b>1,954.71</b>	<b>1,925.93</b>	<b>-77.30</b>	<b>-3.86%</b>
<b>CFE</b>	Assignment count	4,617	4,573	4,342	4,298	-319	-6.91%
	Headcount (inc. CRSS)	4,450	4,420	4,208	4,158	-292	-6.56%
	Headcount (exc. CRSS)	3,956	3,938	3,838	3,780	-176	-4.45%
	<b>FTE</b>	<b>3,345.26</b>	<b>3,331.53</b>	<b>3,251.09</b>	<b>3,204.53</b>	<b>-140.73</b>	<b>-4.21%</b>
<b>CMY</b>	Assignment count	4,345	4,207	4,131	4,060	-285	-6.56%
	Headcount (inc. CRSS)	3,713	3,578	3,506	3,437	-276	-7.43%
	Headcount (exc. CRSS)	2,392	2,330	2,235	2,205	-187	-7.82%
	<b>FTE</b>	<b>1,758.52</b>	<b>1,709.86</b>	<b>1,629.94</b>	<b>1,615.82</b>	<b>-142.70</b>	<b>-8.11%</b>
<b>EHW</b>	Assignment count	799	823	836	820	21	2.63%
	Headcount (inc. CRSS)	782	803	808	793	11	1.41%
	Headcount (exc. CRSS)	659	673	683	671	12	1.82%
	<b>FTE</b>	<b>606.19</b>	<b>616.48</b>	<b>617.05</b>	<b>605.93</b>	<b>-0.26</b>	<b>-0.04%</b>
<b>KASS</b>	Assignment count	4,322	4,324	4,276	4,188	-134	-3.10%
	Headcount (inc. CRSS)	3,722	3,731	3,690	3,611	-111	-2.98%
	Headcount (exc. CRSS)	3,456	3,464	3,434	3,353	-103	-2.98%
	<b>FTE</b>	<b>2,817.67</b>	<b>2,826.15</b>	<b>2,806.35</b>	<b>2,741.87</b>	<b>-75.80</b>	<b>-2.69%</b>
<b>Schools</b>	Assignment count	35,879	35,954	35,935	35,499	-380	-1.06%
	Headcount (inc. CRSS)	30,180	30,288	30,312	29,765	-415	-1.38%
	Headcount (exc. CRSS)	26,954	27,060	27,107	26,657	-297	-1.10%
	<b>FTE</b>	<b>18,631.63</b>	<b>18,741.31</b>	<b>18,866.09</b>	<b>18,473.42</b>	<b>-158.21</b>	<b>-0.85%</b>

CRSS = Staff on Casual Relief, Sessional or Supply contracts

### Notes:

If a member of staff works in more than one directorate they will be counted in each. However, they will only be counted once in the Non Schools total and once in the KCC total.

If a member of staff works for both Schools and Non Schools they will be counted in both of the total figures. However, they will only be counted once in the KCC Total.

## 9. RECOMMENDATIONS

### Cabinet is asked to:

- 9.1 **Note** the latest monitoring position on both the revenue and capital budgets.
- 9.2 **Agree** the changes to revenue cash limits within the CFE portfolio to reflect the directorate restructure which took effect from 1 October 2010, as detailed in section 1.1.1 and 1.1.2 of annex 1.
- 9.3 **Agree** the changes to the capital programme, as detailed in section 4.1.
- 9.4 **Agree** that £24.919m of re-phasing on the capital programme is moved from 2010-11 capital cash limits to future years. Further details are included in section 4.10 above.
- 9.5 **Agree** that a £0.953m underspend resulting from delays on Regeneration projects due to uncertainty around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships, be transferred to the Regeneration Fund to be used to fund the projects in future years, subject to approval by the Regeneration Board.
- 9.6 **Agree** a virement of £0.250m from the underspending on the debt charges budget to the Libraries budget within the Communities portfolio to fund a stand-by facility for an increase in the cost of the Beaney project within the Communities capital programme, by way of revenue contribution to capital, should alternative external funding not be realised. This funding will not be required until 2011-12, so this underspend will be required to roll forward in order to make the revenue contribution to capital next financial year, if necessary. If alternative external funding is secured and this stand-by facility is not required, then the £250k revenue funding will be returned to general reserves.

## 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 2010		31 March 2009	
	£'000	£'000	Restated £'000	£'000
<b>Fixed assets</b>				
<b>Intangible fixed assets</b>		2,544		3,551
<b>Tangible fixed assets</b>				
<b>Operational assets</b>				
Land and buildings	1,442,502		1,456,417	
PFI Assets	195,242		139,228	
Vehicles, plant and equipment	32,091		28,811	
Roads and other highways infrastructure	631,431		606,431	
Community assets	9,141		8,505	
<b>Non-operational assets</b>				
Investment property	5,848		6,624	
Assets under construction	412,693		327,734	
Surplus and non-operational property	52,463		99,869	
<b>Total tangible assets</b>		<u>2,781,411</u>		<u>2,673,619</u>
<b>Total fixed assets</b>		<u>2,783,955</u>		<u>2,677,170</u>
Long-term investments		35,671		96,267
Long-term debtors		59,154		54,712
<b>Total long-term assets</b>		<u>2,878,780</u>		<u>2,828,149</u>
<b>Current assets</b>				
Stocks and work in progress	6,231		5,937	
Debtors	210,803		193,644	
Investments	224,043		262,949	
<b>Total current assets</b>		441,077		462,530
<b>Current liabilities</b>				
Temporary borrowing	-45,240		-60,641	
Short term PFI Lease Liability	-3,114			
Creditors	-284,534		-298,747	
Cash balances overdrawn	-34,283		-103,339	
		<u>-367,171</u>		<u>-462,727</u>
<b>Total assets less current liabilities (Net assets employed)</b>		<u>2,952,686</u>		<u>2,827,952</u>
<b>Long-term liabilities</b>				
Long-term borrowing	-1,012,116		-998,427	
Deferred liabilities	-4		-255	
PFI Lease Liability	-160,397		-107,702	
Deferred credit - Medway Council	-49,198		-51,249	
Creditors due after one year	-823			
Provisions	-16,093		-14,489	
Government grant deferred account	-213,739		-196,454	



## Balance Sheet

Liability related to defined benefit pensions schemes	- KCC	-1,129,229	-739,900
	- DSO	-2,270	-2,199
		<u>-2,583,869</u>	<u>-2,110,675</u>
<b>Total assets less liabilities</b>		<u><u>368,817</u></u>	<u><u>717,277</u></u>
Revaluation reserve		-183,753	-131,912
Capital adjustment account		-988,810	-1,075,507
Financial instruments adjustment account		26,229	27,715
Collection Fund Adjustment Account		-4,475	-3,906
Earmarked capital reserve		-139,706	-70,144
Usable capital receipt reserve		-16,016	-14,379
Pensions reserve	- KCC	1,129,229	739,900
	- DSO	2,270	2,199
Earmarked reserves		-115,884	-102,002
General fund balance		-25,835	-25,835
Schools reserves		-51,753	-63,183
Surplus on trading accounts		<u>-313</u>	<u>-223</u>
<b>Total net worth</b>		<u><u>-368,817</u></u>	<u><u>-717,277</u></u>

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

Portfolio	CASH LIMIT			
	Gross £k	Income £k	Net £k	
CFE	419,995	-1,199,037	-779,042	
Schools	1,066,777	-80,967	985,810	
KASS	475,431	-130,842	344,589	
EHW	174,758	-23,155	151,603	
CMY	145,442	-56,627	88,815	
Localism & Partnerships	8,372	-86	8,286	
Corporate Support & PM	55,625	-45,358	10,267	
Finance	139,687	-14,089	125,598	
Public Health & Innovation	794	-227	567	
Regen & ED	9,533	-2,305	7,228	
Per November report	2,496,414	-1,552,693	943,721	
<b>Subsequent changes:</b>				
CFE	187	0	187	Additional ABG allocation for Child Poverty
CFE	18	0	18	Additional ABG allocation for School Improvement Partners
L&P/FIN	44	0	44	New ABG allocation for Petitions Duty
				<b>Changes to grant/income allocations:</b>
CFE	196	-196	0	DfE: Environmental grant
CFE	-18,563	18,563	0	DSG: Academies adjustment
CFE	2,664	-2,664	0	Standards Fund: Bid 1.7 additional primary targeted
CFE	373	-373	0	Standards Fund: Aim Higher
CFE	359	-359	0	School Development Grant: additional funding for 4 year olds
CFE	-15	15	0	Standards Fund: adjustment for music
CFE	523	-523	0	Standards Fund: KS4 engagement
CFE	249	-249	0	Standards Fund: National Challenge
CFE	40	-40	0	Standards Fund: Final adjustment for 2009/10
CFE	2	-2	0	Standards Fund: School Lunch grant adjustment
CFE	127	-127	0	Standards Fund: Targeted Improvement
CFE	52	-52	0	Standards Fund: Bid 1.8 additional secondary targeted
KASS	4,056	-4,056	0	NHS support for Social Care: S256 Winter Pressure funding from PCTs
KASS	1,834	-1,834	0	NHS support for Social Care: Reablement funding from PCTs
KASS	700	-700	0	LD Supported Accommodation - Additional S256 transfer
KASS	-56	56	0	All Adults A&R - End of Sensory Service's contract with Medway Council (Part year effect)
KASS	112	-112	0	MH Supported Accommodation - Uplift for Health Income for 6 clients
KASS	-90	90	0	MH A&R - Realignment for Associate Director Mental Health care now paid direct by Kent & Medway NHS & Social Care Partnership Trust
KASS	-22	22	0	OP Other Services - reduction in DoH funding due to end of Brighter Futures project

Portfolio	CASH LIMIT			
	Gross £k	Income £k	Net £k	
EHW	-300	300	0	Reduction in Kent Downs interreg & lottery grants compared to budget assumption
CMY	13	-13	0	Sports: Use of 09-10 receipt in advance to Support Various Projects from Sports England.
CMY	488	-488	0	Youth Service: Residual funding from GOSE for Youth Opportunities Fund (YOF)
CMY	185	-185	0	Youth Service: Use of 09-10 receipt in advance (YOF) to fund various projects across the service
CMY	49	-49	0	Youth Service: Funding from Sanctuary Housing for Canterbury detached project
CMY	10	-10	0	Youth Service: Funding from Hyde Housing for Young Parents Project
CMY	13	-13	0	Youth Service: Funding from Youth Centre Charities
CMY	5	-5	0	Youth Service: Henry Smith Charity funding for Maidstone rural project
CMY	5	-5	0	Youth Service: Maidstone B.C. funding for project at Shepway Youth Centre
CMY	52	-52	0	Youth Service: funding from CFE for project for Disabled Young People - residential courses.
				<b>Technical Adjustments:</b>
CFE	-8,288	8,288	0	Gross and income changes due to the CFE restructure
KASS	495	-495	0	Change to treatment of Supporting People Income
CMY	-285	285	0	Turner Contemporary - drawdown from reserves incorrectly treated as income in the budget
CSPM	175	-175	0	P&D Employee Services incorrect treatment in budget of income from East Kent Midland Consultancy (incorrectly netted off against expenditure)
Revised Budget	2,481,821	-1,537,851	943,970	

## FINANCIAL HEALTH INDICATORS

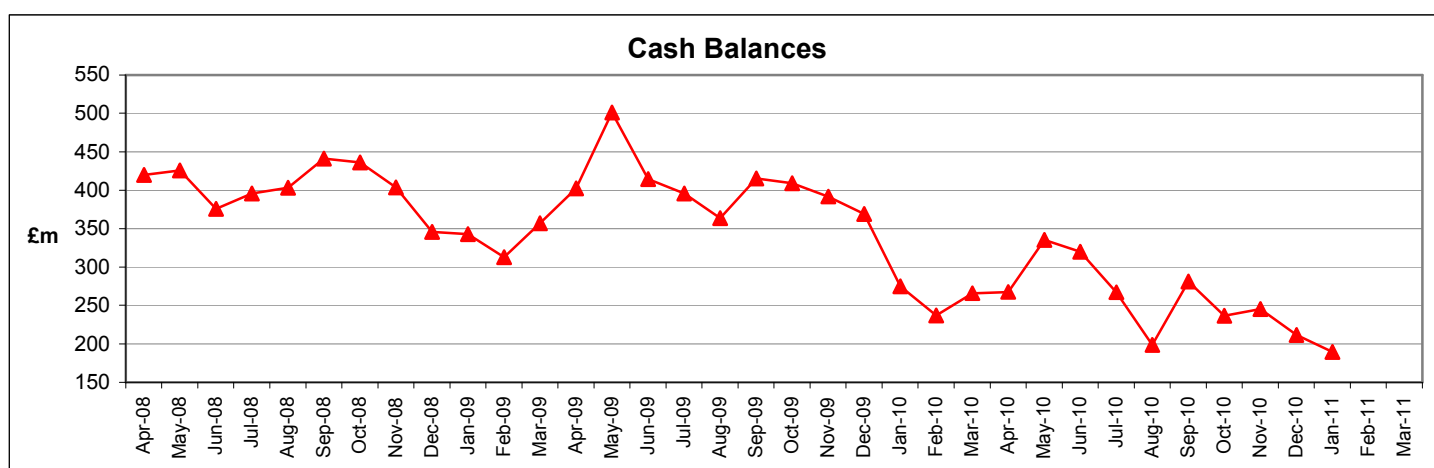
### 1. CASH BALANCES

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 (£41.155m), balances of schools in the corporate scheme (£60.4m), 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.

Pension Fund cash balances were removed from KCC Funds on 1 July and are now being handled separately.

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

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>2008-09</b>	419.9	425.7	375.7	395.8	403.5	441.1	436.3	403.9	345.5	342.8	312.6	357.0
<b>2009-10</b>	402.7	500.9	414.6	395.7	363.6	415.4	409.1	391.7	369.1	275.0	236.7	265.8
<b>2010-11</b>	267.4	335.2	319.8	267.2	198.7	281.3	236.4	244.9	211.5	189.5		



### 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 £447.488m 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 principal to be repaid in 2010-11 is £46.031m, £45m maturity loan and £1.031m relating to small annuity and equal instalment of principal loans. £40.027m has been repaid so far this year; hence the figure in the table of £6.004m represents the remaining debt still to be repaid in this financial year.

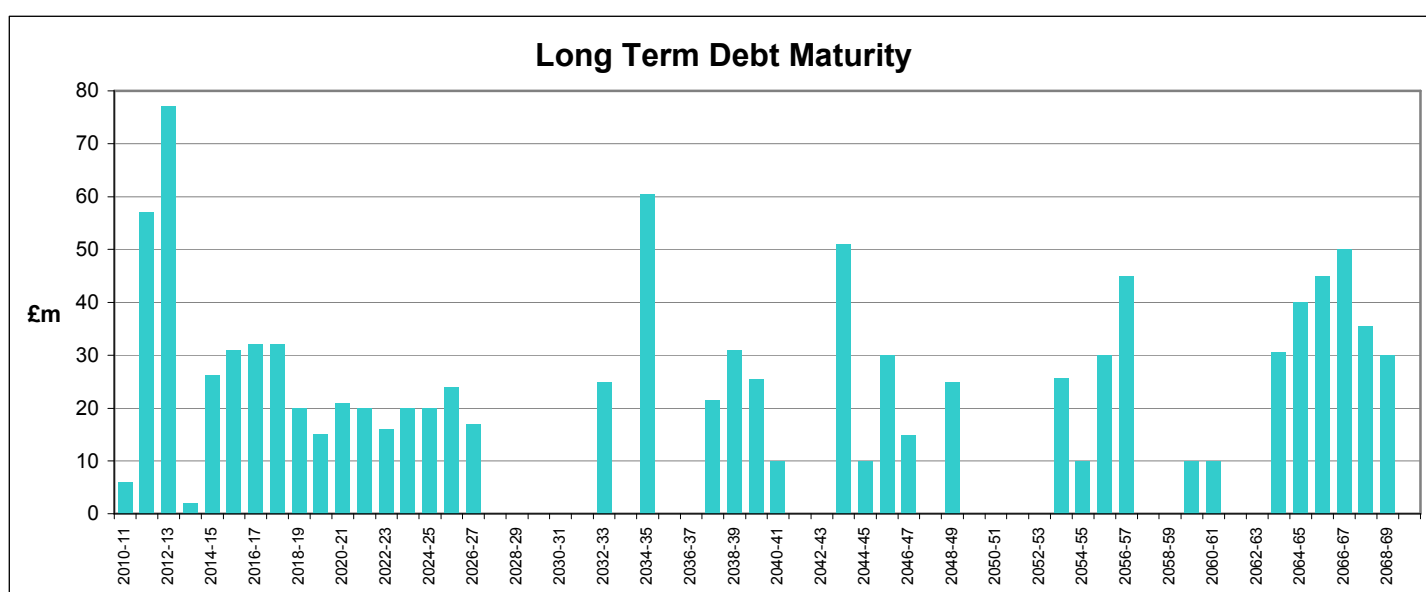
Two new PWLB loans of £25m each were advanced to KCC on 27 May 2010. The first is to mature in 2032-33 and the second in 2048-49. These loans were taken as part of the new borrowing requirement to fund the programme of capital expenditure.

£40m of new PWLB borrowing was taken on 3 September in three loans: two fixed interest maturity loans for £10m each and one EIP loan for £20m. The EIP loan principal will be repaid in

20 six monthly repayments of £1m over 10 years whereas the total principal will be repaid at maturity, in 2059-60 and 2060-61, for the other two loans.

Also, a £10m market loan was advanced by RBS on 31 January at an interest rate of 4.2%, which is to mature in 2040-41.

Year	£m	Year	£m	Year	£m	Year	£m	Year	£m
2010-11	6.004	2023-24	20.001	2036-37	0.000	2049-50	0.000	2062-63	0.000
2011-12	57.024	2024-25	20.001	2037-38	21.500	2050-51	0.000	2063-64	30.600
2012-13	77.021	2025-26	24.001	2038-39	31.000	2051-52	0.000	2064-65	40.000
2013-14	2.015	2026-27	17.001	2039-40	25.500	2052-53	0.000	2065-66	45.000
2014-15	26.193	2027-28	0.001	2040-41	10.000	2053-54	25.700	2066-67	50.000
2015-16	31.001	2028-29	0.001	2041-42	0.000	2054-55	10.000	2067-68	35.500
2016-17	32.001	2029-30	0.001	2042-43	0.000	2055-56	30.000	2068-69	30.000
2017-18	32.001	2030-31	0.001	2043-44	51.000	2056-57	45.000	2069-70	0.000
2018-19	20.001	2031-32	0.000	2044-45	10.000	2057-58	0.000		
2019-20	15.001	2032-33	25.000	2045-46	30.000	2058-59	0.000		
2020-21	21.001	2033-34	0.000	2046-47	14.800	2059-60	10.000	<b>TOTAL</b>	<b>1,102.337</b>
2021-22	20.001	2034-35	60.470	2047-48	0.000	2060-61	10.000		
2022-23	16.001	2035-36	0.000	2048-49	25.000	2061-62	0.000		



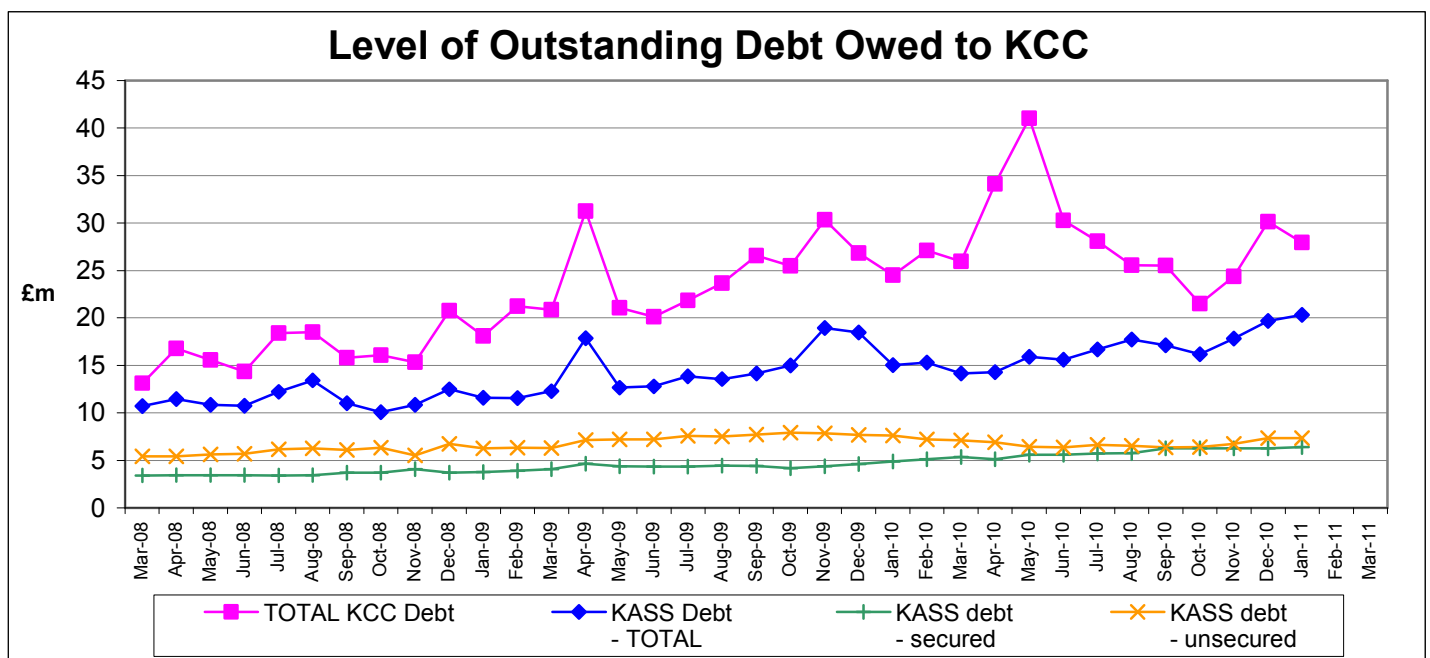
### 3. OUTSTANDING DEBT OWED TO KCC

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

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

	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
Feb 09	3.914	6.345	10.259	1.283	<b>11.542</b>	9.684	<b>21.226</b>
March 09	4.100	6.326	10.426	1.850	<b>12.276</b>	8.578	<b>20.854</b>
April 09	4.657	7.161	11.818	6.056	<b>17.874</b>	13.353	<b>31.227</b>
May 09	4.387	7.206	11.593	1.078	<b>12.671</b>	8.383	<b>21.054</b>
June 09	4.369	7.209	11.578	1.221	<b>12.799</b>	7.323	<b>20.122</b>
July 09	4.366	7.587	11.953	1.909	<b>13.862</b>	7.951	<b>21.813</b>
Aug 09	4.481	7.533	12.014	1.545	<b>13.559</b>	10.126	<b>23.685</b>
Sept 09	4.420	7.738	12.158	2.024	<b>14.182</b>	12.391	<b>26.573</b>
Oct 09	4.185	7.910	12.095	2.922	<b>15.017</b>	10.477	<b>25.494</b>
Nov 09	4.386	7.859	12.245	6.682	<b>18.927</b>	11.382	<b>30.309</b>
Dec 09	4.618	7.677	12.295	6.175	<b>18.470</b>	8.376	<b>26.846</b>
Jan 10	4.906	7.627	12.533	2.521	<b>15.054</b>	9.445	<b>24.499</b>
Feb 10	5.128	7.221	12.349	2.956	<b>15.305</b>	11.801	<b>27.106</b>
March 10	5.387	7.127	12.514	1.643	<b>14.157</b>	11.818	<b>25.975</b>
April 10	5.132	6.919	12.051	2.243	<b>14.294</b>	19.809	<b>34.103</b>
May 10	5.619	6.438	12.057	3.873	<b>15.930</b>	25.088	<b>41.018</b>
June 10	5.611	6.368	11.979	3.621	<b>15.600</b>	14.648	<b>30.248</b>
July 10	5.752	6.652	12.404	4.285	<b>16.689</b>	11.388	<b>28.077</b>
Aug 10	5.785	6.549	12.334	5.400	<b>17.734</b>	7.815	<b>25.549</b>
Sept 10	6.289	6.389	12.678	4.450	<b>17.128</b>	8.388	<b>25.516</b>
Oct 10	6.290	6.421	12.711	3.489	<b>16.200</b>	5.307	<b>21.507</b>
Nov 10	6.273	6.742	13.015	4.813	<b>17.828</b>	6.569	<b>24.397</b>
Dec 10	6.285	7.346	13.631	6.063	<b>19.694</b>	10.432	<b>30.126</b>
Jan 11	6.410	7.343	13.753	6.560	<b>20.313</b>	7.624	<b>27.937</b>
Feb 11							
March 11							

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

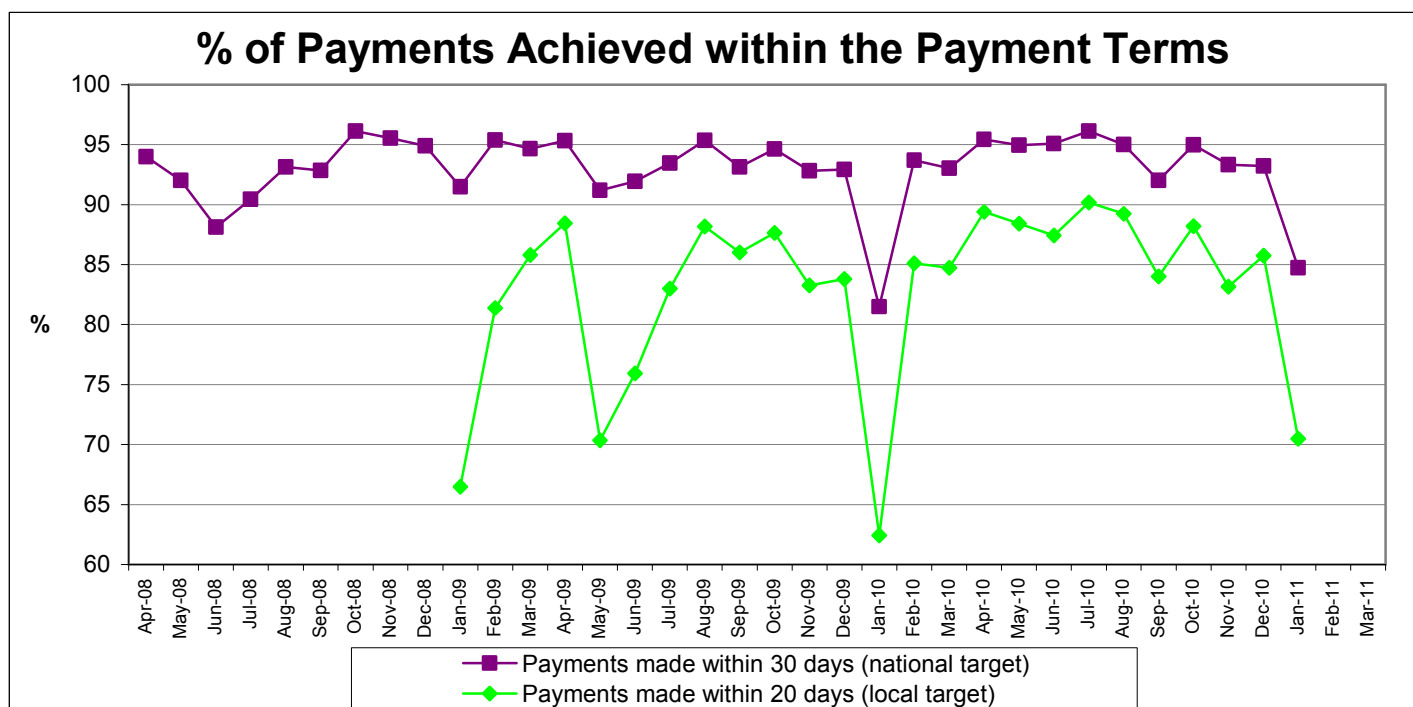


The overall KCC debt increased significantly in April and May 2010 due to two large invoices to Health raised within the Kent Drug Action Team and one large invoice raised within CFE to a youth charity, all of which have now been paid.

#### 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		2010-11	
	Paid within 30 days %	Paid within 20 days %	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	95.4	89.4
May	92.0	N/A	91.2	70.4	95.0	88.4
June	88.1	N/A	91.9	75.9	95.1	87.4
July	90.5	N/A	93.5	83.0	96.1	90.2
August	93.1	N/A	95.3	88.2	95.0	89.2
September	92.8	N/A	93.1	86.0	92.0	84.0
October	96.1	N/A	94.6	87.6	95.0	88.2
November	95.5	N/A	92.8	83.3	93.3	83.2
December	94.9	N/A	92.9	83.8	93.2	85.8
January	91.5	66.5	81.5	62.4	84.7	70.5
February	95.4	81.4	93.7	85.1		
March	94.7	85.8	93.0	84.7		

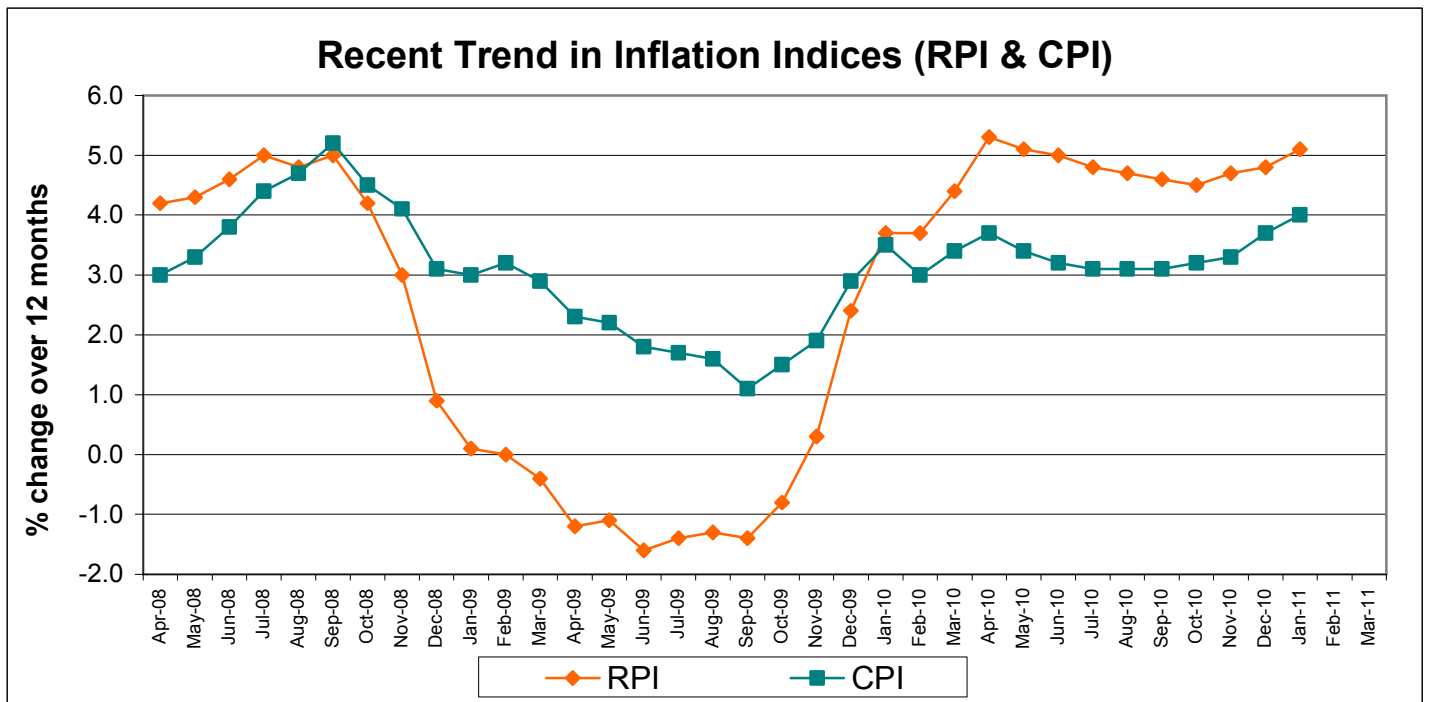


The percentages achieved for January were lower than other months due to the Christmas break. This is evident in all three years but this position was exacerbated in 2009-10 due to the snow. The 2010-11 year to date figure for invoices paid within 20 days is 85.9%, and within 30 days is 93.6%.

## 5. RECENT TREND IN INFLATION INDICES (RPI & CPI)

In the UK, there are two main measures of inflation – the Consumer Prices Index (CPI) and the Retail Prices Index (RPI). The Government's inflation target is based on the CPI. The RPI is the more familiar measure of inflation, which includes mortgage interest payments. The CPI and RPI measure a wide range of prices. The indices represent the average change in prices across a wide range of consumer purchases. This is achieved by carefully recording the prices of a typical selection of products from month to month using a large sample of shops and other outlets throughout the UK. The recent trend in inflation indices is shown in the table and graph below.

	2008-09		2009-10		2010-11	
	Percentage Change over 12 months					
	RPI %	CPI %	RPI %	CPI %	RPI %	CPI %
April	4.2	3.0	-1.2	2.3	5.3	3.7
May	4.3	3.3	-1.1	2.2	5.1	3.4
June	4.6	3.8	-1.6	1.8	5.0	3.2
July	5.0	4.4	-1.4	1.7	4.8	3.1
August	4.8	4.7	-1.3	1.6	4.7	3.1
September	5.0	5.2	-1.4	1.1	4.6	3.1
October	4.2	4.5	-0.8	1.5	4.5	3.2
November	3.0	4.1	0.3	1.9	4.7	3.3
December	0.9	3.1	2.4	2.9	4.8	3.7
January	0.1	3.0	3.7	3.5	5.1	4.0
February	0.0	3.2	3.7	3.0		
March	-0.4	2.9	4.4	3.4		





## 2010-11 JANUARY Monitoring of Prudential Indicators

### 1. Estimate of capital expenditure (excluding PFI)

Actual 2009-10	£344.065m	
Original estimate 2010-11	£460.330m	
Revised estimate 2010-11	£406.589m	(this includes the rolled forward re-phasing from 2009-10)

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

	2009-10 Actual	2010-11 Original Estimate	2010-11 Forecast as at 31.01.11
	£m	£m	£m
Capital Financing Requirement	1,236.211	1,333.075	1,307.608
Annual increase in underlying need to borrow	69.002	82.779	71.397

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 2009-10	12.36%
Original estimate 2010-11	11.85%
Revised estimate 2010-11	10.33%

### 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 2010-11

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

	Prudential Indicator 2010-11 £m	Position as at 31.01.11 £m
Borrowing	1,301	1,051.8
Other Long Term Liabilities	0	0.0
	1,301	1,040.0

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

	Prudential Indicator 2010-11 £m	Position as at 31.01.11 £m
Borrowing	1,349	1,102.3
Other Long Term Liabilities	0	0.0
	1,349	1,092.3

## 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 2010-11 are:

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

	£m
Borrowing	1,341
Other long term liabilities	0
	<hr/>
	1,341
	<hr/>

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

	£m
Borrowing	1,389
Other long term liabilities	0
	<hr/>
	1,389
	<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 2010-11

### (a) Borrowing

Fixed interest rate exposure	100%
Variable rate exposure	50%

### (b) Investments

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2010-11. Total external debt is currently held at fixed interest rates.

## 8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.01.11
	%	%	%
Under 12 months	25	0	0.5
12 months and within 24 months	40	0	5.2
24 months and within 5 years	60	0	9.6
5 years and within 10 years	80	0	11.8
10 years and within 20 years	20	10	12.5
20 years and within 30 years	15	5	14.8
30 years and within 40 years	15	5	12.8
40 years and within 50 years	20	10	11.0
50 years and within 60 years	20	10	21.9

The 2010-11 limits were set based on the expected outturn for the year. Borrowing arrangements are kept under review and it is anticipated that by the year end the structure of the borrowings will fall below the upper limits.

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

Indicator	Actual
£50m	£30m

## CHILDREN, FAMILIES & EDUCATION DIRECTORATE SUMMARY JANUARY 2010-11 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

- 1.1.1 The cash limits which the directorate is working to, and **upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The directorate would like to request formal virement through this report to reflect adjustments to cash limits required as a result of the directorate restructure, which was approved by County Council in June 2009. This new structure took effect from 1 October 2010. A number of the old service units have been deleted and new service units created, whereas some units have remained but their budgets and responsibilities have changed significantly. Overall the value of these changes is a reduction in the gross budget of £8,288k and a corresponding reduction in the income budget, giving a net nil effect. This reduction in gross and income is due mainly to a variation in the treatment of PRUs and Alternative Curriculum PRUs since moving from Local Children's Services Partnerships to Attendance and Behaviour, which has removed the need for internal recharging in most cases.

Cash limits have also been adjusted this quarter to reflect a number of technical adjustments to budget. These include:

- changes to grant allocations, which have a net nil effect but a £13,993k reduction in both gross and income. These adjustments are all detailed in appendix 2 to the executive summary, Reconciliation of gross and income cash limits in table 1c to the Budget Book and include an adjustment to DSG for academies together with changes to Standards Fund allocations;
- additional ABG allocations totalling £205k for School Improvement Partners and Child Poverty, which provides an increase to the gross budget;
- a £50k share of the review of communications savings target, which was held centrally within the Corporate Support and Performance Management portfolio pending reallocation to directorates once a basis was agreed by Resource Managers.

These changes have resulted in an overall reduction in the gross budget of -£22,126k (-£8,288k – £13,993k + £205k - £50k) and a reduction in the income budget of +£22,281k (+£8,288k + £13,993k), giving a net +£155k impact overall.

Table 1a shows:

- the cash limits by service unit in the old structure per the last full monitoring report to Cabinet in November
- the proposed budget by service unit in the new structure following adjustments for both formal virement and technical adjustments
- the total value of the adjustments applied to each service unit in both the old and new structure.

**Cabinet is asked to approve these cash limits.**

Table 1b shows the latest monitoring position against these revised cash limits in the new directorate structure.

1.1.2.1 Table 1a: Movement in cash limits since the 2<sup>nd</sup> quarters full monitoring report

Budget Book Heading	Cash Limit as per Q2 monitoring			Current Cash Limit CFE Restructure			Movement in Cash Limit		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Children, Families &amp; Education portfolio</b>									
<b>Delegated Budget:</b>									
- Delegated Schools Budgets	1,026,642	-80,967	945,675	1,010,605	-80,967	929,638	-16,037	0	-16,037
- Early Years free entitlement budgets	40,135	0	40,135	40,135	0	40,135	0	0	0
<b>TOTAL DELEGATED</b>	<b>1,066,777</b>	<b>-80,967</b>	<b>985,810</b>	<b>1,050,740</b>	<b>-80,967</b>	<b>969,773</b>	<b>-16,037</b>	<b>0</b>	<b>-16,037</b>
<b>Non Delegated Budget:</b>									
<u>Learning Group:</u>									
- Early Years & Childcare	6,274	-92	6,182	0	0	0	-6,274	92	-6,182
- Advisory Service Kent (ASK) - Early Years	9,708	-15	9,693	0	0	0	-9,708	15	-9,693
- Early Years & Childcare			0	17,846	-107	17,739	17,846	-107	17,739
- ASK Primary	6,011	-400	5,611	0	0	0	-6,011	400	-5,611
- ASK Secondary	3,297	-276	3,021	0	0	0	-3,297	276	-3,021
- Standards & School Improvement			0	21,922	-896	21,026	21,922	-896	21,026
- ASK Strategic Development	3,545	-1,615	1,930	0	0	0	-3,545	1,615	-1,930
- ASK Partnerships & Professional Development	2,550	-658	1,892	0	0	0	-2,550	658	-1,892
- Workforce & Professional Development			0	4,564	-2,148	2,416	4,564	-2,148	2,416
- International Development	94	0	94	0	0	0	-94	0	-94
- 14 - 24 Unit	5,634	-2,498	3,136	0	0	0	-5,634	2,498	-3,136
- 14 - 19 Entitlement			0	6,254	-2,543	3,711	6,254	-2,543	3,711
- School Organisation	925	0	925	0	0	0	-925	0	-925
- School Governance	737	-467	270	0	0	0	-737	467	-270
- Extended Services	4,139	-562	3,577	0	0	0	-4,139	562	-3,577
- Minority Community Achievement	1,699	-116	1,583	0	0	0	-1,699	116	-1,583
- Specialist Teaching Service	4,077	-417	3,660	0	0	0	-4,077	417	-3,660
- Learners with Additional Needs			0	11,180	-673	10,507	11,180	-673	10,507
- Local Children's Service Partnerships	68,910	-9,487	59,423	4,369	-70	4,299	-64,541	9,417	-55,124
- Group Savings from restructure	-2,893	0	-2,893	0	0	0	2,893	0	2,893
Total Learning Group	114,707	-16,603	98,104	66,135	-6,437	59,698	-48,572	10,166	-38,406
<u>Specialist Children's Services Group:</u>									
- Residential Care	10,253	-2,014	8,239	10,444	-2,206	8,238	191	-192	-1
- Fostering Service	25,996	-254	25,742	25,468	-254	25,214	-528	0	-528
- Adoption Service	7,400	-40	7,360	7,284	-40	7,244	-116	0	-116
- Other Preventative Services	10,371	-425	9,946	10,797	-425	10,372	426	0	426
- 16+ Service	7,738	0	7,738	7,738	0	7,738	0	0	0
- Childrens Support Services	4,095	-1,400	2,695	8,151	-1,400	6,751	4,056	0	4,056
- Assessment & Related	33,945	-1,242	32,703	36,912	-1,978	34,934	2,967	-736	2,231
- Asylum Seekers	15,568	-15,111	457	15,568	-15,111	457	0	0	0
- Special Educational Needs (SEN) & Resources	16,813	-6,723	10,090	16,666	-6,723	9,943	-147	0	-147
- SEN Transport to Schools	18,740	0	18,740	18,740	0	18,740	0	0	0
- Independent Sector Provision	12,215	-697	11,518	12,215	-697	11,518	0	0	0
- Attendance & Behaviour Service	9,358	-1,671	7,687	22,798	-2,269	20,529	13,440	-598	12,842
- Educational Psychology Service	3,692	-13	3,679	3,587	-13	3,574	-105	0	-105
- Preventative Services Managers			0	25,409	-379	25,030	25,409	-379	25,030

## Annex 1

Budget Book Heading	Cash Limit as per Q2 monitoring			Current Cash Limit CFE Restructure			Movement in Cash Limit		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
- Common Assessment Framework & Contactpoint	538	-108	430	0	0	0	-538	108	-430
- Group Savings from restructure	-290	0	-290	0	0	0	290	0	290
<b>Total Specialist Children's Services</b>	<b>176,432</b>	<b>-29,698</b>	<b>146,734</b>	<b>221,777</b>	<b>-31,495</b>	<b>190,282</b>	<b>45,345</b>	<b>-1,797</b>	<b>43,548</b>
<b>Commissioning &amp; Partnership Group:</b>									
- Strategic Planning & Review	2,049	0	2,049			0	-2,049	0	-2,049
- Strategic Planning, Partnerships & Democratic Services			0	3,408	-745	2,663	3,408	-745	2,663
- Policy & Performance (Vulnerable Children)	6,119	-1,077	5,042			0	-6,119	1,077	-5,042
- Safeguarding			0	4,176	-332	3,844	4,176	-332	3,844
- Management Information	2,433	-116	2,317	2,336	-31	2,305	-97	85	-12
- Commissioning	15,291	-1,477	13,814	17,345	-1,863	15,482	2,054	-386	1,668
- Business Planning & Management Unit	7,065	-465	6,600	73	0	73	-6,992	465	-6,527
- Group Savings from restructure	-536	0	-536	0	0	0	536	0	536
<b>Total Commissioning &amp; Partnerships Group</b>	<b>32,421</b>	<b>-3,135</b>	<b>29,286</b>	<b>27,338</b>	<b>-2,971</b>	<b>24,367</b>	<b>-5,083</b>	<b>164</b>	<b>-4,919</b>
<b>Resources &amp; Planning Group:</b>									
- Finance	4,254	-1,128	3,126	9,916	-1,731	8,185	5,662	-603	5,059
- Awards	5,453	-603	4,850	0	0	0	-5,453	603	-4,850
- Personnel & Development	17,311	-1,519	15,792	16,986	-1,519	15,467	-325	0	-325
- Communication & Information Governance	426	-10	416	457	-10	447	31	0	31
- Managing Directors Support	822	-25	797	744	-25	719	-78	0	-78
- Strategic Management	1,523	-6	1,517	1,438	-6	1,432	-85	0	-85
- Grant income & contingency	454	-1,123,187	-1,122,733	752	-1,109,313	-1,108,561	298	13,874	14,172
- Support Services purchased from CED	9,415	0	9,415	9,415	0	9,415	0	0	0
- Group Savings from restructure	-975	0	-975	0	0	0	975	0	975
<b>Total Resources &amp; Planning Group</b>	<b>38,683</b>	<b>-1,126,478</b>	<b>-1,087,795</b>	<b>39,708</b>	<b>-1,112,604</b>	<b>-1,072,896</b>	<b>1,025</b>	<b>13,874</b>	<b>14,899</b>
<b>Capital Programme &amp; Infrastructure Group:</b>									
- Capital Strategy Unit	20,189	-17,041	3,148			0	-20,189	17,041	-3,148
- Capital & Infrastructure Support			0	31,278	-22,165	9,113	31,278	-22,165	9,113
- BSF/PFI/Academy Unit	432	0	432	432	0	432	0	0	0
- Client Services	6,439	-4,480	1,959			0	-6,439	4,480	-1,959
- Facilities Management	3,701	-203	3,498			0	-3,701	203	-3,498
- ICT Strategy	8,974	-600	8,374	8,962	-600	8,362	-12	0	-12
- Health & Safety	628	-315	313			0	-628	315	-313
- Admissions & Transport	1,416	0	1,416	1,416		1,416	0	0	0
- Mainstream Home to School Transport	16,025	-484	15,541	16,025	-484	15,541	0	0	0
- Area Education Officers			0	835		835	835	0	835
- Group Savings from restructure	-52	0	-52			0	52	0	52
<b>Total Capital Programme &amp; Infrastructure Group</b>	<b>57,752</b>	<b>-23,123</b>	<b>34,629</b>	<b>58,948</b>	<b>-23,249</b>	<b>35,699</b>	<b>1,196</b>	<b>-126</b>	<b>1,070</b>
<b>TOTAL NON DELEGATED</b>	<b>419,995</b>	<b>-1,199,037</b>	<b>-779,042</b>	<b>413,906</b>	<b>-1,176,756</b>	<b>-762,850</b>	<b>-6,089</b>	<b>22,281</b>	<b>16,192</b>
<b>Total CFE portfolio</b>	<b>1,486,772</b>	<b>-1,280,004</b>	<b>206,768</b>	<b>1,464,646</b>	<b>-1,257,723</b>	<b>206,923</b>	<b>-22,126</b>	<b>22,281</b>	<b>155</b>

1.1.2.2 **Table 1.b** details the revenue position by Service Unit in the new CFE structure against the revised cash limits shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Children, Families &amp; Education portfolio:</b>							
<b>Delegated Budget:</b>							
- Delegated Schools Budgets	1,010,605	-80,967	929,638	5,634		5,634	Estimated drawdown of reserves including 27 schools converting to academies
- Early Years free entitlement budgets	40,135	0	40,135			0	
<b>TOTAL DELEGATED</b>	<b>1,050,740</b>	<b>-80,967</b>	<b>969,773</b>	<b>5,634</b>	<b>0</b>	<b>5,634</b>	
<b>Non Delegated Budget:</b>							
<u>Learning Group:</u>							
- Early Years & Childcare	17,846	-107	17,739	0	0	0	
- Standards & School Improvement	21,922	-896	21,026	-280	50	-230	Underspend on T2010 projects; rebadge of eligible spend to DSG
- Workforce & Professional Development	4,564	-2,148	2,416	58	-39	19	
- 14-19 Entitlement	6,254	-2,543	3,711	-1,220	-31	-1,251	Mgmt action: rebadging of eligible spend to DSG
- Learners with Additional Needs	11,180	-673	10,507	-55	55	0	
- Local Children's Service Partnerships	4,369	-70	4,299	-89	0	-89	
Total Learning Group	66,135	-6,437	59,698	-1,586	35	-1,551	
<u>Specialist Children's Services Group:</u>							
- Residential Care	10,444	-2,206	8,238	1,415	-242	1,173	High demand for independent sector provision partially offset by underspend on secure accommodation; additional income for new placement
- Fostering Service	25,468	-254	25,214	3,050	-24	3,026	High demand for independent fostering allowances and in-house foster care placements partially offset by underspend on the County Fostering team
- Adoption Service	7,284	-40	7,244	-10	-9	-19	
- Other Preventative Services	10,797	-425	10,372	404	-25	379	Increase demand for direct & S17 payments & daycare provision for children with a disability
- 16+ Service	7,738	0	7,738	1,156	0	1,156	Increased demand for residential care and in-house foster care placements, pressure on S24/leaving care payments
- Children's Support Services	8,151	-1,400	6,751	435	-70	365	Underspend on social work professional training, additional costs relating to legal services

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Assessment & Related	36,912	-1,978	34,934	-110	-156	-266	Staff vacancies offset by pressure on Occupational Therapy & costs/income for Safeguarding Improvement Plan
- Asylum Seekers	15,568	-15,111	457	2,550	0	2,550	Costs incurred supporting young people categorised as All rights Exhausted & naturalised. Final settlement of 2009/10 audit
- Special Educational Needs (SEN) & Resources	16,666	-6,723	9,943	546	-487	59	Additional income from OLA for recoupment to be transferred to DSG reserve
- SEN Transport to Schools	18,740	0	18,740	-2,203	0	-2,203	Lower costs resulting from contract renegotiation, fewer children than budgeted level travelling & snow
- Independent Sector Provision	12,215	-697	11,518	-98	98	0	
- Attendance & Behaviour Service	22,798	-2,269	20,529	293	-293	0	Additional costs and income for projects & PRU places
- Educational Psychology Service	3,587	-13	3,574	-217	6	-211	staff vacancies
- Preventative Services Managers	25,409	-379	25,030	269	-368	-99	Increased spend on nursery provision offset by additional income
<b>Total Specialist Children's Services</b>	<b>221,777</b>	<b>-31,495</b>	<b>190,282</b>	<b>7,480</b>	<b>-1,570</b>	<b>5,910</b>	
<b>Commissioning &amp; Partnership Group:</b>							
- Commissioning	17,345	-1,863	15,482	-171	0	-171	Staff vacancies offset by additional legal costs relating to academies
- Safeguarding	4,176	-332	3,844	-243	0	-243	delays in recruitment
- Management Information	2,336	-31	2,305	-18	-24	-42	
- Strategic Planning, Partnerships & Democratic Services	3,408	-745	2,663	-466	0	-466	NFER survey not due to be completed in 2010-11, staff vacancies and lower costs on trust development
- Business Planning & management Unit	73	0	73	0	0	0	
<b>Total Commissioning &amp; Partnerships Group</b>	<b>27,338</b>	<b>-2,971</b>	<b>24,367</b>	<b>-898</b>	<b>-24</b>	<b>-922</b>	
<b>Resources &amp; Planning Group:</b>							
- Personnel & Development	16,986	-1,519	15,467	-1,532	0	-1,532	ISA scheme put on hold; underspend on school crossing patrols & training; rebadge of eligible spend to DSG
- Finance	9,916	-1,731	8,185	228	44	272	Staffing pressure resulting from handover of work to Student Loan Company. High demand for home to college transport



Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Communication & Information Governance	457	-10	447	-10	7	-3	
- Managing Directors Support	744	-25	719	-33	0	-33	
- Strategic Management	1,438	-6	1,432	0	0	0	
- Grant income & contingency	752	-1,109,313	-1,108,561	0	0	0	
- Support Services purchased from CED	9,415	0	9,415	0	0	0	
Total Resources & Planning Group	39,708	-1,112,604	-1,072,896	-1,346	51	-1,295	
<b>Capital Programme &amp; Infrastructure Group:</b>							
- BSF/PFI/Academy Unit	432	0	432	9	0	9	
- Capital & Infrastructure Support	31,278	-22,165	9,113	42	-45	-3	Feasibility costs offset by underspend on maintenance; milk subsidy gross & income
- ICT Strategy	8,962	-600	8,362	28	-53	-25	
- Admissions & Transport	1,416	0	1,416	-11	0	-11	
- Area Education Officers	835	0	835	-52	0	-52	
- Mainstream Home to School Transport	16,025	-484	15,541	-2,355	95	-2,260	Fall in the number of children requiring transport & contract renegotiation
Total Capital Programme & Infrastructure Group	58,948	-23,249	35,699	-2,339	-3	-2,342	
<b>TOTAL NON DELEGATED</b>	<b>413,906</b>	<b>-1,176,756</b>	<b>-762,850</b>	<b>1,311</b>	<b>-1,511</b>	<b>-200</b>	
<b>Total CFE portfolio</b>	<b>1,464,646</b>	<b>-1,257,723</b>	<b>206,923</b>	<b>6,945</b>	<b>-1,511</b>	<b>5,434</b>	
<b>Assumed Mgmt Action</b>			0				
<b>Total CFE portfolio after mgmt action</b>	<b>1,464,646</b>	<b>-1,257,723</b>	<b>206,923</b>	<b>6,945</b>	<b>-1,511</b>	<b>5,434</b>	

### 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 Standards and School Improvement (SSI) (gross)

SSI are forecasting a gross underspend of -£280k due mainly to an underspend on the Towards 2010 budgets for Healthy Eating and Parent Support (-£155k). The targets were met during 2009/10 and a saving has therefore been achieved in 2010/11. Prior to the CFE restructure, this underspend was reported on the Extended Services line. The directorate has also taken management action to balance the Childrens, Families and Education portfolio by re-badging £75k of eligible expenditure to the DSG. There are other minor underspends of -£50k.

#### 1.1.3.2 14-19 Entitlement (gross)

The service is forecasting a gross underspend of -£1,220k as the directorate has also taken management action to balance the Childrens, Families and Education portfolio by re-badging £1,250k of eligible expenditure to the DSG. There are other minor gross overspends of +£30k

#### 1.1.3.3 Residential Care (gross and income)

Residential care services are forecasting a gross pressure of +£1,415k. The service has experienced an increase in the number of children placed in independent sector residential placements resulting in an estimated gross pressure of +£1,745k.

This pressure is partially offset by forecast underspends on secure accommodation of -£289k which is a reduction since the last report due to two new placements. The budget for secure accommodation is sufficient to fund two full year placements. There are other minor underspends of -£41k.

The income variance of -£242k is due to additional income being secured for new placements, both internal income from within CFE and also external income from Health.

#### 1.1.3.4 Fostering Service (gross)

The fostering service is forecasting a gross pressure of £3,050k due to pressures on independent fostering allowances (+£2,168k) and in-house foster care placements (+£1,418k) respectively, partially offset by an underspend in the fostering team (-£547k).

There continues to be a high demand for both independent fostering allowances and in-house foster care placements and although significant funding was made available as part of the 2010-13 MTP this has been insufficient to cover the full year effect of children placed in 2009-10 and additional placements in 2010-11. The activity data for both in-house fostering and independent fostering client weeks (see section 2.5.1 and 2.5.2) shows the actual number of weeks to be above the budgeted level, with a continuing increase in the number of independent foster client weeks between the second and third quarters of 2010-11.

The county fostering team is forecasting an underspend of £547k partly due to staffing vacancies (-£197k) and ongoing delays in the commissioning of the county wide therapeutic service (-£350k). This commissioning of this service has now been agreed and will commence in the 2011/12 financial year with just setting up costs being incurred this year. There are minor other variances of +£11k

#### 1.1.3.5 Other Preventative Services (gross)

These services are forecasting a gross pressure of +£404k largely due to a continual rise in demand, leading to a pressure in direct payments (+£168k), s17 payments (+£211k) and daycare (+£206k) budgets. The increase in demand for direct payments and day care services may be attributable, at least in part, to the national publicity surrounding the Aiming High programme as the number of children with a disability receiving short break services from all sources has doubled during the life of the programme which began in 2008. There is increased pressure on s17 payments due partly to additional families being placed in rented accommodation and also as a result of the Southwark judgement which considered how local authorities support homeless 16 and 17 year olds. These pressures are partially offset by an underspend of £124k on district projects and other minor underspends totalling £57k.

#### 1.1.3.6 16+ Service (gross)

The 16+ service is currently forecasting a gross pressure of +£1,156k due to significant demands on this service resulting from a peak in the number of children turning 16. There have been a high number of children transferring to this service in high cost placements, resulting in a pressure on residential care (+£728k) and in-house fostering (+£140k). There continues to be a pressure on Section 24/Leaving Care payments (including supported lodgings) which is now +£632k due largely to a review of high cost placements that has transferred children to lower cost supported lodgings. These pressures are only partially offset by variances on other services including underspends on independent fostering allowances (-£296k) and other headings (-£48k).

The overall pressure on this service has been addressed in the MTP for 2011/12.

### 1.1.3.7 Children's Support Services (gross)

These services are forecasting a gross pressure of £435k due mainly to a pressure of £538k on the legal budget. This is partly due to the introduction of the public law outline, a change in the way care proceedings are conducted. There is also increased demand for internal legal services which can be directly linked to increases in activity of foster and residential care. This overspend is partly offset by an underspend of -£102k in social care workforce training unit. This underspend has resulted from a number of staff vacancies coupled with the securing of additional external income (already reflected in the 2010-11 cash limit) to fund the social work training programme, allowing the rebadging of traditionally base funded activities, although this additional income is not certain each year.

### 1.1.3.8 Assessment and Related (gross)

Assessment and Related is currently forecasting an underspend of -£110k. The underspend of £471k on staff vacancies is a significant reduction to the underspend reported in the November exception report due to a number of factors: In 2009-10 there were a number of successful recruitment drives, both nationally and internationally and we are continuing to advertise social work posts on a rolling basis. There has been continued success in foreign recruitment and higher than anticipated numbers of existing staff have been retained. In addition, agency staff have been used to cover vacancies, reduce case loads and provide support to newly recruited social workers. This underspend is partially offset by a forecast for the 2010-11 cost of the Safeguarding Improvement Plan of £164k. There is also a forecast pressure on the Occupational Therapy budget of £197k.

The income variance of -£156k is mainly due to additional funding being received from the Children's Workforce Development Council (CWDC) for the Improvement Plan (-£180k). There are other minor income variance of +£24k.

### 1.1.3.9 Asylum Services (gross and income)

The asylum service is forecasting a total gross pressure of +£2,550k. Of this, £1,245k is due to the costs incurred in continuing to support young people (18+ care leavers) who are categorised as "All Rights Exhausted" (ARE) and "naturalised" in relation to the 2011-12 financial year.

The UKBA will fund the costs of an individual for up to three months after the ARE process, but the LA remains responsible for costs under the Leaving Care Act until the point of removal. The UKBA are working on speeding up the ARE and removal process. In addition, the service also has a duty of care under the Leaving Care Act to support those young people who have undergone the naturalisation process but are not eligible for benefits due to delays in being identified by the benefit system or when undertaking education courses. Following a review of the UKBA's client matching for the second quarter, we are currently forecasting to have 96 FTE ARE, with a net cost of £975k. In addition, we also forecasting 24 FTE other non-criteria cases, primarily 'naturalised', at a cost of £270k.

The service is working towards bringing the average weekly cost of care leavers in line with the UKBA funded rates of £150 per week per client by the beginning of 2011-12. In order to achieve this, rent costs must be no more than £100 per week and positive discussions have taken place with accommodation providers to relocate clients to more affordable housing in the later part of the year, along with the greater use of housing benefit. However a series of one-off costs has been incurred as a result of the relocation and closing of more expensive placements which have led to average weekly costs for the first 9 months of 2010-11 of £227.96 per week (see section 2.8). Additional funding was made available as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate. However, this funding will be taken back as a saving in the 2011-13 MTFP, therefore it is imperative the unit cost of £150 per week is reached by 1 April 2011. It should be noted that whilst the average weekly cost for the year is £227.96, the average cost for January alone is £200. Whilst this remains significantly above the target of £150, there are indications that this target is achievable. The last two of our main providers, which represent 20% of our housing stock, are due to move to reduced rent during March. In addition, the one-off costs account for £19 of the weekly cost and arise only as a result of the increased relocation of young people to more affordable housing.

The balance of the pressure is due to the final settlement for 2008-09 and 2009-10 being received from the UKBA, which was significantly less than we had forecast at the end of 2009-10, therefore increasing our funding shortfall by £1,305k and a detailed explanation of this was provided in the

November exception report. This is a slight increase on the forecast included in the November exception report as the final settlement for 2009-10 is still subject to some minor adjustments due to the recalibration of previous year's client eligibility. Following the Leaders letter to the UKBA, the Leader met with Damien Green, Immigration Minister, at which the UKBA made an informal offer. This offer is still being discussed and an update will be given in a future exception report.

#### 1.1.3.10 SEN & Resources (gross and income)

This service is forecasting additional income from other local authorities for their pupils in our special schools of -£487k. As this budget is funded from DSG, this underspend is transferred into the DSG reserve at the end of the year in accordance with regulations.

#### 1.1.3.11 SEN Transport (gross)

An estimated underspend of -£2,203k is forecast for this budget. In the last quarters report we reported an underspend of £1,200k due to the full year effect of successful contract renegotiations in the previous years, coupled with ongoing contract reviews. The underspend has increased due partly to the impact of the snow at the end of 2010 (£500k) and also the successful renegotiations of contracts that took place in the summer of 2010, which included revised transport arrangements for some children and it is only when these arrangements have been operational for a while and are proven to be successful, that a saving can be confirmed. The number of children requiring SEN transport remains high, however it is below the budgeted level due to additional funding made available as part of the 2010-13 MTP (see section 2.1), which also contributes to the underspend. The number of pupils is just one variable contributing to total cost of transport with other factors such as distance travelled, type of travel etc impacting on the forecast.

#### 1.1.3.12 Attendance and Behaviour (gross and income)

This service is forecasting a gross and income variance due to additional spend on projects run by Kent Safe Schools, matched by additional income of £125k and additional costs associated with an increase in places at pupil referral units, matched by internal income of £71k. There are a number of minor gross overspends and income underspends, mainly on pupil referral units and alternative curriculum pupil referral units totalling £97k.

#### 1.1.3.13 Educational Psychology (gross)

The Educational Psychology service is forecasting a gross underspend of -£217k due mainly to staff vacancies.

#### 1.1.3.14 Preventative Service Managers (gross and income)

Preventative Service Managers are forecasting a gross pressure of £269k and additional income of £368k. The gross pressure is due to: +£105k on places for 2 year olds, which is offset by an internal reallocation of Sure Start grant income for 2 years olds; an increase in nursery costs of £65k offset by income from parents, and additional expenditure of £76k on staff offset by income from other local authorities for staff costs. In addition, there are increased costs in Childrens Centres offset by income of £119k. There is also a gross underspend of £99k due to a reduction in work commissioned by Preventative Services Managers during the CFE restructure.

#### 1.1.3.15 Commissioning (gross)

This service is forecasting a gross underspend of -£171k due mainly to staff vacancies of -£221k and an underspend on the Positive Activities for Young People budget of £91k. There is however a pressure on legal costs of +£130k associated with schools converting to academies. There are minor other overspends of £11k.

#### 1.1.3.16 Safeguarding (gross)

This service is forecasting a gross underspend of -£243k due to delays in staff recruitment.

#### 1.1.3.17 Strategic, Planning, Partnerships & Democratic Services (gross)

This budget is forecasting a gross underspend of -£436k. The National Foundation of Educational Research (NFER) survey is no longer due to take place in 2010-11 resulting in a forecast underspend of -£160k. The survey seeks the views of children on a range of subjects and the Directorate was hoping to use the 'Tellus' survey in the future, however this has recently been scrapped, and alternative options are now being considered. There are also staff vacancies of £97k and an underspend on the childrens trust development budget of £135k. Other minor variances comprise -£44k.

#### 1.1.3.18 Personnel and Development (gross)

The unit is forecasting a gross underspend of -£1,532k of which -£544k relates to CRB checks. In 2010-11 additional funding was made available as part of the MTP for the Independent Safeguarding Authority (ISA) scheme and three yearly CRB checks, however, following the announcement by the Government, this has been put on hold indefinitely and may be scrapped. Existing procedures for CRB checks, which are currently only done as part of the appointment process, will continue until a new scheme has been agreed. There is also an underspend of £70k on Road Crossing patrols and £94k on the training budget. The directorate has also taken management action to balance the Childrens, Families and Education portfolio by re-badging £775k of eligible expenditure to the DSG. There are other minor underspends of £49k

#### 1.1.3.19 Finance (gross)

The awards service, which has transferred to the Finance unit as part of the restructure, is forecasting a gross pressure of +£228k which is mainly due to a pressure on staffing of +£182k and home to college transport of +£90k. The assessment and processing of the student loans applications has been centralised and this is the final year of a three year transfer of this service to the Student Loans Company. The number of staff has reduced over this period however a staffing pressure has arisen whilst the handover is finalised and the unit is closed. This is a one-off pressure and will disappear in 2011-12.

#### 1.1.3.20 Capital and Infrastructure (gross and income)

Following the CFE restructure, this unit replaces previous reporting lines of Capital Strategy Unit, Client Services, Facilities Management and Health and Safety. Although the gross and income variances are small (+£42k and -£45k respectively), there are some larger offsetting pressures and savings within this, mainly: a gross pressure of +£222k resulting from feasibility costs of abortive capital projects which is largely offset by an underspend on revenue maintenance costs of -£141k. There is a gross underspend on the facilities and accommodation budgets of -£133k and an increase in internal income of -£88k for support staff recharged to other units. There is also increased spend on the milk subsidy budget of +£100k which is offset by an increase in income. Also, in 2009-10, the Client Services unit was expected, as part of the MTP, to implement full-cost recovery in relation to contract management of the cleaning and refuse collection contracts with schools. However, whilst they have made significant strides to achieve this, the service is struggling to achieve the necessary income to cover the costs of the contract team resulting in a forecast +£129k under-recovery of income.

#### 1.1.3.21 Mainstream Home to School Transport (gross)

The budget is forecasting a gross underspend of -£2,355k which is an increase since the last report of £1.3m. The number of children requiring transport continues to be below budgeted level (see 2.1) and we now have confirmation of autumn term pupil numbers, which show consistently lower levels of pupils require transport for the 2010-11 academic year (the previous underspend figure was reported before this information was confirmed). There is a full year effect of successful contract renegotiations in 2009-10 and in addition the renegotiation of the Stagecoach contract was concluded in mid January which included a change in the method of ticket purchase.

### **Other Issues**

#### 1.1.3.22 Payments to PVI providers for the free Entitlement for three and four year olds

The latest forecast suggests an underspend of around -£2.4 million on payments to PVI providers for 3 and 4 year olds. This underspend is in addition to the £1.5 million cash limit removed from this service earlier in the financial year to help fund the in year government grant reductions (as reported to Cabinet in July). The number of hours provided has increased by 17.8% over the same two terms last year as per Section 2.2 due to one more week in the summer term than last year, a significant increase (3.5%) in the number of children, and an increase in the average number of hours taken up mainly due to the introduction of extension of the free entitlement to 15 hours per week in pilot areas. The forecast assumes this trend will continue in the spring term. In addition, the extension of the free entitlement to 15 hours per week was rolled out across the County in September 2010 and there has been a similar level of take up as in the pilot area. As this budget is funded entirely from DSG and standards fund, this underspend is transferred into the DSG reserve at the end of the year in accordance with regulations.

1.1.3.23 **Delegated Schools Budgets**

Following the Secretary of State's announcement that outstanding schools could convert to academy status and the passing of the Academies Act 2010, the latest position is as follows. Eighteen schools have converted since the beginning of September 2010 with another 4 due to convert in March. In addition to this, 5 schools converted to 'old style' academies from 1<sup>st</sup> September.

The forecast £5.634m drawdown of schools reserves shown in tables 1 and 2 includes the estimated reduction in reserves of £4.634m resulting from these 27 schools converting to academies. Also, as reported in the November exception report, the first budget monitoring returns from schools detailing their six monthly forecasts were received during October, and they are showing that school reserves will reduce be approximately £1,000k during the 2010-11 financial year.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Schools Delegated Budget: estimated drawdown of schools reserves due to 27 schools converting to academies	+4,634	CFE	Mainstream Home to School Transport: fewer children than budgeted level, contract renegotiation	-2,355
CFE	Fostering Service (gross): Continual high demand for Independent fostering allowances	+2,168	CFE	SEN Transport (gross): fewer than budgeted children travelling, contract renegotiation and snow	-2,203
CFE	Residential Care (gross): high demand for independent sector residential care placements	+1,745	CFE	14-19 Entitlement (gross): re-badge of eligible expenditure to DSG	-1,250
CFE	Fostering Service (gross): high demand for in-house foster care	+1,418	CFE	Personnel (gross): re-badge of eligible expenditure to DSG	-775
CFE	Asylum Service (gross): shortfall relating to prior years final settlement	+1,305	CFE	Personnel and Development (gross): Independent Safeguarding Authority scheme & 3 yearly CRB checks put on hold indefinitely	-544
CFE	Asylum Service (gross): Providing support for young people categorised as "all rights exhausted" & naturalised	+1,245	CFE	SEN (income): additional income from Other local authorities for recoupment	-487
CFE	Schools Delegated Budget: estimated drawdown of schools reserves	+1,000	CFE	Assessment & Related (gross): high levels of staff vacancies due to difficulty in recruitment	-471
CFE	16+ Service (gross): high demand for residential care placements	+728	CFE	Fostering Service (gross): Delays in the implementation of the county wide therapeutic service	-350
CFE	16+ Service (gross): high demand for Section 24/leaving care services	+632	CFE	16+ Service (gross): fewer placements in independent fostering	-296
CFE	Childrens Support Service (gross): Rise in costs due to change in care proceedings and high demand for children social services legal budget	+538	CFE	Residential Care (gross): fewer placements in secure accommodation	-289
CFE	SEN (gross): transfer of surplus recoupment income to schools DSG reserve	+487	CFE	Safeguarding (gross): staff vacancies	-243
CFE	Capital and Infrastructure (gross): feasibility costs of abortive projects	+222	CFE	Residential Care (income): additional income for new placements	-242
CFE	Other Preventative Services (gross): high demand for s17 payments	+211	CFE	Commissioning (gross): staff vacancies	-221

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CFE	Other Preventative Services (gross): high demand for daycare services for children with a disability	+206	CFE	Educational Psychology (gross): staff vacancies	-217
CFE	Assessment & Related (gross): occupational therapy	+197	CFE	Fostering Service (gross): Staff vacancies	-197
CFE	Finance (gross): staffing pressure whilst finalising the handover of work to the Student Loan Company	+182	CFE	Assessment & Related: income from CWDC for Improvement Plan	-180
CFE	Other Preventative Services (gross): high demand for direct payments	+168	CFE	Strategic, Planning, Partnerships and Democratic Services (gross): National Foundation of Educational Research survey will not take place in 2010-11	-160
CFE	Assessment & Related: costs of Safeguarding Improvement Plan	+164	CFE	Standards & School Improvement (gross): T2010 targets for Healthy Eating & Parent Support achieved in 2009-10	-155
CFE	16+ Service (gross): high demand for in-house fostering placements	+140	CFE	Capital and Infrastructure (gross): revenue maintenance	-141
CFE	Commissioning (gross): legal costs associated with schools converting to academies	+130	CFE	Strategic, Planning, Partnerships and Democratic Services (gross): childrens trust development	-135
CFE	Capital and Infrastructure (income): under-recovery of income relating to the cleaning and refuse collection contract	+129	CFE	Capital and Infrastructure (gross): facilitates management and accommodation	-133
CFE	Attendance & Behaviour (income): Kent Safe Schools	+125	CFE	Attendance & Behaviour (gross): Kent Safe Schools	-125
CFE	Preventative Service Managers (gross): Childrens Centres	+119	CFE	Other Preventative Services (gross): district projects	-124
CFE	Preventative Service Managers (gross): pressure for provision of 2 year old places at Children's Centres & Nurseries	+105	CFE	Preventative Service Managers (gross): Childrens Centres	-119
CFE	Capital and Infrastructure (gross): milk subsidy	+100	CFE	Preventative Service Managers (income): additional internal income for provision of 2 year old places	-105
			CFE	Children's Support Services (gross): underspend on social care professional training due to staff vacancies & use of external income to fund training programmes	-102
			CFE	Capital and Infrastructure (gross): milk subsidy	-100
		<b>+18,098</b>			<b>-11,719</b>

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

The moratorium on non-essential spend is expected to achieve a saving of approximately £200k.

### 1.1.5 Implications for MTFP:

All current year pressures have been fully addressed in the 2011-2013 MTFP, excluding Asylum. Funding was made available for the Asylum Service as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate for 18+ Care Leavers. However, this funding is being taken back as a saving in the 2011-13 MTFP, therefore it is imperative the unit cost of £150 per week is reached by 1 April 2011. The service is confident that they will be able to achieve this by the start of 2011-12. However a pressure is expected to continue on the service for those young people who are not covered by the existing grant rules, including the first 25 care leavers and those categorised as either "All Rights Exhausted" and naturalised, but we will continue to lobby government regarding the funding of this.

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

N/A

### 1.1.7 Details of proposals for residual variance:

The Directorate is forecasting an overall pressure of £5,434k of which, +£5,634k will be met by a drawdown from school reserves following the anticipated transfer of 27 schools to academy status of £4,634k and a further £1,000k drawdown for remaining Kent schools. There is a resulting underspend of -£200k due to the savings from the moratorium on non essential spend.

## 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 in the 2011-14 MTFP as agreed by county council on 17 February 2011, 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	2010-11 £'000s	2011-12 £'000s	2012-13 £'000s	Future Years £'000s	TOTAL £'000s
<b>Children, Families &amp; Education</b>						
Budget	335,941	176,699	160,834	154,865	163,127	991,466
Adjustments:						0
- December re-phasing		-1,127	-794	333		-1,588
Revised Budget	335,941	175,572	160,040	155,198	163,127	989,878
Variance		-8,325	+9,242	-750	0	+167
<b>split:</b>						
- real variance		+3	+164	0	0	+167
- re-phasing		-8,328	+9,078	-750	0	0
<b>Devolved Capital to Schools</b>						
Budget	2,049	47,290	13,911	13,911	7,822	84,983
Adjustments:						0
						0
Revised Budget	2,049	47,290	13,911	13,911	7,822	84,983
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Directorate Total</b>						
Revised Budget	337,990	222,862	173,951	169,109	170,949	1,074,861
Variance	0	-8,325	9,242	-750	0	167
<b>Real Variance</b>	<b>0</b>	<b>3</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>167</b>
<b>Re-phasing</b>	<b>0</b>	<b>-8,328</b>	<b>9,078</b>	<b>-750</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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
<b>Overspends/Projects ahead of schedule</b>						
			<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
CFE	Sheppey Academy	phasing			-3190	
CFE	Spires Academy	phasing			-3058	
CFE	Transforming Short Breaks	phasing		-581		
CFE	Early Years/Childrens Centres	phasing		-507		
CFE	Unit Review	phasing			-382	
			<b>0</b>	<b>-1,088</b>	<b>-6,630</b>	<b>-0</b>
				<b>-1,088</b>	<b>-6,630</b>	<b>-0</b>

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

##### 1.2.4.1 Sheppey Academy – re-phasing of -£3.190m

The Isle of Sheppey Academy is part of the BSF programme and is the only scheme to have been given the approval to proceed (at this point in time) as part of Wave 4. The scheme is to replace 5 schools with new build schools across two sites.

The programme has re-phased by £3.190m which represents 6.12% of the total value of the programme.

The programme has re-phased due to planning approval problems which has delayed financial close. This is expected to be achieved in March 2011.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	956	5,690	38,307	4,625	0	49,578
Forecast	956	2,500	41,497	4,625	0	49,578
<b>Variance</b>	<b>0</b>	<b>-3,190</b>	<b>+3,190</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>						
<b>Budget:</b>						
Grant - DFE	551	4,690	38,307	2,295	0	45,843
Ex Develop Conts	5	0	0	0	0	5
PEF 2	400	1,000	0	0	0	1,400
Supported Borrowing	0	0	0	2,330	0	2,330
<b>TOTAL</b>	<b>956</b>	<b>5,690</b>	<b>38,307</b>	<b>4,625</b>	<b>0</b>	<b>49,578</b>
<b>Forecast:</b>						
Grant - DFE	551	1,500	41,497	2,295	0	45,843
Ex Develop Conts	5	0	0	0	0	5
PEF 2	400	1,000	0	0	0	1,400
Supported Borrowing	0	0	0	2,330	0	2,330
<b>TOTAL</b>	<b>956</b>	<b>2,500</b>	<b>41,497</b>	<b>4,625</b>	<b>0</b>	<b>49,578</b>
<b>Variance</b>	<b>0</b>	<b>-3,190</b>	<b>+3,190</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 1.2.4.2 Spires Academy – re-phasing of -£3.058m

The Spires Academy is part of the Batch 1 Academies being built by Carillion under the Government's Academy's framework. The Spires Academy is a 100% new build scheme on a green field site in Canterbury.

The programme has re-phased by £3.058 million which represents 22.17% of the total value of the programme.

The programme has been delayed as a result of planning objections causing an impact on the planning decision and financial close. Financial close is expected during March 2011.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	524	4,058	9,212	0	0	13,794
Forecast	524	1,000	12,270	0	0	13,794
<b>Variance</b>	<b>0</b>	<b>-3,058</b>	<b>+3,058</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>						
<b>Budget:</b>						
Grant - DFE	524	3,534	8,236	0	0	12,294
PEF 2	0	524	976	0	0	1,500
<b>TOTAL</b>	<b>524</b>	<b>4,058</b>	<b>9,212</b>	<b>0</b>	<b>0</b>	<b>13,794</b>
<b>Forecast:</b>						
Grant - DFE	524	476	11,294	0	0	12,294
PEF 2	0	524	976	0	0	1,500
<b>TOTAL</b>	<b>524</b>	<b>1,000</b>	<b>12,270</b>	<b>0</b>	<b>0</b>	<b>13,794</b>
<b>Variance</b>	<b>0</b>	<b>-3,058</b>	<b>+3,058</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

There is a real variance of +£0.167m (+£0.003m in 2010-11 and +£0.164m in 2011-12) which is detailed as follows:

**Self Funded Projects +£0.104m** (+£0.104m in 2011-12): The project at Quarryfields is increasing by £0.104m in 2011-12 which is to be met from revenue.

**Children's Centres and Early Years +£0.040m** (all in 2010-11: Additional works at the Priory Children's Centre have been undertaken which are to be funded by a contribution from Thanet District council.

Overall this leaves a residual balance of +£0.023m on a number of more minor projects which are to be met from developer contributions.

### 1.2.6 General Overview of capital programme:

#### (a) Risks

As our programme is now based on the allocations received following the CSR the scale of risks has dropped considerably but it only provides certainty for the 2011-12 year. Future years are dependent upon government announcements later this year which will, we believe, follow publication of the James Review.

#### (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.

Following the BSF & Academies Programme announcement we have taken action to reduce our financial exposure as far as is 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 assets are ready for use and this is by way of an annual unitary charge to the revenue budget.

	Previous years	2010-11	2011-12	2012-13	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Budget</b>	64,806	4,801	0	0	69,607
<b>Actual / Forecast</b>	64,806	4,801	0	0	69,607
<b>Variance</b>	0	0	0	0	0

(a) **Progress and details of whether costings are still as planned (for the 3<sup>rd</sup> 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 24<sup>th</sup> October 2008. The three PFI schools were completed & handed over at the end of July 2010, as scheduled. Work has continued on the external areas including the demolition of the old buildings. A substantial amount of asbestos has been found below ground level during the demolition.

(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 Contractor has submitted compensation claims in relation to the asbestos that has been found at the PFI schools. The amount of the compensation claims have yet to be finalised but will, where they relate to asbestos that was not identified as part of the Type 2 surveys, be the responsibility of the Authority. Any payments will either be treated as 'one-off' capital payments or, if the LEP are in agreement, be added to the unitary charge over the remaining life of the contract.

- **Building Schools for the Future (future waves 4, 5 and 6)**

Although the table below indicates £179.1m of expenditure, this investment in the BSF future waves is currently on hold following the Government's recent announcements. Waves 4, 5 & 6 in Kent are currently '**stopped**', although Wave 4 remains subject to representations made by the Council.

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

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

At the present time there is no funding allocated for the future BSF waves. Any future expenditure is dependant on the outcome of representations made to the Government and the comprehensive spending review.

(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

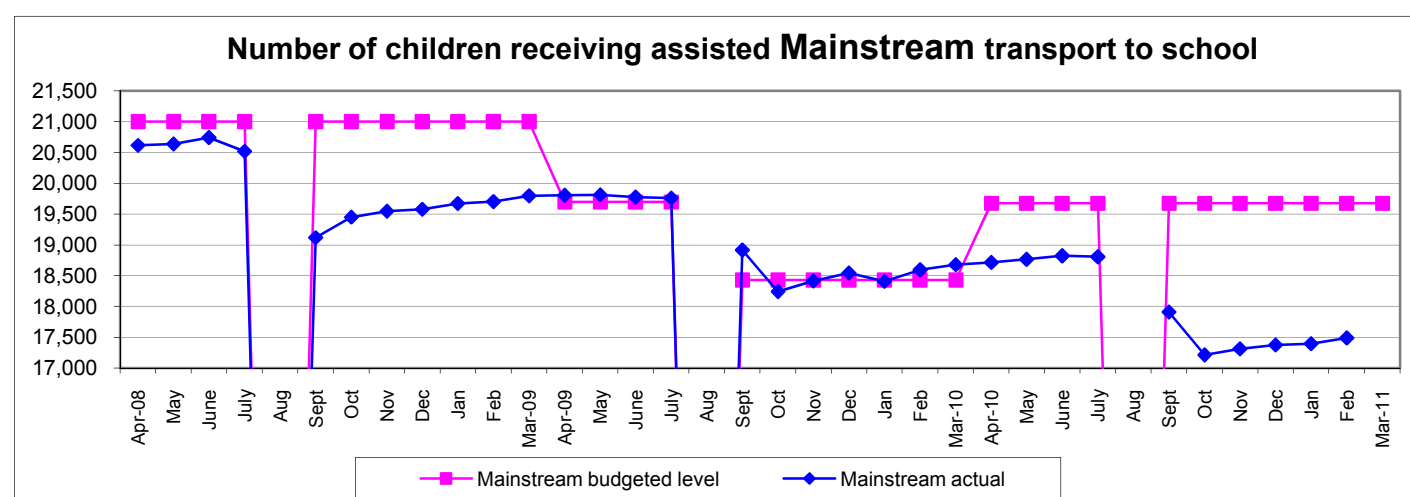
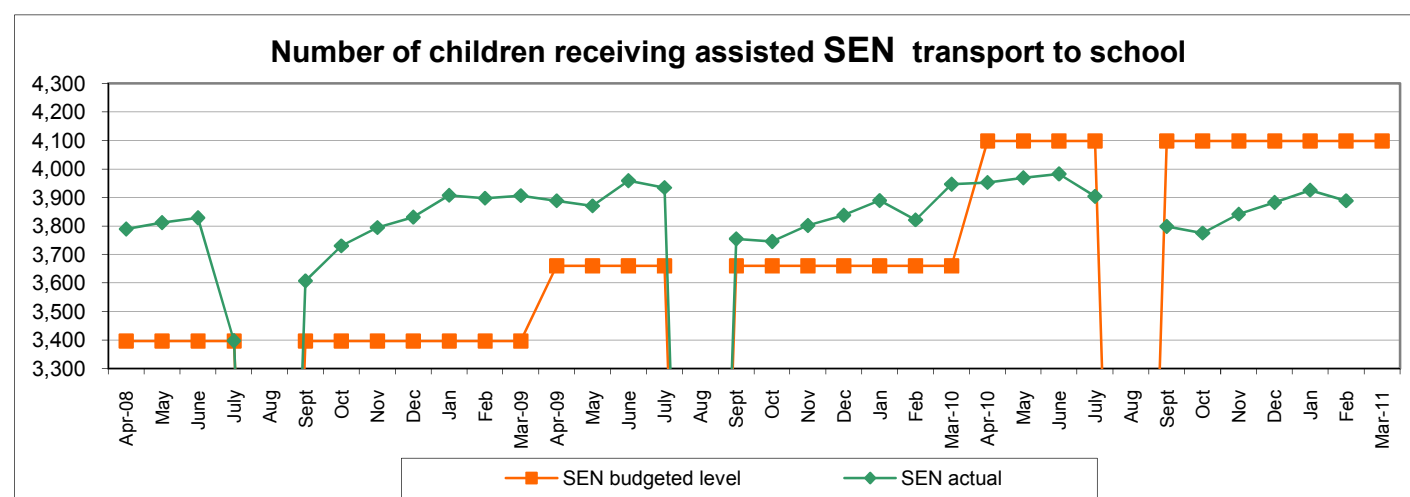
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

	2010-11	2011-12	2012-13	Future Years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Basic Needs - Repton Park Primary School</b>					
Amended total cash limits	+185	+2,503	+1,212	0	+3,900
re-phasing	-10	+227	-217		0
<b>Revised project phasing</b>	<b>+175</b>	<b>+2,730</b>	<b>+995</b>	<b>0</b>	<b>+3,900</b>
<b>Modernisation Programme - Maidstone Grammar Girls</b>					
Amended total cash limits	+790	+2,000	+500	0	+3,290
re-phasing	-197	+695	-498		0
<b>Revised project phasing</b>	<b>+593</b>	<b>+2,695</b>	<b>+2</b>	<b>0</b>	<b>+3,290</b>
<b>Children's Centres Phase 1, 3 3 &amp; Early Years</b>					
Amended total cash limits	+16,343	+2,460	0	0	+18,803
re-phasing	-507	+507			0
<b>Revised project phasing</b>	<b>+15,836</b>	<b>+2,967</b>	<b>0</b>	<b>0</b>	<b>+18,803</b>
<b>Transforming Short Breaks for Families with Disabled Children</b>					
Amended total cash limits	+2,667	+2,591	0	0	+5,258
re-phasing	-581	+581			0
<b>Revised project phasing</b>	<b>+2,086</b>	<b>+3,172</b>	<b>0</b>	<b>0</b>	<b>+5,258</b>
<b>Primary Capital Programme - Approval to Plan</b>					
Amended total cash limits	+328	+2,460	+4,144	+36	+6,968
re-phasing	+101	-101			0
<b>Revised project phasing</b>	<b>+429</b>	<b>+2,359</b>	<b>+4,144</b>	<b>+36</b>	<b>+6,968</b>
<b>Sheppey Academy</b>					
Amended total cash limits	+5,690	+38,307	+4,625	0	+48,622
re-phasing	-3,190	+3,190			0
<b>Revised project phasing</b>	<b>+2,500</b>	<b>+41,497</b>	<b>+4,625</b>	<b>0</b>	<b>+48,622</b>
<b>Spires Academy</b>					
Amended total cash limits	+4,058	+9,212		0	+13,270
re-phasing	-3,058	+3,058			0
<b>Revised project phasing</b>	<b>+1,000</b>	<b>+12,270</b>	<b>0</b>	<b>0</b>	<b>+13,270</b>
<b>Unit Reviews</b>					
Amended total cash limits	+500	+1,500	+1,500	0	+3,500
re-phasing	-382	+382			0
<b>Revised project phasing</b>	<b>+118</b>	<b>+1,882</b>	<b>+1,500</b>	<b>0</b>	<b>+3,500</b>
<b>Total re-phasing &gt;£100k</b>	<b>-7,824</b>	<b>+8,539</b>	<b>-715</b>	<b>0</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>-504</b>	<b>+539</b>	<b>-35</b>		<b>0</b>
<b>TOTAL RE-PHASING</b>	<b>-8,328</b>	<b>+9,078</b>	<b>-750</b>	<b>0</b>	<b>0</b>

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2008-09				2009-10				2010-11			
	SEN		Mainstream		SEN		Mainstream		SEN		Mainstream	
	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual
April	3,396	3,790	21,000	20,618	3,660	3,889	19,700	19,805	4,098	3,953	19,679	18,711
May	3,396	3,812	21,000	20,635	3,660	3,871	19,700	19,813	4,098	3,969	19,679	18,763
June	3,396	3,829	21,000	20,741	3,660	3,959	19,700	19,773	4,098	3,983	19,679	18,821
July	3,396	3,398	21,000	20,516	3,660	3,935	19,700	19,761	4,098	3,904	19,679	18,804
Aug	0	0	0	0	0	0	0	0	0	0	0	0
Sept	3,396	3,607	21,000	19,118	3,660	3,755	18,425	18,914	4,098	3,799	19,679	17,906
Oct	3,396	3,731	21,000	19,450	3,660	3,746	18,425	18,239	4,098	3,776	19,679	17,211
Nov	3,396	3,795	21,000	19,548	3,660	3,802	18,425	18,410	4,098	3,842	19,679	17,309
Dec	3,396	3,831	21,000	19,579	3,660	3,838	18,425	18,540	4,098	3,883	19,679	17,373
Jan	3,396	3,908	21,000	19,670	3,660	3,890	18,425	18,407	4,098	3,926	19,679	17,396
Feb	3,396	3,898	21,000	19,701	3,660	3,822	18,425	18,591	4,098	3,889	19,679	17,485
Mar	3,396	3,907	21,000	19,797	3,660	3,947	18,425	18,674	4,098		19,679	

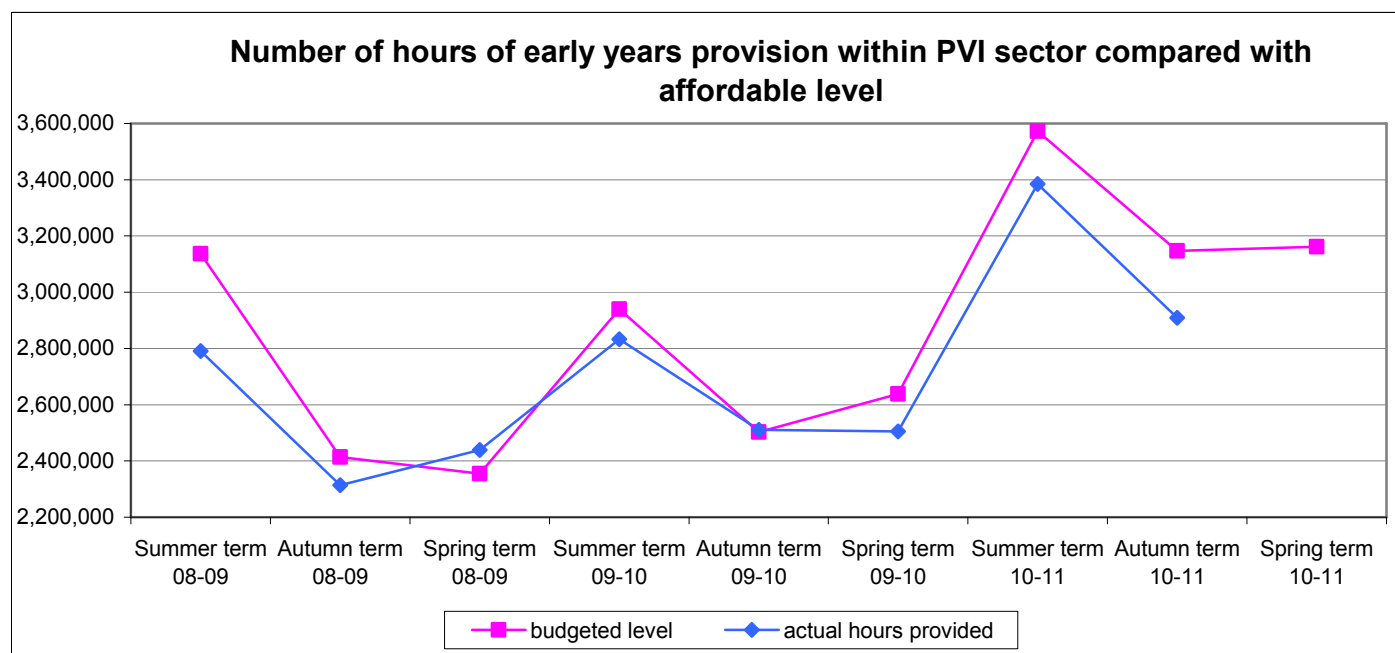


#### Comments:

- **SEN HTST** – The number of children travelling is lower than the budgeted level contributing to the underspend of -£2,203k reported in section 1.1.3.11.
- **Mainstream HTST** – The number of children travelling is lower than the budgeted level resulting in a corresponding underspend of -£2,260k (see section 1.1.3.21).

## 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:

	2008-09		2009-10		2010-11	
	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided	Budgeted number of hours	Actual hours provided
Summer term	3,136,344	2,790,446	2,939,695	2,832,550	3,572,444	3,385,199
Autumn term	2,413,489	2,313,819	2,502,314	2,510,826	3,147,387	2,909,313
Spring term	2,354,750	2,438,957	2,637,646	2,504,512	3,161,965	
	<b>7,904,583</b>	<b>7,543,222</b>	<b>8,079,655</b>	<b>7,847,888</b>	<b>9,881,796</b>	<b>6,294,512</b>



### 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 and was rolled out across the County in September 2010. The increase in the number of hours has been factored into the budgeted number of hours for 2009-10 and 2010-11. This increase in hours is funded by a specific DFE Standards Fund grant.
- The current activity suggests an underspend of approximately £2.4m on this budget which has been mentioned in section 1.1.3.22 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:

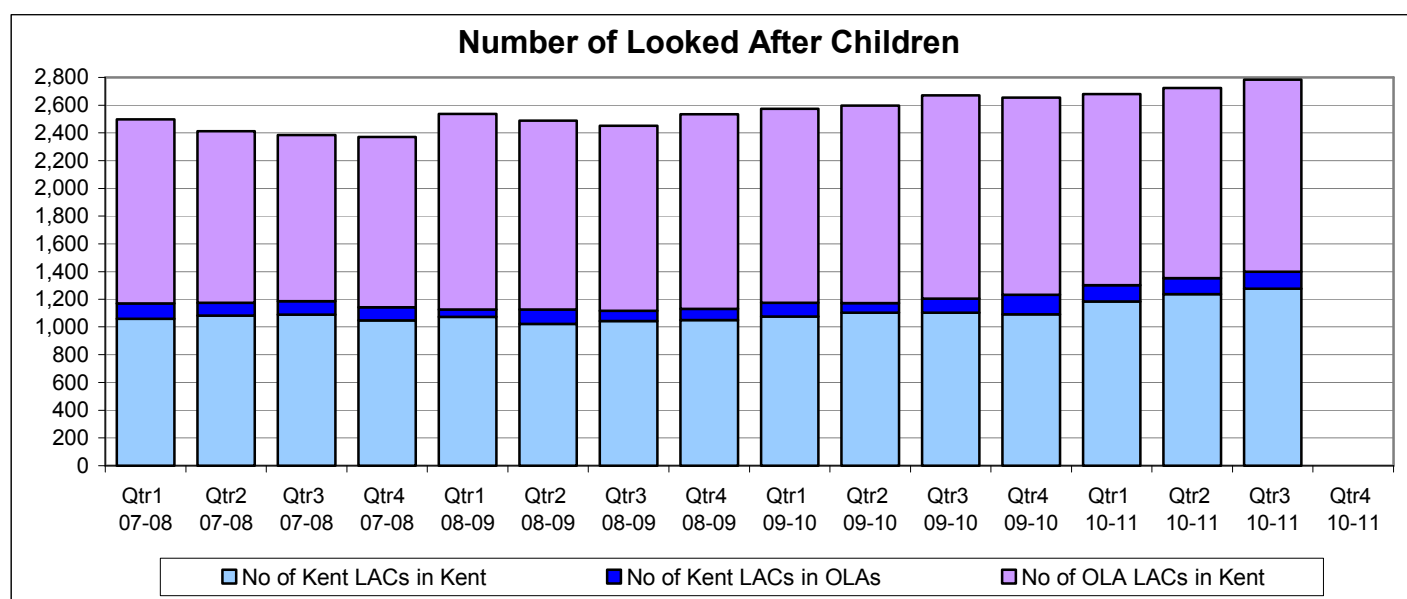
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	as at 31-3-06	as at 31-3-07	as at 31-3-08	as at 31-3-09	as at 31-3-10	Projection 31-3-11
Total number of schools	600	596	575	570	564	537
Total value of school revenue reserves	£70,657k	£74,376k	£79,360k	£63,184k	£51,753k	£46,119k
Number of deficit schools	9	15	15	13	23	18
Total value of deficits	£947k	£1,426k	£1,068k	£1,775k	£2,409k	£1,974k

## Comments:

- The information on deficit schools for 2010-11 has been obtained from the schools budget submissions. The LA receives updates from all schools through budget monitoring returns after 6 months, and 9 months as well as an outturn report at year end.
- 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 LA. 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.
- The number of schools is based on the assumption all 22 schools will convert to academies before the 31<sup>st</sup> March 2011 in line with the government’s decision to fast track outstanding schools to academy status. This is in addition to the 5 secondary schools which have already transferred to ‘old style’ academies during 2010-11.
- The estimated drawdown from schools reserves of £5,634k includes £4,634k which represents the estimated reduction in reserves resulting from 27 schools converting to academy status. In addition the first budget monitoring returns from schools detailing their six monthly forecasts were received during October and they show that school reserves will reduce by approximately £1,000k during the 2010-11 financial year. Schools have traditionally been cautious in their financial forecasting, however the new tighter balance control mechanism is now in operation for its second year and we believe that the overall level of school reserves have reached their optimum operational level. We are therefore not expecting reserves to change significantly this year.

## 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
<b>2007-08</b>					
Apr – Jun	1,060	112	<b>1,172</b>	1,325	<b>2,497</b>
Jul – Sep	1,084	91	<b>1,175</b>	1,236	<b>2,411</b>
Oct – Dec	1,090	97	<b>1,187</b>	1,197	<b>2,384</b>
Jan – Mar	1,047	97	<b>1,144</b>	1,226	<b>2,370</b>
<b>2008-09</b>					
Apr – Jun	1,075	52	<b>1,127</b>	1,408	<b>2,535</b>
Jul – Sep	1,022	105	<b>1,127</b>	1,360	<b>2,487</b>
Oct – Dec	1,042	77	<b>1,119</b>	1,331	<b>2,450</b>
Jan – Mar	1,048	84	<b>1,132</b>	1,402	<b>2,534</b>
<b>2009-10</b>					
Apr – Jun	1,076	100	<b>1,176</b>	1,399	<b>2,575</b>
Jul – Sep	1,104	70	<b>1,174</b>	1,423	<b>2,597</b>
Oct – Dec	1,104	102	<b>1,206</b>	1,465	<b>2,671</b>
Jan – Mar	1,094	139	<b>1,233</b>	1,421	<b>2,654</b>
<b>2010-11</b>					
Apr – Jun	1,184	119	<b>1,303</b>	1,377	<b>2,680</b>
Jul – Sep	1,237	116	<b>1,353</b>	1,372	<b>2,725</b>
Oct – Dec	1,277	123	<b>1,400</b>	1,383	<b>2,783</b>
Jan – Mar					

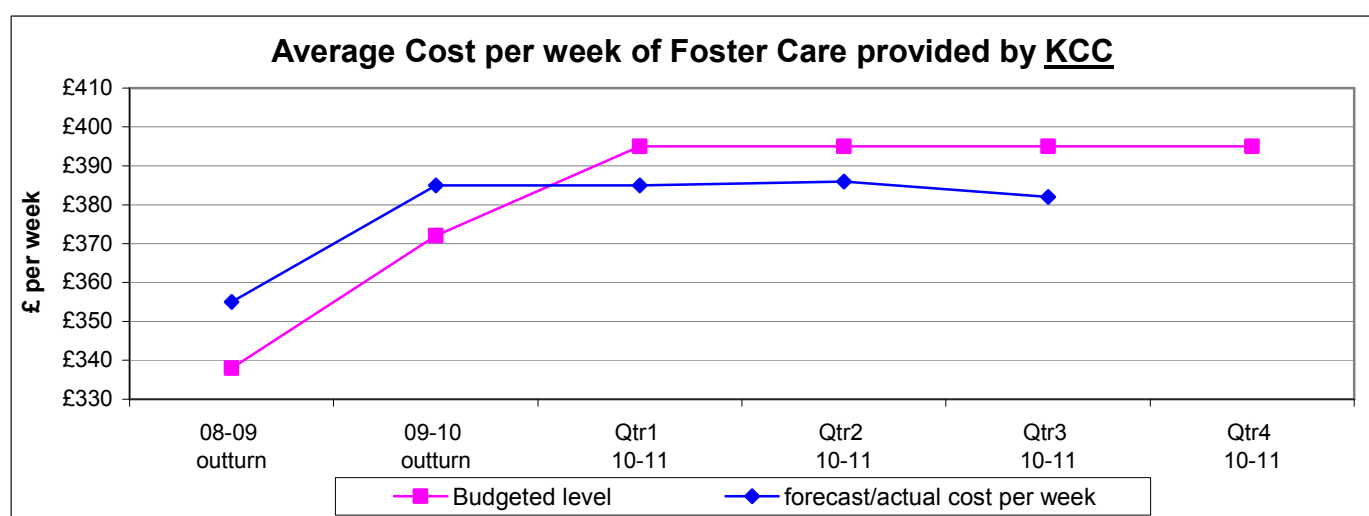
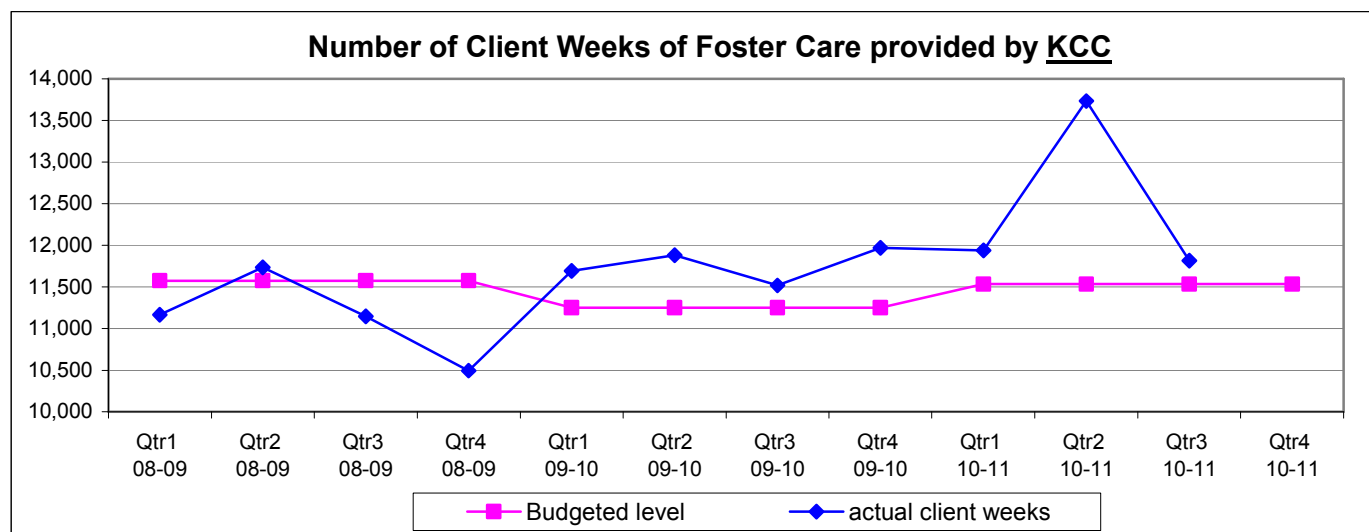


## Comments:

- 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 47 this quarter, there could have been more during the period.
- The increase in the number of looked after children is reflected in the additional pressure on fostering (see section 1.1.3.4).

## 2.5.1 Number of Client Weeks &amp; Average Cost per Client Week of Foster Care provided by KCC:

	2008-09				2009-10				2010-11			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	11,576	11,166			11,249	11,695			11,532	11,937	£395	£386
July - Sep	11,576	11,735			11,249	11,880			11,532	13,732	£395	£386
Oct - Dec	11,576	11,147			11,249	11,518			11,532	11,818	£395	£382
Jan - Mar	11,576	10,493			11,249	11,969			11,532		£395	
	<b>46,303</b>	<b>44,451</b>	<b>£338</b>	<b>£355</b>	<b>44,997</b>	<b>47,062</b>	<b>£372</b>	<b>£385</b>	<b>46,128</b>	<b>37,487</b>	<b>£395</b>	

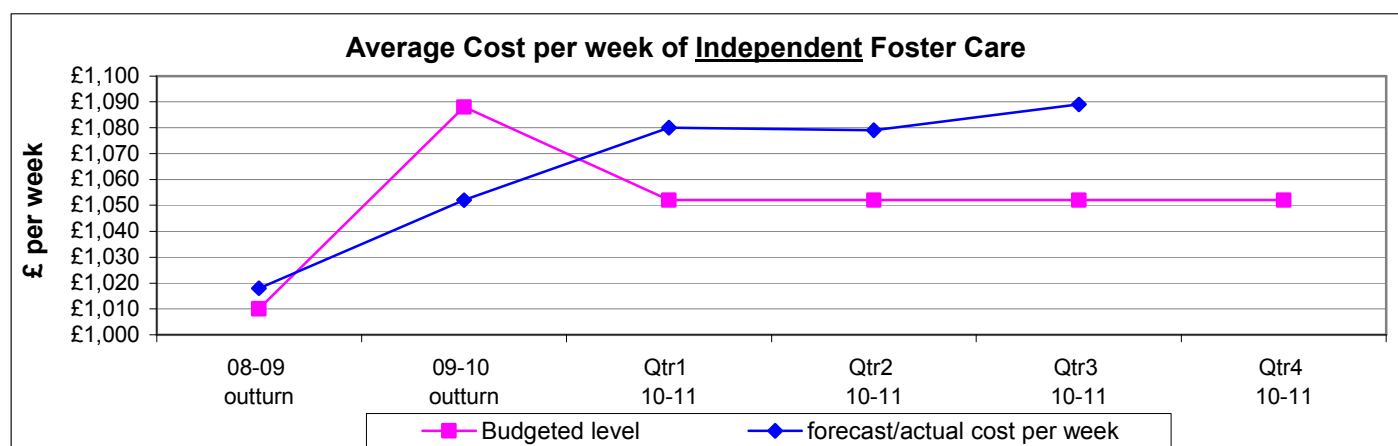
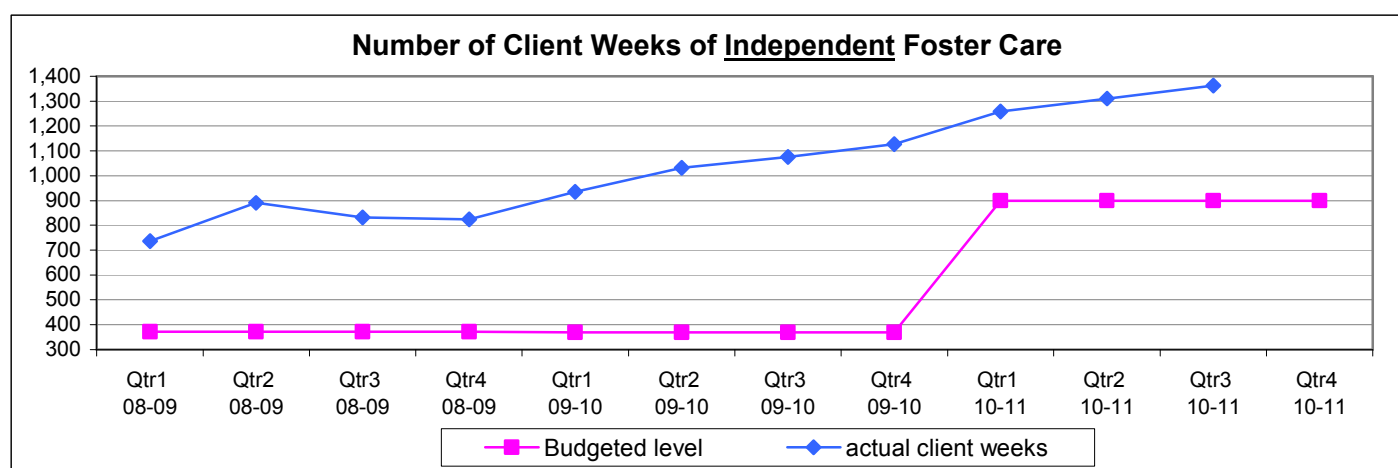


## Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- The forecast unit cost of £382 is £13 below the budgeted level and when multiplied by the budgeted number of weeks, gives a saving of -£599k. However, this is more than offset by the high demand for in-house foster placements in both the fostering service (under 16s and those with a disability) and the 16+ service, therefore resulting in a combined net pressure of £1,558k (see sections 1.1.3.4 and 1.1.3.6). Although this forecast appears high compared with actual year to date activity, the forecast number of client weeks takes into account all future placements identified by District managers.

## 2.5.2 Number of Client Weeks &amp; Average Cost per Client Week of Independent Foster Care:

	2008-09				2009-10				2010-11			
	No of weeks		Average cost per client week		No of weeks		Average cost per client week		No of weeks		Average cost per client week	
	Budget Level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	actual	Budget level	forecast
Apr - June	372	737			369	935			900	1,257	£1,052	£1,080
July - Sep	372	890			369	1,032			900	1,310	£1,052	£1,079
Oct - Dec	372	831			369	1,075			900	1,363	£1,052	£1,089
Jan - Mar	372	823			369	1,126			900		£1,052	
	<b>1,488</b>	<b>3,281</b>	<b>£1,010</b>	<b>£1,018</b>	<b>1,476</b>	<b>4,168</b>	<b>£1,088</b>	<b>£1,052</b>	<b>3,600</b>	<b>3,930</b>	<b>£1,052</b>	

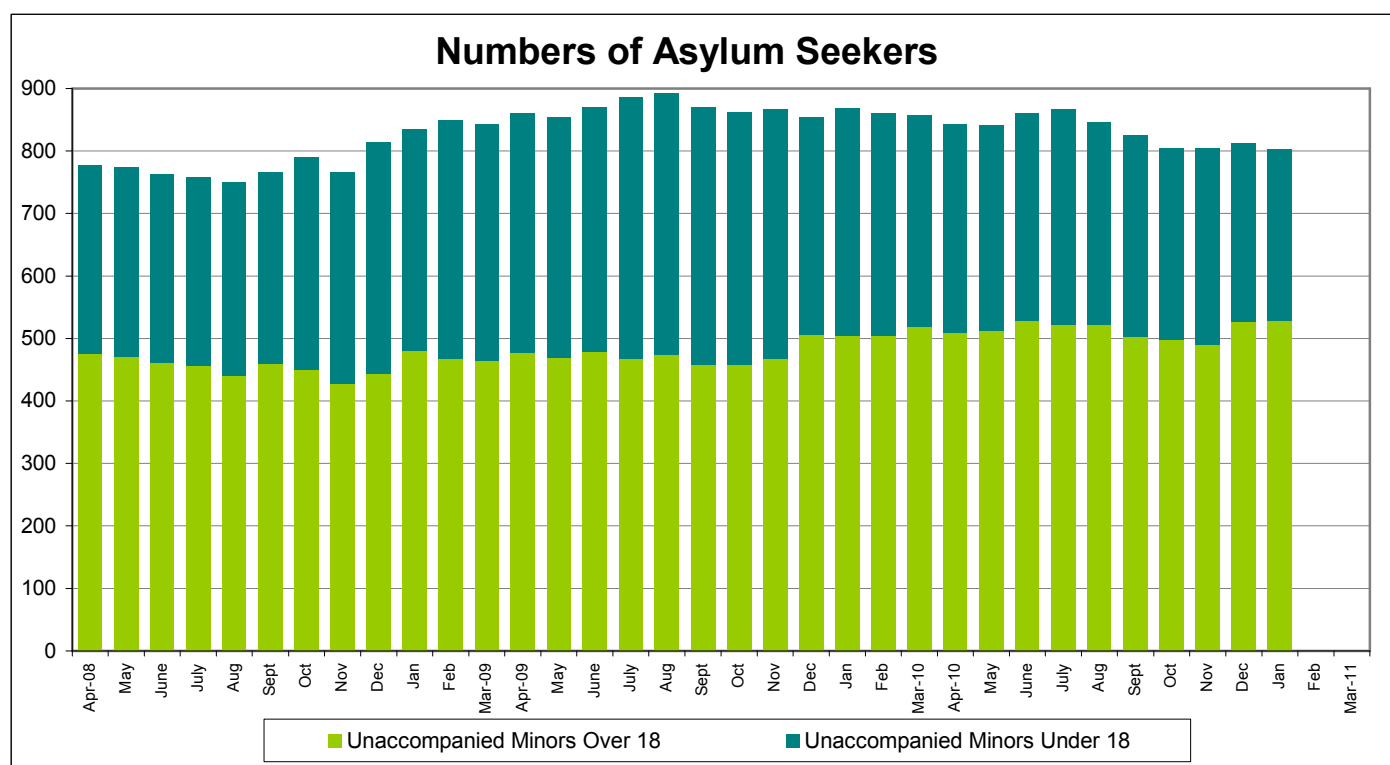


## Comments:

- The actual number of client weeks is based on the numbers of known clients at a particular point in time. This may be subject to change due to the late receipt of paperwork.
- The budgeted level has been calculated by dividing the budget by the average weekly cost. The average weekly cost is also an estimate based on financial information which may be subject to change.
- The budgeted levels for 2010-11 are below the 2009-10 activity because although significant funding was made available as part of the MTP, this has been insufficient to cover the demands for this service. If current levels of activity continue throughout 2010-11, there will remain a pressure on the Independent Fostering budget of around £1,872k (see sections 1.1.3.3 and 1.1.3.5). Although this forecast appears slightly low compared with actual year to date activity, all placements are forecast on an individual basis as identified by District managers and a number of placements are due to end.
- The forecast unit cost of £1,089 is £37 above the budgeted level and when multiplied by the budgeted number of weeks, gives a pressure of £133k. This is included within the £1,872k pressure explained within sections 1.1.3.4 and 1.1.3.6.

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

	2008-09			2009-10			2010-11		
	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients	Under 18	Over 18	Total Clients
April	302	475	777	383	477	860	333	509	842
May	304	471	775	384	469	853	329	512	841
June	301	462	763	391	479	870	331	529	860
July	302	457	759	418	468	886	345	521	866
August	310	441	751	419	474	893	324	521	845
September	306	459	765	411	459	870	323	502	825
October	340	449	789	403	458	861	307	497	804
November	339	428	767	400	467	867	315	489	804
December	370	443	813	347	507	854	285	527	812
January	354	480	834	364	504	868	274	529	803
February	382	467	849	355	504	859			
March	379	464	843	338	519	857			

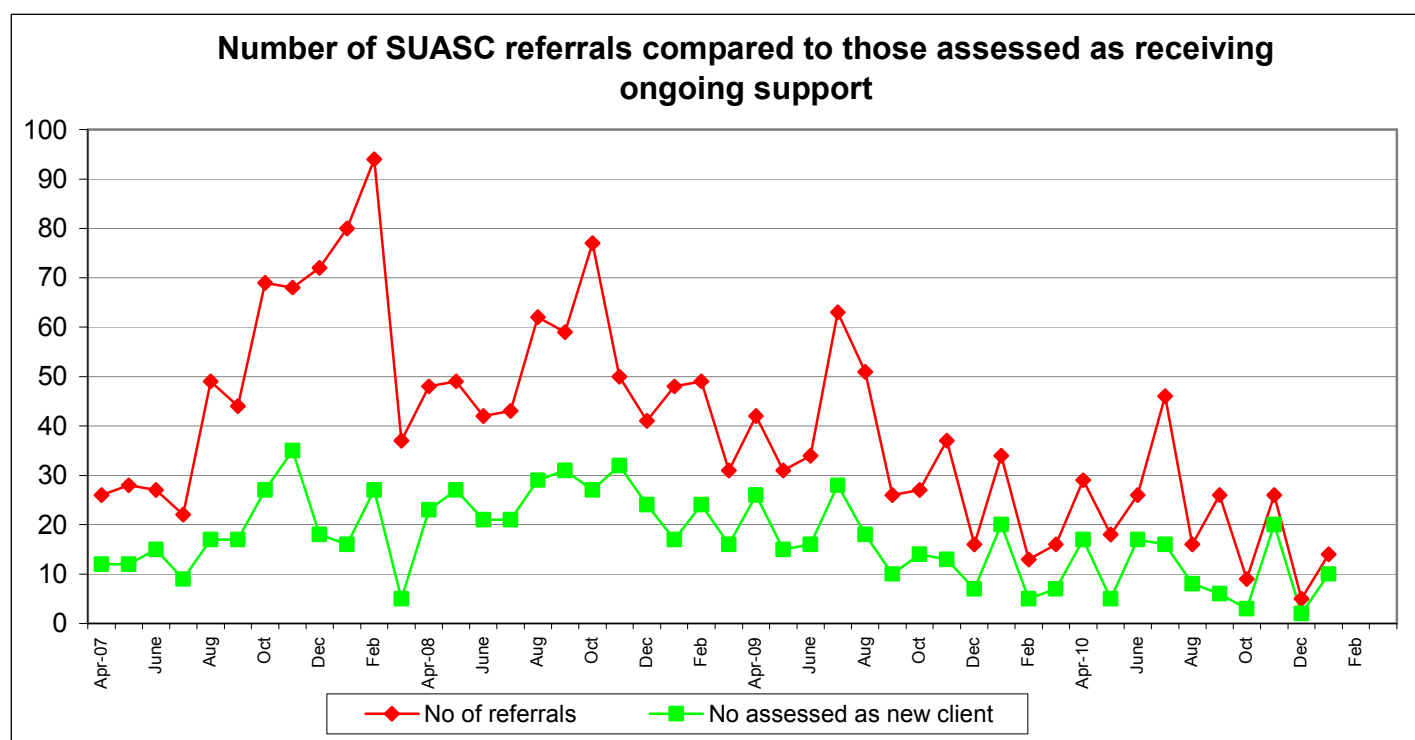


## Comment:

- Client numbers have continued to fall and for the past four months have been at or below the projected number, which for 2010-11 is an average of 812 clients per month.
- The age profile suggests the number of over 18s is increasing compared to the same period last year, 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 or are being challenged. These clients are initially recorded as having the Date of Birth that they claim but once their assessment has been completed, or when successfully appealed, 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:**

	2007-08			2008-09			2009-10			2010-11		
	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	26	12	46%	48	23	48%	42	26	62%	29	17	59%
May	28	12	43%	49	27	55%	31	15	48%	18	5	28%
June	27	15	56%	42	21	50%	34	16	47%	26	17	65%
July	22	9	41%	43	21	49%	63	28	44%	46	16	35%
August	49	17	35%	62	29	47%	51	18	35%	16	8	50%
Sept	44	17	39%	59	31	53%	26	10	38%	26	6	23%
Oct	69	27	39%	77	27	35%	27	14	52%	9	3	33%
Nov	68	35	51%	50	32	64%	37	13	35%	26	20	77%
Dec	72	18	25%	41	24	59%	16	7	44%	5	2	40%
Jan	80	16	20%	48	17	35%	34	20	59%	14	10	71%
Feb	94	27	29%	49	24	49%	13	5	38%			
March	37	5	14%	31	16	52%	16	7	44%			
	<b>616</b>	<b>210</b>	<b>34%</b>	<b>599</b>	<b>292</b>	<b>49%</b>	<b>390</b>	<b>179</b>	<b>46%</b>	<b>215</b>	<b>104</b>	<b>48%</b>

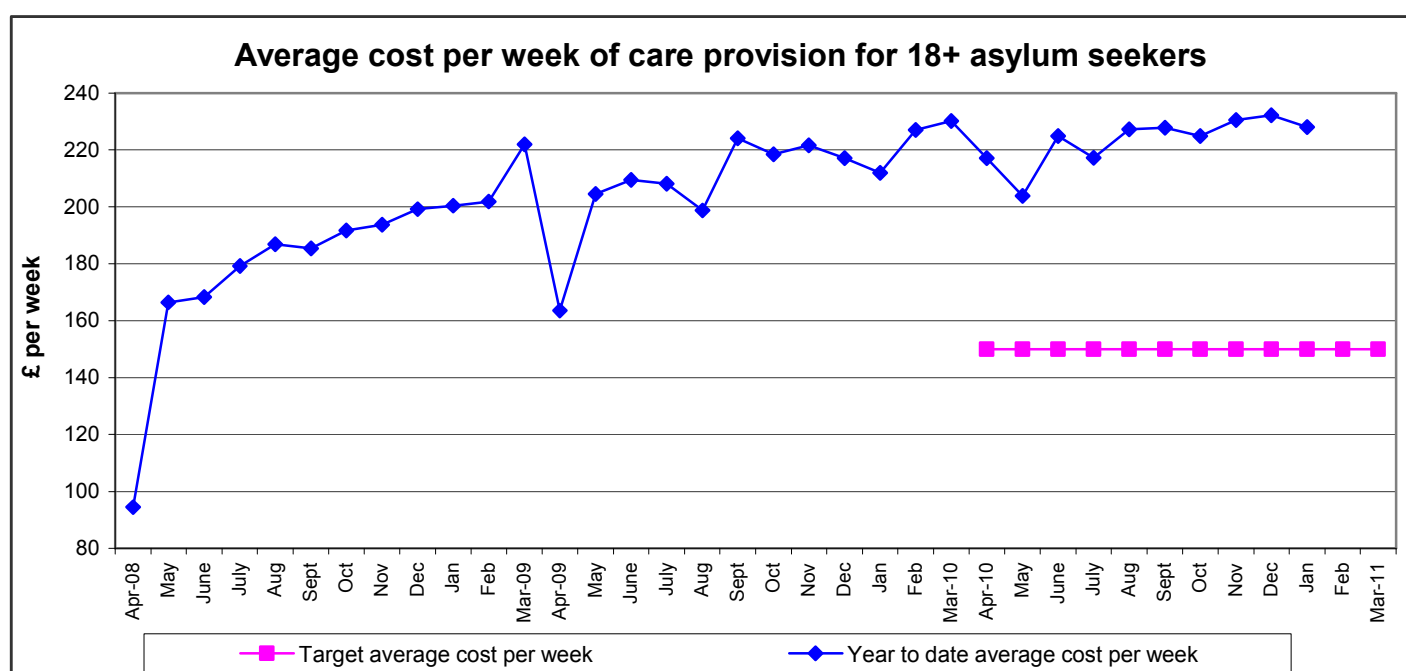


**Comments:**

- The number of referrals has tended to be lower since September 2009 which coincides with the French Government's action to clear asylum seeker camps around Calais and in October 2010 and again in December 2010, was the lowest for over three years. Although the first 6 months of 2010-11 saw the number of referrals rise to an average close to the budgeted number of 30 referrals per month, the numbers have tended to fall from October onwards with the exception of November. The average number of referrals per month is now 21.5.
- 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 new clients had been higher than the budgeted level of 15 new clients per month, for three of the first four months of the year. However the general trend since then is for reducing numbers and the average number assessed as new clients for the year is significantly less than this budgeted level of 15 per month.

## 2.8 Average weekly cost of Asylum Seekers Care Provision for 18+ Care Leavers:

	2008-09		2009-10		2010-11	
	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p	Target average weekly cost £p	Year to date average weekly cost £p
April		94.48		163.50	150.00	217.14
May		166.44		204.63	150.00	203.90
June		168.38		209.50	150.00	224.86
July		179.17		208.17	150.00	217.22
August		186.90		198.69	150.00	227.24
September		185.35		224.06	150.00	227.79
October		191.67		218.53	150.00	224.83
November		193.71		221.64	150.00	230.47
December		199.22		217.10	150.00	232.17
January		200.46		211.99	150.00	227.96
February		201.83		226.96	150.00	
March		221.97		230.11	150.00	



## Comments:

- The funding levels for the Asylum Service agreed with the Government rely on us achieving an average cost per week of £150, in order for the service to be fully funded, which is also reliant on the UKBA accelerating the removal process. The UKBA will fund the costs of an individual for up to three months after the All Rights of appeal Exhausted (ARE) process, but the LA remains responsible for costs under the Leaving Care Act until the point of removal. As the gap between the date of ARE and the date of removal widens, then our ability to achieve a balanced position on the Asylum Service becomes more difficult.
- Additional funding was made available as part of the MTP in 2010-11 to help fund the difference between the current average cost and the funded rate of £150. This additional funding will be taken back as a saving in the 2011-13 MTFP therefore it is imperative that the unit cost of £150 per week is reached by 1 April 2011. In order to achieve this, rent costs must be no more than £100 per week and positive discussions have taken place with accommodation providers to relocate clients to more affordable housing in the later part of the year, along with the greater use of housing benefit. However a series of one-off costs has been incurred as a result of the relocation and closing of more expensive placements, which has led to average weekly costs for the first 10 months of 2010-11 of £227.96 per week. The one-off costs mean that the average weekly cost for 2010-11 will always be above £150 but it should be noted that we anticipate it will reduce in the fourth quarter of 2010-11, with the current weekly cost for January alone being £200.

## KENT ADULT SOCIAL SERVICES DIRECTORATE SUMMARY JANUARY 2010-11 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 budget was set. These are detailed in appendix 2 to the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Adult Services portfolio</b>							
Older People:							
- Residential Care	89,156	-34,850	54,306	324	412	736	Demographic pressure; staff cover (in-house); falling income unit cost
- Nursing Care	47,906	-23,294	24,612	-817	-866	-1,683	Forecast activity below affordable level.
- Domiciliary Care	48,671	-11,217	37,454	-278	225	-53	Independent sector activity in excess of affordable offsetting significantly reduced in house activity
- Direct Payments	5,062	-532	4,530	495	-54	441	Demographic pressures
- Other Services	24,650	-7,600	17,050	-624	77	-547	Whole System Demonstrator underspend, uncommitted grant funding
<b>Total Older People</b>	<b>215,445</b>	<b>-77,493</b>	<b>137,952</b>	<b>-900</b>	<b>-206</b>	<b>-1,106</b>	
People with a Learning Disability:							
- Residential Care	72,361	-19,794	52,567	1,575	1,487	3,062	Demographic & placement pressures
- Domiciliary Care	7,827	-1,556	6,271	-610	84	-526	Forecast activity & price below affordable level
- Direct Payments	7,865	-143	7,722	460	-126	334	Forecast activity & price above affordable level
- Supported Accommodation	27,170	-16,496	10,674	275	8	283	Additional cost of non section 256 clients
- Other Services	21,268	-897	20,371	-2,430	-13	-2,443	Release of MDs contingency, uncommitted grant funding, various other savings
<b>Total People with a LD</b>	<b>136,491</b>	<b>-38,886</b>	<b>97,605</b>	<b>-730</b>	<b>1,440</b>	<b>710</b>	
People with a Physical Disability							
- Residential Care	12,526	-1,951	10,575	587	262	849	Demographic and placement pressures
- Domiciliary Care	7,661	-449	7,212	336	16	352	Demographic pressures
- Direct Payments	7,132	-249	6,883	969	-90	879	Demographic and placement pressures
- Supported Accommodation	394	-8	386	94	-18	76	
- Other Services	5,594	-685	4,909	-126	-5	-131	Various savings
<b>Total People with a PD</b>	<b>33,307</b>	<b>-3,342</b>	<b>29,965</b>	<b>1,860</b>	<b>165</b>	<b>2,025</b>	



Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
All Adults Assessment & Related	38,081	-2,809	35,272	201	-148	53	Temporary staff, additional workloads, and recharge income
Mental Health Service							
- Residential Care	6,416	-882	5,534	915	220	1,135	Forecast activity above affordable, increasing S117 clients
- Domiciliary Care	878	0	878	-85	0	-85	
- Direct Payments	606	0	606	-31	0	-31	
- Supported Accommodation	654	-219	435	180	-10	170	Demographic Pressure
- Assessment & Related	9,911	-786	9,125	-469	4	-465	Vacancy management
- Other Services	7,180	-1,157	6,023	-627	-96	-723	Release of contingency and uncommitted funding
Total Mental Health Service	25,645	-3,044	22,601	-117	118	1	
Gypsy & Traveller Unit	662	-333	329	23	-62	-39	
People with no recourse to Public Funds	100	0	100	0	0	0	
Strategic Management	1,222	0	1,222	-147	0	-147	Vacancies
Strategic Business Support	24,695	-2,054	22,641	-1,526	-137	-1,663	Release of uncommitted funds, Vacancy management, external funded posts, management actions
Support Services purchased from CED	6,787	0	6,787	29	0	29	
Specific Grants	0	-9,910	-9,910	0	362	362	Slipped projects needing to roll forward
<b>Total Adult Services controllable</b>	<b>482,435</b>	<b>-137,871</b>	<b>344,564</b>	<b>-1,307</b>	<b>1,532</b>	<b>225</b>	
<b>Assumed Management Action</b>				<b>0</b>		<b>0</b>	
<b>Forecast after Mgmt Action</b>				<b>-1,307</b>	<b>1,532</b>	<b>225</b>	

### 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 General Comment

Winter brings an increased level of pressure to the health and social care community. Seasonal variations in illness have historically resulted in increased emergency admissions and length of stay in hospital during the winter months with pressures peaking between December and March. Although the winter peak in demand is generally no worse than summer, the increased demand occurs alongside peaks in seasonal flu, swine flu and norovirus. This will lead to increased pressure for services from KASS and we expect to see increased levels of activity over the next few months, although to a degree this will be offset by expected increases in attrition.

#### NHS Support for Social Care 2010/11 – 2012/13

Additional funding streams have been allocated to the NHS for joint working with Local Authorities to promote better services for patients leaving hospital, part of which can be used for increasing capacity of current services such as re-ablement (enablement in Kent) and to invest in a broader range of social care services to benefit health and to improve overall health gain.

The first tranche of funding announced was £70m (nationally) for 'post discharge and re-ablement' services in 2010/11 and is targeted at patients leaving hospital. Of this, £1.8m has been made available for Kent and plans have been developed with the two Kent PCT's to utilise these funds. The second tranche of funding, announced in January, included a figure of £150m in 2011/12 and indicative funding of £300m in 2012/13 to continue to develop these services. The actual amount for Kent has not yet been announced, but on a pro rata basis we could expect £3.8m and £7.7m respectively.

Within the second tranche of funding, an additional £162m was designated as 'Winter Pressures Funding' for 2010/11. This funding will be focussed on a broader range of social care services and is expected to benefit health and to improve overall health gain. Of this funding, £4.1m has been allocated to Kent PCT's for 2010/11. Whilst plans have been agreed jointly, the funds must be transferred to KCC under Section 256 of the 2006 NHS Act. Allocations have been made for future years to continue with these services and this funding is referred to as 'specific PCT allocations for social care' with £648m allocated in 2011/12 and £622m in 2012/13. Kent's share of these funds is £16.2m and £15.7m respectively.

Although much of this allocation has allowed both the PCTs and KASS to commission new projects and services to meet this aim, it has also allowed us to cover some of the additional costs which we would have inevitably had to cover for the anticipated increase due to the winter, and therefore our affordable levels of activity for Older People residential, nursing and domiciliary care have increased to reflect the impact of part of this additional funding.

### 1.1.3.2 Older People:

The overall position for services for Older People is a net underspend of £1,106k.

#### a. Residential Care

This line is reporting a gross pressure of £324k, and an under recovery of income of £412k, leaving a net pressure of £736k. As at December, there were 2,782 permanent clients in independent sector care compared with 2,817 in September, a decrease of 35. The forecast for independent sector residential care is 157,297 weeks against an affordable level of 156,812 which is 485 more than budget. Using the forecast unit cost of £388.80 this increased level of activity generates a pressure of £189k. In addition the forecast unit cost is £1.11 lower than the affordable level, which results in a saving of £174k. Using the forecast unit income of £158.06 this increased level of activity generates additional income of £77k. In addition, the forecast unit income is £6.22 lower than the affordable which results in a pressure of £976k. There is also additional health income secured against this line of £337k, which was not budgeted for. We have now had to allow for a £250k increase to the bad debt provision resulting from the overall increase in debt over the last couple of months.

The overall attrition rate within residential has been low for most of the year however, as expected this has risen recently. The number of clients with dementia continues to cause concern as we have seen a net increase of 58 clients with the number of other residential clients actually reducing by 27 (net). Increased activity within the independent sector also results from not placing clients into permanent care within our own homes whilst the consultation on the modernisation of Older People's care continues; however conversely there will be some reduction in respite care as we seek to maximise the spare capacity in-house for non-permanent placements. It should also be noted that where possible we seek to place people into residential care rather than nursing so there is some off-set of the pressure identified here against that line.

The forecast for Preserved Rights clients is showing minor variances, below £100k on both gross and income.

Internal provision, including integrated care centres, is showing a small forecast pressure of £163k against gross as a result of the continuing need to cover sickness. This pressure has reduced during the year because, as mentioned above, we are not placing anyone permanently in the homes affected by the consultation. There is also a small over-recovery of income of £84k.

This line also includes a £200k under-spend relating to expenditure relating to the modernisation of Older People's care funded through the Social Care Reform Grant which has re-phased to the new financial year. There has also been a corresponding drop in the amount of Specific Grant income forecast for this year as this amount will be rolled forward as a receipt in advance.

b. Nursing Care

This line is reporting a gross saving of £817k, and an over recovery of income of £866k, leaving a net underspend of £1,683k. The number of permanent clients in independent sector placements is 1,372 in December compared to the 1,374 reported in March. The forecast position of 79,696 weeks of care is 1,686 weeks lower than the affordable. The lower than anticipated level of activity results in part from the intention to place people into residential care rather than nursing care. As with residential care the level of attrition remained low over the first six months of the year, although recently this has started to rise as expected. Using the forecast unit cost of £461.75 the reduced level of activity generates a saving of £779k. The unit cost reduced in December because an error in the previously reported figure was discovered, it now stands at £8.26 lower than the affordable which results in a saving of £672k. Using the forecast unit income of £166.03 this reduced level of activity creates a pressure of £280k. In addition the forecast unit income is £7.72 higher than the affordable which results in an over-recovery of £628k

Increased cost and activity for Registered Nursing Care Contribution clients is resulting in a forecast pressure of £466k, however this is completely off-set with additional income from health, meaning a net nil position for this service.

The remaining £168k pressure is due to small pressures, below £100k, against activity and price on Preserved Rights, as well as a £152k increase in the bad debt provision.

c. Domiciliary Care

This line is reporting a gross underspend of £278k, and an under recovery of income of £225k, giving a net underspend of £53k. Domiciliary care continues to be the most difficult to forecast as there is a constant and significant churn in activity; the continuing trend in the number of clients remains volatile and the number receiving a domiciliary care package from the independent sector remains below the average of last year. The number of clients in receipt of a package through the independent sector in December was 6,061 compared with 6,227 clients in March. The forecast position is 2,558,748 hours of care which is 37,372 more than budgeted for. Using the forecast unit cost of £15.393 this increased level of activity generates a pressure of £575k. In addition the forecast unit cost is £0.059 lower than the affordable which results in a saving of £147k. There is also a significant underspend of £577k relating to the in-house domiciliary service as the number of clients remains well below that afforded within the budget. There are also underspends against block contracts, extra care, and enablement, individually below £100k, but together totalling £224k. There is also a £94k increase in the bad debt provision.

Client income is showing a small under-recovery in income of £122k across all domiciliary lines and there is a small under-recovery in other income of £103k.

d. Direct payments

This line is reporting a gross pressure of £495k, and an under recovery of income of £54k. Increasing client numbers mean that the forecast activity is 953 weeks higher than affordable. Using the average weekly cost of £132.58 this additional activity creates a pressure of £126k. The average cost is also £7.04 higher than affordable leading to an additional pressure of £280k. There is also a small pressure on one-off direct payments, e.g. for equipment.

e. Other Services

This line is reporting a gross under-spend of £624k, and an under recovery of income of £77k. £315k of the gross under-spend relates to the Whole System Demonstrator base funding, which was provided because it was expected that the remaining amount of health funding would be insufficient to meet this year's costs. Fortunately the forecast suggests that base budget funding will not now be required in 2010/11, and will instead be funded by the savings found through management actions driving down the cost of equipment & installations. There is also £330k of funding that was identified as uncommitted following a review of all grants in light of potential in-year cuts from Government and this is being used to offset the overall pressure.

1.1.3.3 People with a Learning Disability:

The overall position for services for Learning Disabled is a net pressure of £710k. However, as described further on in this section, this position is mitigated by under-spends within Other

Services without which the pressure would be over £3m. Services for this client group remain under extreme pressure, particularly within residential care as a result of both demographic and placement price pressures. This includes 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. There are also increasing numbers of older learning disabled clients who are cared for at home by ageing parents who will begin to require more support. Cases of clients becoming/ or who could become "ordinarily resident" in Kent continue to be a problem. 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 a number of clients, and we are still contesting a number of other applications. The issue of ordinary residence has been 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, and agreement on a voluntary protocol has now been reached, although this has not yet been "signed up to" by all authorities. Each ADASS region will be monitoring sign up to the protocol. This protocol suggests an 18 month period during which financial responsibility hands over, the intention of which is to give the receiving authority sufficient time to plan for the costs of the transferring placements.

#### a. Residential Care

This line is reporting a gross pressure of £1,575k with an under recovery of income of £1,487k, giving a net pressure of £3,062k. Details of the individual pressures and savings contributing to this position are provided below.

The number of clients has increased from 632 in March, of which 40 were transferred from health under Section 256, to 708 in December, of which 114 are Section 256. The Section 256 clients are part of the overall transfer of responsibility for most Learning Disability placements from Health. Section 256 clients are 100% funded by Health.

The forecast position for independent sector residential care is 37,645 weeks of care against an affordable level of 36,593 which is 1,052 more than affordable. Using the forecast unit cost of £1,223.31 this increased level of activity generates a pressure of £1,287k. In addition the forecast unit cost is £15.73 higher than the affordable which results in a pressure of £576k. This level of activity, using the forecast unit income of £312.27, generates additional income of £329k. However the forecast unit income is £27.34 lower than the affordable which results in a pressure of £1,000k.

For preserved rights, the forecast position is 30,921 weeks of care against an affordable level of 31,414 which is 493 less than affordable. Using the forecast unit cost of £805.38 this reduced level of activity generates a saving of £397k. In addition the forecast unit cost is £0.10 higher than the affordable which results in a pressure of £3k. Using the forecast unit income of £206.67 this reduced level of activity creates an under recovery of income of £102k. In addition the forecast unit income is £19.94 lower than the affordable which results in a pressure of £626k.

There is a £123k pressure on in-house provision, primarily due to the continuing need to cover sickness and absence with agency staff in order to meet care standards, and additional 1 to 1 support being provided. There are also small variances on in-house income lines.

#### b. Domiciliary Care

This line is reporting a gross under-spend of £610k, and an under recovery of income of £84k.

The forecast position for independent sector provision is 342,196 hours of care against an affordable level of 351,968 which is 9,772 less than affordable. Using the forecast unit cost of £11.14 this reduced level of activity generates a saving of £109k. In addition the forecast unit cost is £0.85 lower than the affordable which results in a saving of £298k. The unit income is £0.40 higher than budgeted for, which results in an over recovery of income of £140k, which is offset by the reduced activity causing a pressure of £8k.

There is also an under-spend against the Independent living scheme, of £180k, however, this is fully offset by a reduction in corresponding income, which is due to a change in Supporting People related activity. There are also small savings on gross, and small under recovery of income on other domiciliary lines including extra care sheltered housing.

c. Direct payments

This line is reporting a gross pressure of £460k, and an over recovery of income of £126k. Forecast activity is 426 weeks above the budgeted level of 34,219 which when multiplied by the average weekly cost of £241.02 results in a pressure of £103k. In addition, the average cost is £14.63 higher than affordable leading to a pressure of £501k. However, this pressure is offset by the recovery of surplus and unused funds from payments made in 09/10 of £291k although there is a further pressure created by additional one-off direct payments, (e.g. for equipment), of £162k. In addition to this, the unit income is £3.60 more than budgeted for, creating additional income of £123k, and the additional activity adds a small amount to this over recovery.

d. Supported Accommodation

The current position is a gross pressure of £275k and a minor under recovery of income of £8k resulting in a net pressure of £283k. The number of clients having increased to 487 in December from 478 in September; the figure was 309 in March and 408 in June. The increase is almost solely relating to the further transfer of clients from Health under Section 256 arrangements. The gross and income cash limits were realigned to reflect this further transfer of clients and 100% funding from Health in quarter 2, and following further transfers, the cash limit has also been realigned this quarter. The current forecast is 711 weeks more than the affordable level of 24,967 creating a pressure of £716k which entirely relates to non-Section 256 clients. This is based on a forecast unit cost of £1,007.95, although within this are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each client group has a very different unit cost, which when combined give the average forecast unit cost stated above. This combined forecast unit cost is £17.72 less than affordable, which reduces the pressure by £442k. Both the affordable and forecast unit costs have increased significantly from last year as a result of the placements transferred from Health under S256 arrangements due to the high cost of these placements.

There are also small variances against group homes and the adult placement scheme.

It should be noted that the Residential Change Strategy is encouraging many small residential providers to move to providing supported accommodation giving people more choice and opportunities to remain within the community rather than live in a residential environment.

e. Other Services

This line is reporting a gross underspend of £2,430k, and an over recovery of income of £13k. The gross underspend includes the release of £830k Contingency held by the Managing Director, as well as £1,005k of uncommitted grant monies used to offset the overall pressure within this client group. There is an underspend of £231k in supported employment, £148k of this is due to some activities being transferred to the private sector and other vacancies being held, with the remaining £83k made up of several other small savings resulting from management actions. This is partially offset by an under-recovery in income of £43k. There is also an under-spend of £202k against day-care and other services. The remaining £162k of the under-spend relates to expenditure funded through the Social Care Reform Grant which has re-phased to the new financial year. There has also been a corresponding drop in the amount of Specific Grant income forecast for this year as this amount will be rolled forward as a receipt in advance.

1.1.3.4 People with a Physical Disability:

Overall the position for this client group is a net pressure of £2,025k. Services for this client group remain under pressure as a result of demographic and placement price pressures, and difficulties in forecasting remain, e.g. the number of road traffic accidents.

a. Residential Care

The overall forecast for residential care, including preserved rights clients, is a pressure on gross of £587k and an under recovery of income of £262k. The number of clients in permanent residential care has increased from 222 in September to 229 in December; the number was 218 in June and 222 in March. The forecast assumes 1,071 weeks more than is affordable giving a pressure of £921k. The actual unit cost is £859.39 which is £18.27 lower than the affordable which reduces the pressure by £222k. The additional client weeks add £103k of income to the position however the income per week is less than the level expected which causes a pressure of £339k.

The forecast number of client weeks of service provided to Preserved Rights clients is 110 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 £91k and the unit cost is lower than the affordable level which further reduces the position by £80k. The reduced activity and a lower average of income per week means an under-recovery in income of £72k.

Increased cost and activity for Registered Nursing Care Contribution clients is resulting in a minor forecast pressure of £53k, however this is completely off-set with additional income from health, meaning a net nil position for this service.

b. Domiciliary Care

This budget is reporting a gross pressure of £336k, and an under-recovery of income of £16k.

The forecast position for independent sector provision is 579,216 hours of care against an affordable level of 556,354 which is 22,862 more than affordable. Using the forecast unit cost of £12.59 this increased level of activity generates a pressure of £288k. In addition the forecast unit cost is £0.05 higher than the affordable which adds £28k to the pressure. There are minor variances against the other domiciliary budgets.

c. Direct Payments

This line is reporting a gross pressure of £969k, and an over recovery of income of £90k. Client numbers continue to increase meaning that the forecast activity of 42,887 weeks is 3,421 weeks higher than affordable. Using the average weekly cost of £180.45 this additional activity creates a pressure of £617k. The average cost is also £2.54 higher than affordable leading to an additional pressure of £100k. The forecast for respite, one-off payments and direct payments to carers, i.e. the budget not related to the on-going clients, is £220k over budget with a further £32k relating to an increase in the provision for bad debts.

d. Other Services

This line includes Day Services, payments to voluntary organisations, occupational therapy, services for the sensory impaired. There are small variances on several of these lines, which when combined create a saving of £126k.

1.1.3.5 **All Adults Assessment & Related**

This line is reporting a gross pressure of £201k, offset by an over recovery of income of £148k, giving a net position of £53k pressure. £105k of the pressure is due to additional staffing costs related to increased workloads at Kent Contact and Assessment Service, however this is being entirely offset by additional recharge income from CFE for these extra resources. The remaining pressure is as a result of the need to engage Locums, temporary and agency staff, which are typically more expensive than permanent staff, whilst permanent recruitment is delayed, and in order to maintain the skill level within Assessment & Related staffing.

1.1.3.6 **Mental Health**

The overall position for Mental Health is a net pressure of £1k, however there are some significant offsetting variances across the service groups as follows:

a. Residential Care

The forecast for residential care, including preserved rights clients, is a pressure on gross of £915k and an under recovery of income of £220k. The affordable level for non-preserved rights was previously reduced following the decision 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 intention to keep clients in the community remains, so budgets have been left as they are rather than adjusted back. The result is a forecast which is 1,370 weeks more than is affordable at a cost of £760k. The actual unit cost is £554.79 which is £5.39 higher than the affordable which adds to the pressure an amount of £48k. We are now also forecasting to add £180k into the Section 117 provision as there have been several significant repayments to clients made this year which have wiped out the existing

provision of £148k, and the current expectation is that there will be further claims in the next couple of years. 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 £199k to the pressure.

There are small variances against gross and income for both preserved rights and Registered Nursing Care Contribution clients.

b. Supported Accommodation

The current position is £180k pressure on gross; the forecast of 2,081 weeks is 568 weeks more than budget which at the average cost of £295.24 per week generates a £168k pressure. There is an additional pressure of £12k as the unit cost is £8.03 higher than budget.

c. Assessment & Related

An underspend of £469k on gross expenditure is being forecast which in part results from vacancy management but also from difficulties in recruiting qualified social work staff. Savings also accrue from difficulties experienced in recruiting to senior positions for joint health/social care posts.

d. Other Services

This line is showing an under-spend on gross of £627k following the release of £520k of Contingency and other uncommitted funding held by the Managing Director to offset the overall pressure within this client group. The balance of the under-spend on gross is made up of small variances against day-care, payments to voluntary organisations, and community services.

1.1.3.7 Strategic Management

This line is reporting a gross saving of £147k, which is due to vacancy management throughout the management structure, the main part of which was achieved through the Director of Operations post being vacant whilst the recruitment process was undertaken.

1.1.3.8 Strategic Business Support:

This line is forecasting a significant underspend of £1,526k against gross expenditure with an over recovery in income of £137k. Of the gross underspend, £250k relates to funding that was declared as uncommitted following a review of all grants in light of potential in-year cuts from Government and this is being used to offset the overall pressure. There have also been significant savings in a number of areas including: £706k of vacancy management through continuing to hold posts vacant and delaying the recruitment process, £163k of printing, stationery, rent and room hire and reduced Girobank charges, and £373k of posts funded externally and not backfilled. The remaining balance is made up of numerous small savings. The over recovery of income is primarily due to £71k of extra income generated for Moving & Handling training, along with numerous other smaller income variances.

1.1.3.9 Specific Grants:

This line is now forecasting an under-recovery in income of £362k relating to the roll-forward of income as receipts in advance for expenditure funded through the Social Care Reform Grant which has re-phased to the new year, (£200k within Older Person's Residential Care and £162k within Learning Disability Other Services as reported in sections 1.1.3.2.a and 1.1.3.3.e respectively).

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

There are a number of savings referred to in section 1.1.3 above which are below £100k and therefore do not appear in table 2. Therefore overall the net position in table 2 (+£978k) is significantly higher than the overall position presented in table 1 (+£225k)

Pressures (+)			Underspends (-)		
Portfolio		£'000	Portfolio		£'000
KASS	LD Residential Gross Independent Sector Activity higher than affordable	+1,287	KASS	LD Other Gross - uncommitted grant monies	-1,005
KASS	LD Residential Income Independent Sector Unit Income lower than	+1,000	KASS	LD Other Gross - Release of MDs Contingency	-830
KASS	OP Residential Income Independent Sector Unit Income lower than	+976	KASS	OP Nursing Gross Independent Sector Activity less than affordable	-779
KASS	PD Residential Gross Independent Sector Activity higher than affordable	+921	KASS	Strategic Business Support Gross - vacancy management	-706
KASS	MH Residential Gross - P&V activity greater than affordable	+760	KASS	OP Nursing Gross Independent Sector Unit Cost less than affordable	-672
KASS	LD Supported Accommodation Gross - Activity above affordable	+716	KASS	OP Nursing Income Unit income higher than affordable	-628
KASS	LD Residential Pres Rights Income - P&V unit Income less than affordable	+626	KASS	OP Domiciliary Gross In House - Activity below affordable level	-577
KASS	PD Direct Payments Gross Independent Sector Activity higher than affordable	+617	KASS	MH Other Gross - Release of uncommitted funding	-520
KASS	LD Residential Gross Independent Sector Unit Cost higher than affordable	+576	KASS	MH Assessment & related Gross - vacancy management and recruitment difficulties	-469
KASS	OP Domiciliary Gross Independent Sector Activity higher than affordable	+575	KASS	OP Nursing Income increased activity giving rise to increased income from health	-466
KASS	LD Direct Payments Gross Independent Sector Unit Cost higher than affordable	+501	KASS	LD Supported Accommodation Gross - Unit cost below affordable level	-442
KASS	OP Nursing Gross increased cost & activity for RNCC	+466	KASS	LD Residential Pres Rights Gross Independent Sector Activity less than affordable	-397
KASS	PD Residential Income Independent Sector Unit Income lower than affordable	+339	KASS	Strategic Business Support Gross - Posts for which external funding has been secured	-373
KASS	PD Domiciliary Gross Independent Sector Activity higher than affordable	+288	KASS	OP Residential Income - Additional health income	-337
KASS	OP Nursing Income - P&V activity below affordable level	+280	KASS	OP Other Services - uncommitted grant funding	-330
KASS	OP Direct Payments Gross Independent Sector Unit Cost higher than affordable	+280	KASS	LD Residential Income Independent Sector Activity higher than affordable	-329
KASS	OP Residential Gross Increase in Bad Debt Provision	+250	KASS	OP Other Services - Whole System Demonstrator management actions meaning base funding not required for 10/11	-315
KASS	PD Direct Payments Gross additional one offs, respite and payments to carers	+220	KASS	LD Domiciliary Gross Independent Sector Unit Cost less than affordable	-298
KASS	Specific Grant - Social Care Reform Grant re-phasing in OP Residential	+200	KASS	LD Direct Payments Gross - Recovery of unused surplus funds from 09-10 payments	-291
KASS	MH Residential Income - Increased Section 117 clients who do not contribute to costs	+199	KASS	Strategic Business Support Gross - uncommitted grant funding	-250
KASS	OP Residential Gross Independent Sector Activity higher than affordable	+189	KASS	PD Residential Gross Independent Sector Unit Cost less than affordable	-222



Pressures (+)			Underspends (-)		
Portfolio		£'000	Portfolio		£'000
KASS	LD Domiciliary Income In House - Reduction in Supporting People related activity	+180	KASS	LD Other Gross - Savings on Day Care & other services	-202
KASS	MH Residential Gross - S117 provision	+180	KASS	OP Residential Gross - Re-phasing of Social Care Reform Grant funded	-200
KASS	MH Supported Accomodation Gross - Activity in excess of affordable level	+168	KASS	LD Domiciliary Gross In House - Reduction in Supporting People related activity	-180
KASS	OP Residential In House Gross - Staffing issues; maintaining care levels	+163	KASS	OP Residential Gross Independent Sector Unit Cost less than affordable	-174
KASS	LD Direct Payments Gross - additional one off direct payments	+162	KASS	Strategic Business Support Gross - savings found on printing, stationery, room hire & Girobank charges	-163
KASS	Specific Grant - Social Care Reform Grant re-phasing in LD Other Services	+162	KASS	LD Other Gross - Social Care Reform Grant re-phasing	-162
KASS	OP Nursing Gross - Increase to bad debt provision	+152	KASS	LD Other Gross - Transfer of some Supported Employment activities to private sector	-148
KASS	OP Direct Payments Gross Independent Sector Activity higher than affordable	+126	KASS	Strategic Management Gross - Vacancy management	-147
KASS	LD Residential Gross In House - Maintaining care levels and providing additional 1:1 support	+123	KASS	OP Domiciliary Gross Independent Sector Unit Cost less than affordable	-147
KASS	OP Domiciliary Income - under recovery in client income	+122	KASS	LD Domiciliary Income - unit income higher than affordable	-140
KASS	All Adults A&R Gross - additional staffing to cover increased workloads at Kent Contact & Assessment Service	+105	KASS	LD Direct Payments Income Independent Sector Unit income higher than affordable	-123
KASS	LD Direct Payments Gross Independent Sector Activity higher than affordable	+103	KASS	LD Domiciliary Gross Independent Sector Activity less than affordable	-109
KASS	OP Domiciliary Income - under recovery of other income (non-client income)	+103	KASS	All Adults A&R Income - recharge income for additional work undertaken at Kent Contact & Assessment Service	-105
KASS	LD Residential Pres Rights Income Independent Sector Activity lower than affordable	+102	KASS	PD Residential Income Independent Sector Activity higher than affordable	-103
KASS	PD Direct Payments Gross - unit cost higher than affordable	+100			
		<b>+13,317</b>			<b>-12,339</b>

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

The forecast pressure of £225k assumes that the savings identified within the MTP will be achieved and the Directorate remains confident that these savings will be achieved. The reported position also assumes forecasted savings of £203k from the recently announced moratorium.

'Guidelines for Good Management Practice', also referred to below, are in place across the Directorate, and these, together with vacancy management, have significantly reduced the overall pressures. However even though the Directorate has done everything possible to balance we now believe that the remaining pressure of £225k will not be addressed, primarily because of the impact of the increase in debt over the past couple of months which has required us to put more money into the bad debt provision.

### 1.1.5 Implications for MTFP:

The MTFP assumes a breakeven position for 2010-11.

The significant issues for the KASS portfolio arising from 2010/11 budget monitoring are related to demography and this has been addressed in the 2011-13 MTFP.

It is assumed that the demographic pressures for KASS are likely to be £8.7m per year in the 2011-13 MTFP. This is based on detailed calculations, on trends over the past year of increased clients and complexity. Clearly this will be reviewed on an on-going basis as part of the monitoring process.

### 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: *[eg roll forward proposals; mgmt action outstanding]*

Although the KASS Directorate remains committed to delivering a balanced outturn position by the end of the financial year, as stated above in 1.1.4 we now believe that this is unlikely and we will end the year with a £225k overspend. 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. The Guidelines include ensuring all high cost placements and support packages are reviewed, plus a continued analysis and scrutiny of all requests for waiving of third party top ups to the cost of placements, and rigorous on-going panel arrangements. Furthermore the successful promotion and increased use of enablement continues to result in fewer people needing long term support. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged.

## 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 in the 2011-14 MTFP as agreed by county council on 17 February 2011, 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	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
<b>Kent Adult Social Services portfolio</b>						
Budget	4,176	6,749	13,366	5,868	6,045	36,204
Adjustments:						
- December re-phasing		-395	395			0
- Virement to CMY		-28				-28
Revised Budget	4,176	6,326	13,761	5,868	6,045	36,176
Variance		-678	692	0	0	14
<b>split:</b>						
- real variance		+14				+14
- re-phasing		-692	+692			0

<b>Real Variance</b>	<b>0</b>	<b>+14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+14</b>
<b>Re-phasing</b>	<b>0</b>	<b>-692</b>	<b>+692</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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
<b>Overspends/Projects ahead of schedule</b>						
			+0	+0	+0	+0
<b>Underspends/Projects behind schedule</b>						
KASS	LD Good Day Programme	phasing			-327	
			0	-0	-327	-0
			-0	-0	-327	-0

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

None

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

The real variance of £0.014m is to be covered by developer contributions.

**1.2.6 General Overview of capital programme:****(a) Risks**

There are no current risks

**(b) Details of action being taken to alleviate risks****1.2.7 PFI projects**

The £44.3m investment in the PFI Excellent Homes for All project also represents investment by a third party. No payment is made by KCC for the assets until they were ready for use and this is by way of an annual unitary charge to the revenue budget

	<b>Previous years</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>TOTAL</b>
	£000s	£000s	£000s	£000s	£000s
<b>Budget</b>		22,300	22,000		44,300
<b>Forecast</b>		22,300	22,000		44,300
<b>Variance</b>					

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

Overall costings still as planned.

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

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

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

**1.2.8 Project Re-Phasing**

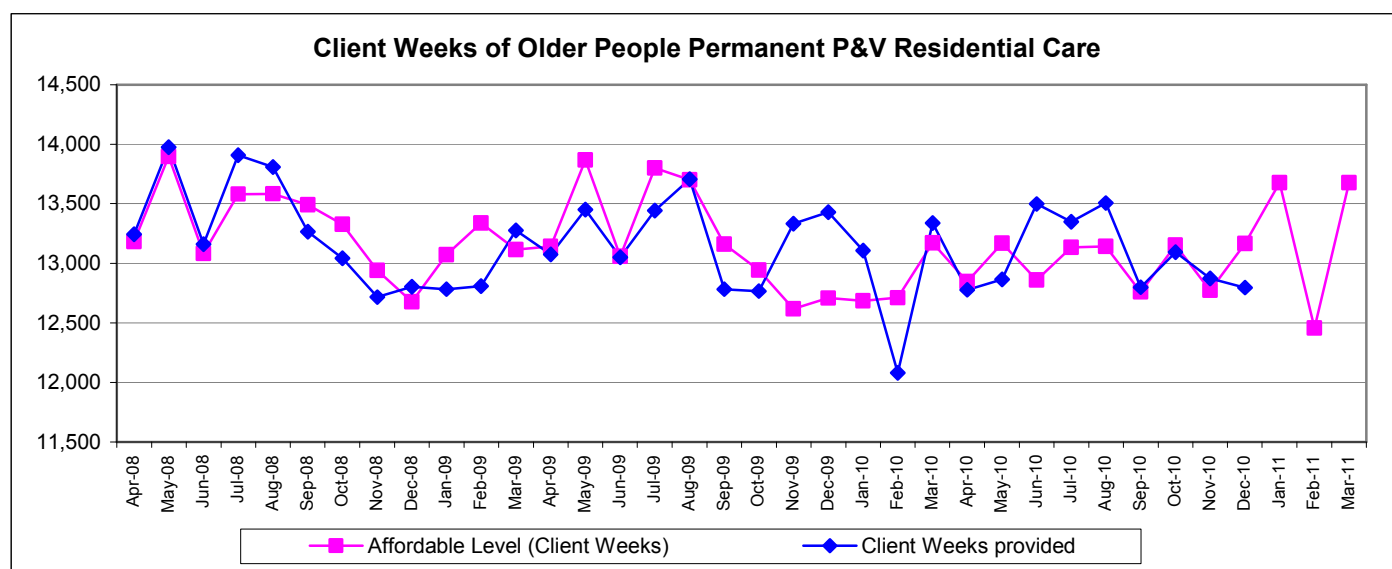
Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the rephasing will be shown. The proposed re-phasing is detailed in the table below.

	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
<b>Broadmeadow Extension</b>					
Amended total cash limits	+1,718	+38	0	0	+1,756
re-phasing	-111	+111		-20	-20
<b>Revised project phasing</b>	<b>+1,607</b>	<b>+149</b>	<b>0</b>	<b>-20</b>	<b>+1,736</b>
<b>LD Good Day Programme</b>					
Amended total cash limits	+452	+3,325	+1,600	+1,521	+6,898
re-phasing	-327	+327			0
<b>Revised project phasing</b>	<b>+125</b>	<b>+3,652</b>	<b>+1,600</b>	<b>+1,521</b>	<b>+6,898</b>
<b>Total re-phasing &gt;£100k</b>	<b>-438</b>	<b>+438</b>	<b>0</b>	<b>-20</b>	<b>-20</b>
<b>Other re-phased Projects below £100k</b>					
	-254	+254			
<b>TOTAL RE-PHASING</b>	<b>-692</b>	<b>+692</b>	<b>0</b>	<b>-20</b>	<b>-20</b>

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

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

	2008-09		2009-10		2010-11	
	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided	Affordable Level (Client Weeks)	Client Weeks of older people permanent P&V residential care provided
April	13,181	13,244	13,142	13,076	12,848	12,778
May	13,897	13,974	13,867	13,451	13,168	12,867
June	13,084	13,160	13,059	13,050	12,860	13,497
July	13,581	13,909	13,802	13,443	13,135	13,349
August	13,585	13,809	13,703	13,707	13,141	13,505
September	13,491	13,264	13,162	12,784	12,758	12,799
October	13,326	13,043	12,943	12,768	13,154	13,094
November	12,941	12,716	12,618	13,333	12,771	12,873
December	12,676	12,805	12,707	13,429	13,167	12,796
January	13,073	12,784	12,685	13,107	13,677	
February	13,338	12,810	12,712	12,082	12,455	
March	13,114	13,275	13,172	13,338	13,678	
<b>TOTAL</b>	<b>159,287</b>	<b>158,793</b>	<b>157,572</b>	<b>157,568</b>	<b>156,812</b>	<b>117,558</b>

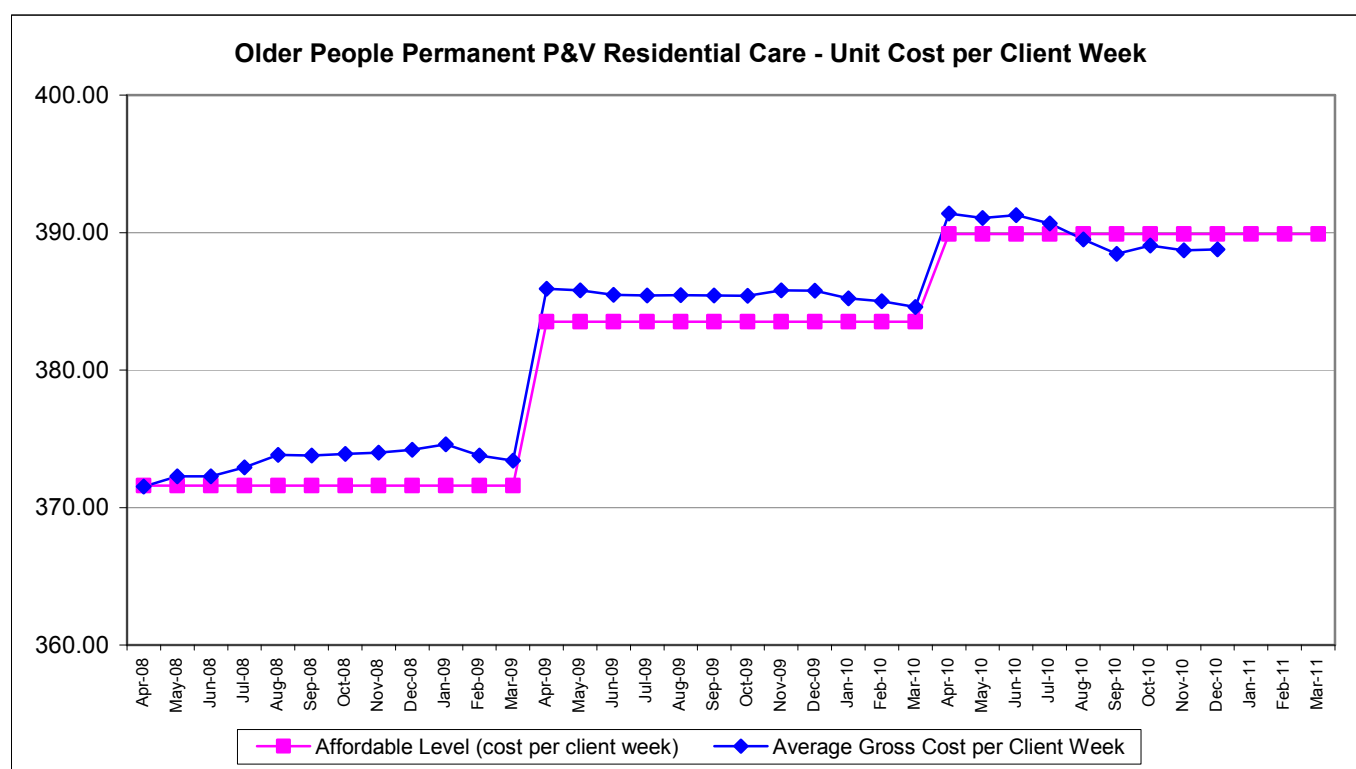


#### Comments:

- The affordable level for the period January to March has been adjusted since the last quarter to reflect the additional winter pressures and re-ablement funding from health referred to in section 1.1.3.1.
- 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 2008-09 was 2,832, at the end of 2009-10 it was 2,751 and at the end of December 2010 it was 2,782. It is evident that there are ongoing pressures relating to clients with dementia. During this year, the number of clients with dementia has increased from 1,195 in March to 1,253 in December, and the other residential clients have decreased from 1,556 in March to 1,529 in December.
- The current forecast is 157,297 weeks of care against an affordable level of 156,812, a difference of +485 weeks. Using the forecast unit cost of £388.80 this increase in activity increases the forecast by £189k, as highlighted in section 1.1.3.2.a.
- To the end of December 117,558 weeks of care have been delivered against an affordable level of 117,002; a difference of +556 weeks.

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

	2008-09		2009-10		2010-11	
	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	371.60	371.54	383.52	385.90	389.91	391.40
May	371.60	372.28	383.52	385.78	389.91	391.07
June	371.60	372.27	383.52	385.47	389.91	391.29
July	371.60	372.94	383.52	385.43	389.91	390.68
August	371.60	373.84	383.52	385.44	389.91	389.51
September	371.60	373.78	383.52	385.42	389.91	388.46
October	371.60	373.91	383.52	385.39	389.91	389.06
November	371.60	374.01	383.52	385.79	389.91	388.72
December	371.60	374.22	383.52	385.76	389.91	388.80
January	371.60	374.61	383.52	385.20	389.91	
February	371.60	373.78	383.52	385.01	389.91	
March	371.60	373.42	383.52	384.59	389.91	

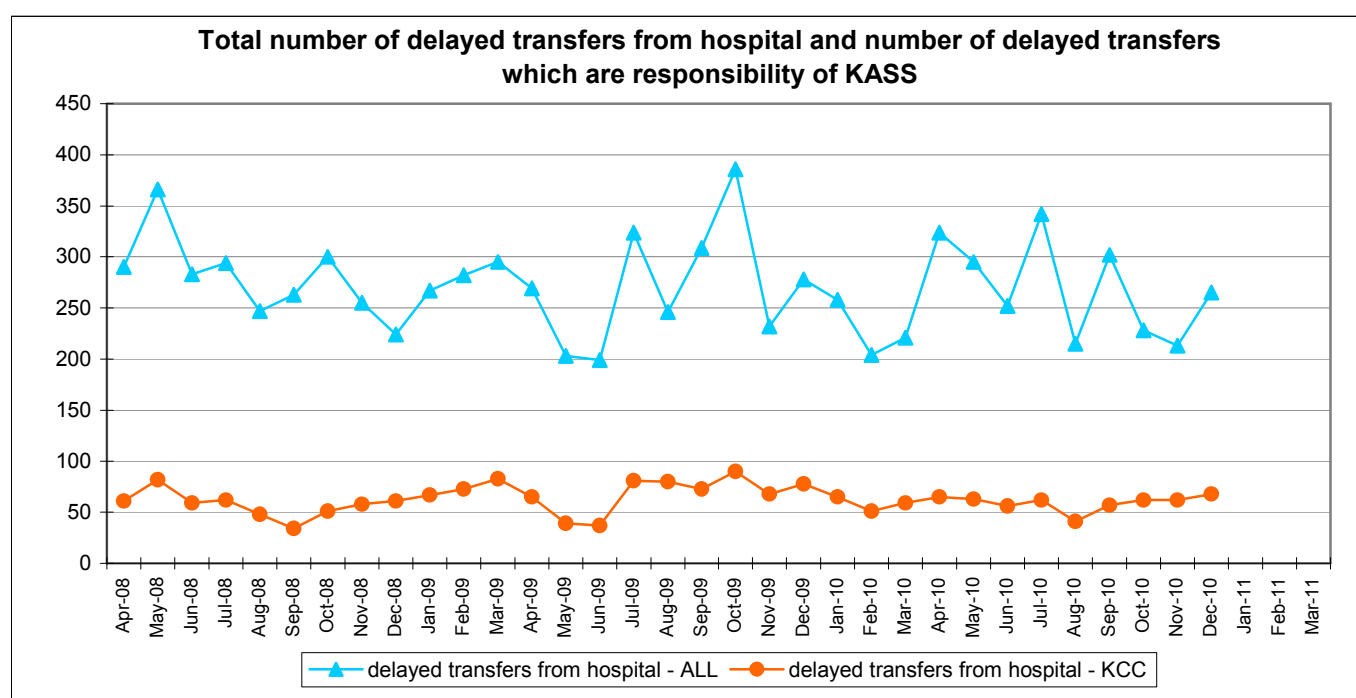


### Comments:

- The forecast unit cost of £388.80 is lower than the affordable cost of £389.91 and this difference of £1.11 creates a saving of £174k when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.a

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

	2008-09		2009-010		2010-11	
	ALL	KASS responsibility	ALL	KASS responsibility	ALL	KASS responsibility
April	290	61	269	65	324	65
May	366	82	203	39	295	63
June	283	59	199	37	252	56
July	294	62	324	81	342	62
August	247	48	246	80	215	41
September	263	34	309	73	302	57
October	300	51	386	90	228	62
November	255	58	232	68	213	62
December	224	61	278	78	265	68
January	267	67	258	65		
February	282	73	204	51		
March	295	83	221	59		



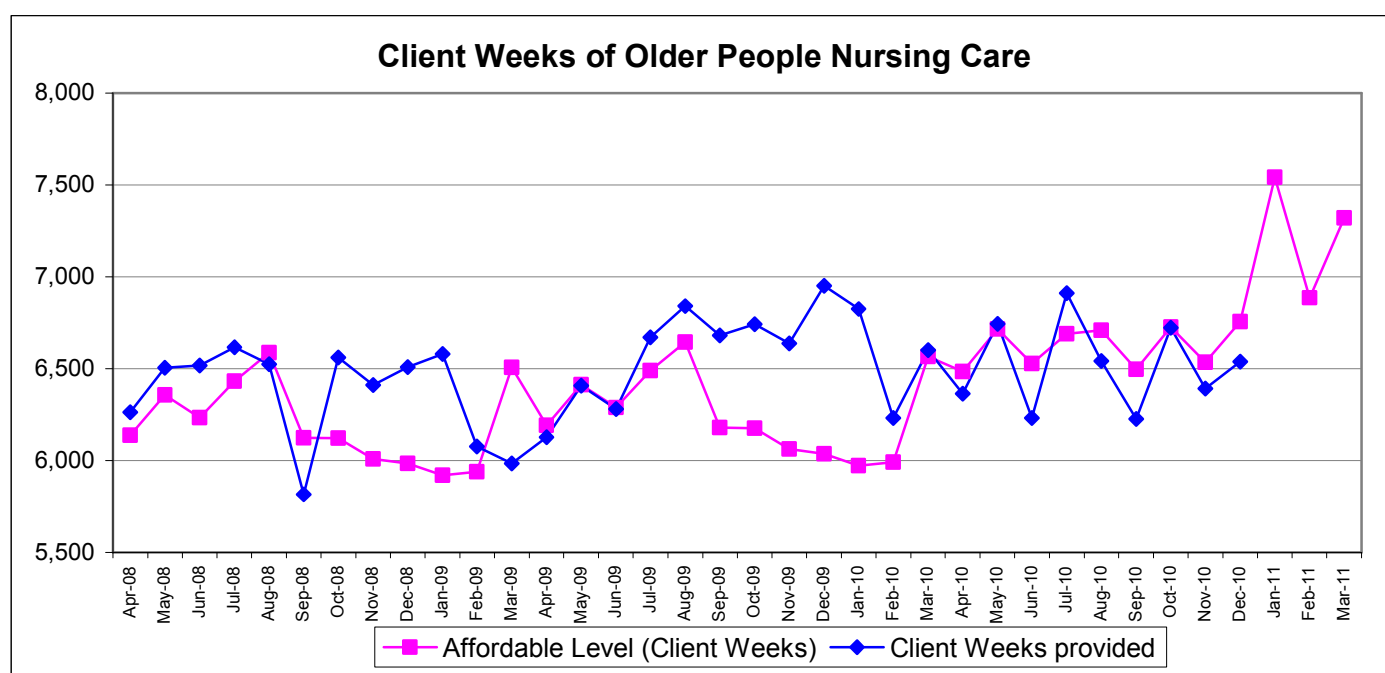
#### Comments:

- The Delayed Transfers of Care (DTCs) show the numbers of people whose movement from an acute hospital has been delayed. Generally, the main reasons for delay are 'Patient Choice' (just over 25%), with the reasons 'Awaiting non-acute NHS care' and 'Awaiting assessment' being the next highest (approx. 19% each). 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 the KASS hospital teams who monitor delayed discharges on a weekly basis and validate the figures with the Hospital Trust.



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

	2008-09		2009-10		2010-11	
	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	6,137	6,263	6,191	6,127	6,485	6,365
May	6,357	6,505	6,413	6,408	6,715	6,743
June	6,233	6,518	6,288	6,279	6,527	6,231
July	6,432	6,616	6,489	6,671	6,689	6,911
August	6,586	6,525	6,644	6,841	6,708	6,541
September	6,124	5,816	6,178	6,680	6,497	6,225
October	6,121	6,561	6,175	6,741	6,726	6,722
November	6,009	6,412	6,062	6,637	6,535	6,393
December	5,984	6,509	6,037	6,952	6,755	6,539
January	5,921	6,580	5,973	6,824	7,541	
February	5,940	6,077	5,992	6,231	6,885	
March	6,507	5,985	6,566	6,601	7,319	
<b>TOTAL</b>	<b>74,351</b>	<b>76,367</b>	<b>75,008</b>	<b>78,992</b>	<b>81,382</b>	<b>58,670</b>



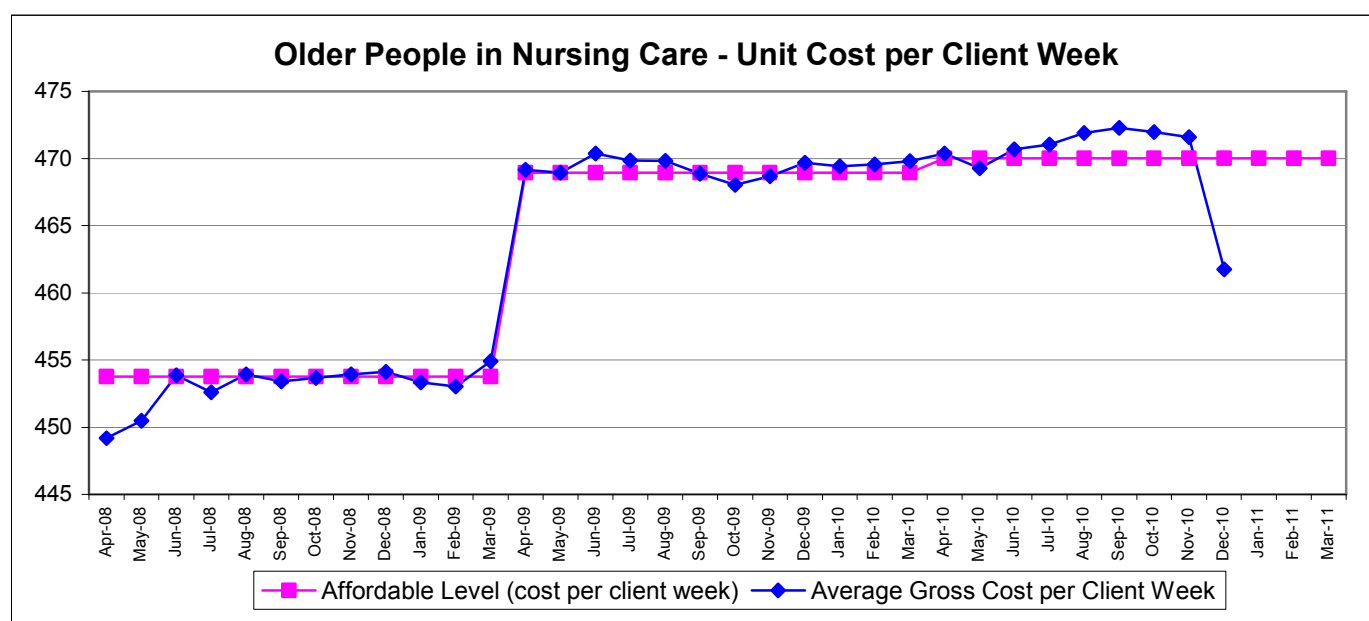
### Comment:

- The affordable level for the period January to March has been adjusted since the last quarter to reflect the additional winter pressures and re-ablement funding from health referred to in section 1.1.3.1.
- 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 2008-09 was 1,332, at the end of 2009-10 it was 1,374 and at the end of December 2010 was 1,372. In nursing care, there is not the same distinction between clients with dementia, as with residential care.
- The current forecast is 79,696 weeks of care against an affordable level of 81,382 a difference of -1,686 weeks. Using the forecast unit cost of £461.75, this reduction in activity reduces the forecast by £779k, as highlighted in section 1.1.3.2.b.
- To the end of December 58,670 weeks of care have been delivered against an affordable level of 59,637, a difference of -967 weeks.
- 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:

	2008-09		2009-10		2010-11	
	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	453.77	449.18	468.95	469.15	470.01	470.36
May	453.77	450.49	468.95	468.95	470.01	469.27
June	453.77	453.86	468.95	470.37	470.01	470.67
July	453.77	452.61	468.95	469.84	470.01	471.03
August	453.77	453.93	468.95	469.82	470.01	471.90
September	453.77	453.42	468.95	468.88	470.01	472.28
October	453.77	453.68	468.95	468.04	470.01	471.97
November	453.77	453.92	468.95	468.69	470.01	471.58
December	453.77	454.13	468.95	469.67	470.01	461.75
January	453.77	453.33	468.95	469.42	470.01	
February	453.77	453.02	468.95	469.55	470.01	
March	453.77	454.90	468.95	469.80	470.01	

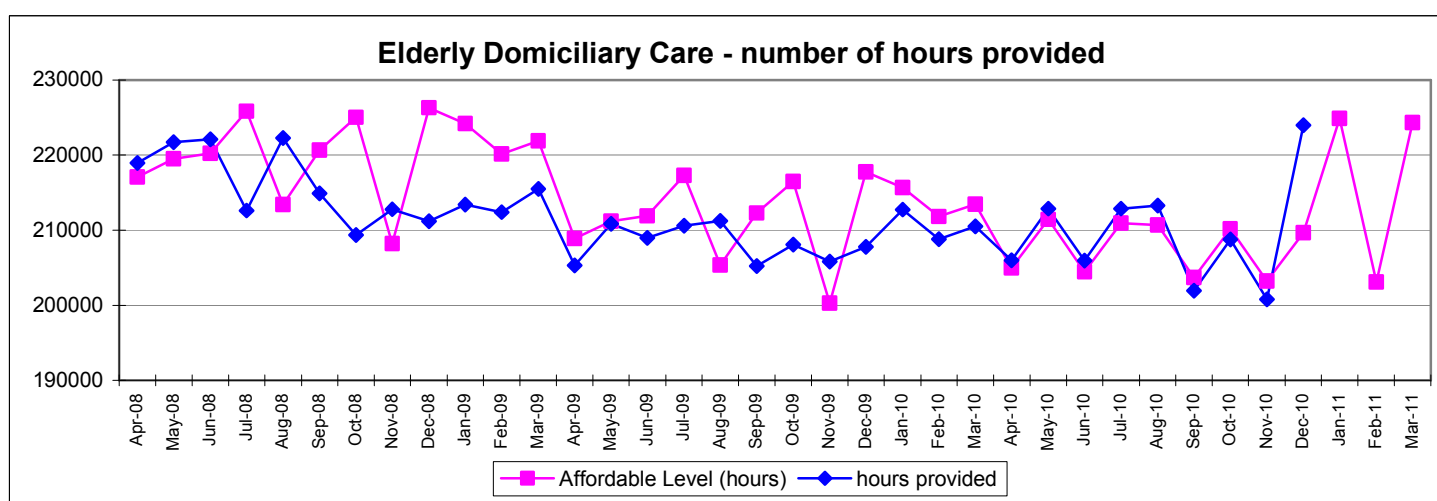
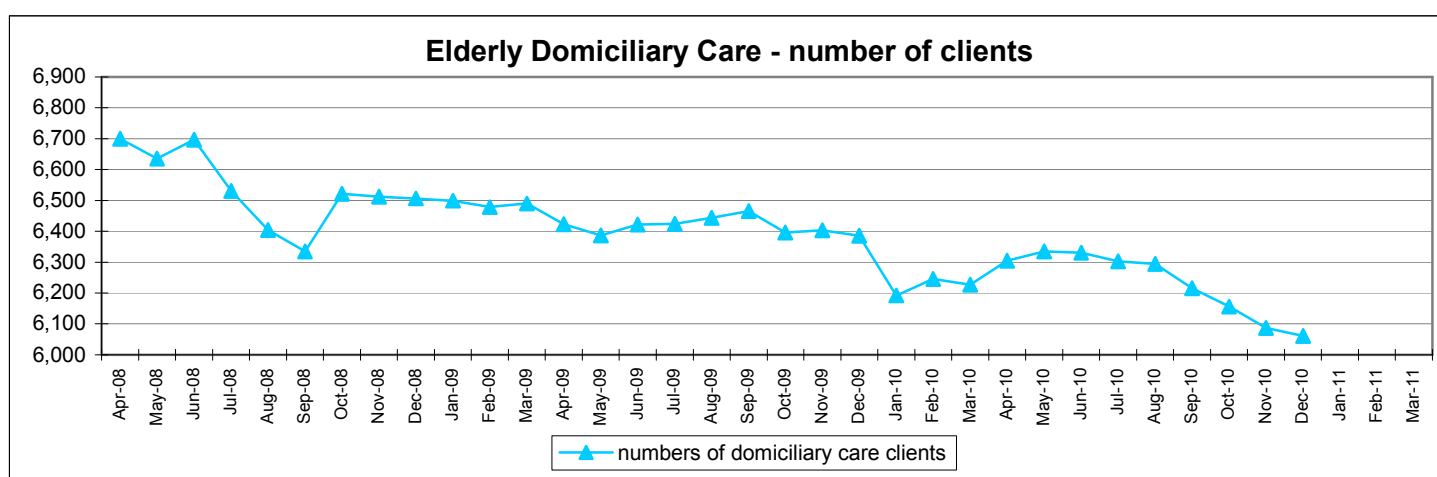


### Comments:

- 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 £461.75 is lower than the affordable cost of £470.01 and this difference of £8.26 reduces the position by £672k when multiplied by the affordable weeks, as highlighted in section 1.1.3.2.b
- The unit cost has reduced significantly in December due to an error identified in the previously reported figure.

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

	2008-09			2009-10			2010-11		
	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	217,090	218,929	6,700	208,869	205,312	6,423	204,948	205,989	6,305
May	219,480	221,725	6,635	211,169	210,844	6,386	211,437	212,877	6,335
June	220,237	222,088	6,696	211,897	208,945	6,422	204,452	205,937	6,331
July	225,841	212,610	6,531	217,289	210,591	6,424	210,924	212,866	6,303
August	213,436	222,273	6,404	205,354	211,214	6,443	210,668	213,294	6,294
September	220,644	214,904	6,335	212,289	205,238	6,465	203,708	201,951	6,216
October	225,012	209,336	6,522	216,491	208,051	6,396	210,155	208,735	6,156
November	208,175	212,778	6,512	200,292	205,806	6,403	203,212	200,789	6,087
December	226,319	211,189	6,506	217,749	207,771	6,385	209,643	223,961	6,061
January	224,175	213,424	6,499	215,686	212,754	6,192	224,841		
February	220,135	212,395	6,478	211,799	208,805	6,246	203,103		
March	221,875	215,488	6,490	213,474	210,507	6,227	224,285		
<b>TOTAL</b>	<b>2,642,419</b>	<b>2,587,139</b>		<b>2,542,358</b>	<b>2,505,838</b>		<b>2,521,376</b>	<b>1,886,399</b>	



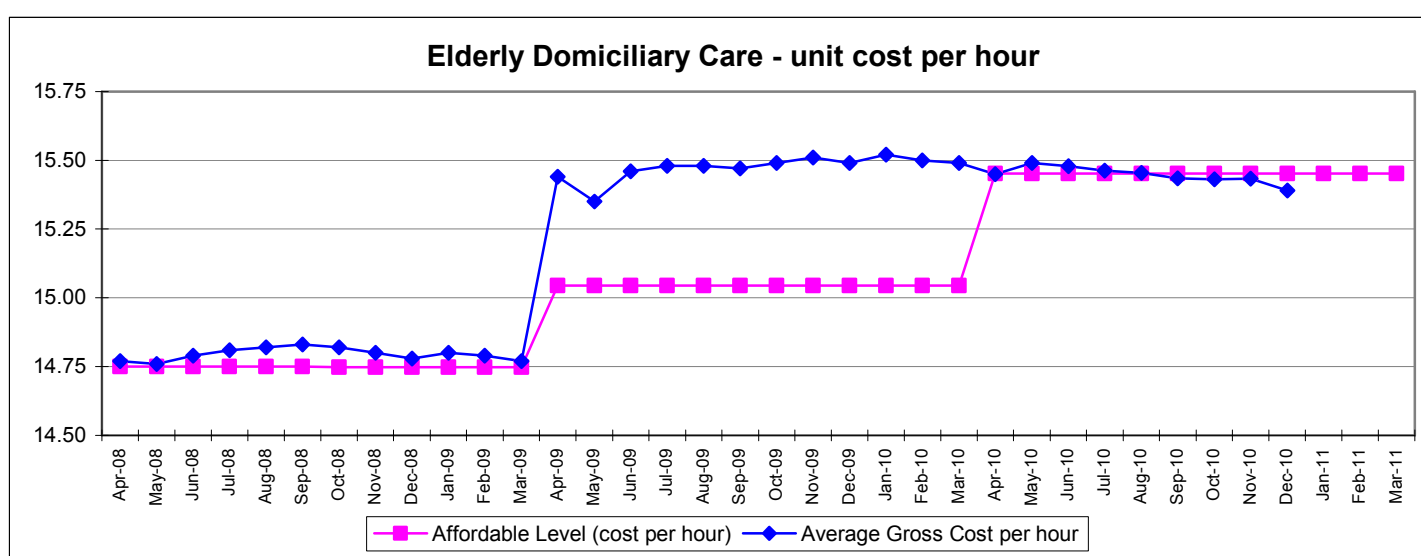
## Comment:

- The affordable level for the period January to March has been adjusted since the last quarter to reflect the additional winter pressures and re-ablement funding from health referred to in section 1.1.3.1.
- Actual hours of care have been updated for previous months to reflect late data entry and provides a more accurate trend.
- Figures exclude services commissioned from the Kent Enablement At Home service.

- The current forecast is 2,558,748 hours of care against an affordable level of 2,521,376, a difference of +37,372 hours. Using the forecast unit cost of £15.393 this additional activity increases the forecast by £575k, as highlighted in section 1.1.3.2.c. We are expecting an increase in permanent clients in the final quarter of the year, which explains why the year to date (YTD) appears low when compared to this forecast.
- To the end of December 1,886,399 hours of care have been delivered against an affordable level of 1,869,147, a difference of +17,252 hours. The higher figures in July and August follow a trend in previous years where the figures for the summer months appear to peak and then drop again.
- While the number of clients receiving domiciliary care has been decreasing over the past two years, this trend appears to have slowed, and flattened out as the number of clients forecast is now 6,194 133 more than the current figure of 6,061. In addition, the intensity of care appears to have increased such that clients are receiving more hours per week on average than in previous years as a result of the implementation of Self Directed Support (SDS) within the Directorate.

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

	2008-09		2009-10		2010-11	
	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	14.75	14.77	15.045	15.44	15.45	15.45
May	14.75	14.76	15.045	15.35	15.45	15.49
June	14.75	14.79	15.045	15.46	15.45	15.48
July	14.75	14.81	15.045	15.48	15.45	15.46
August	14.75	14.82	15.045	15.48	15.45	15.45
September	14.75	14.83	15.045	15.47	15.45	15.44
October	14.75	14.82	15.045	15.49	15.45	15.43
November	14.75	14.80	15.045	15.51	15.45	15.43
December	14.75	14.78	15.045	15.49	15.45	15.39
January	14.75	14.80	15.045	15.52	15.45	
February	14.75	14.79	15.045	15.50	15.45	
March	14.75	14.77	15.045	15.49	15.45	

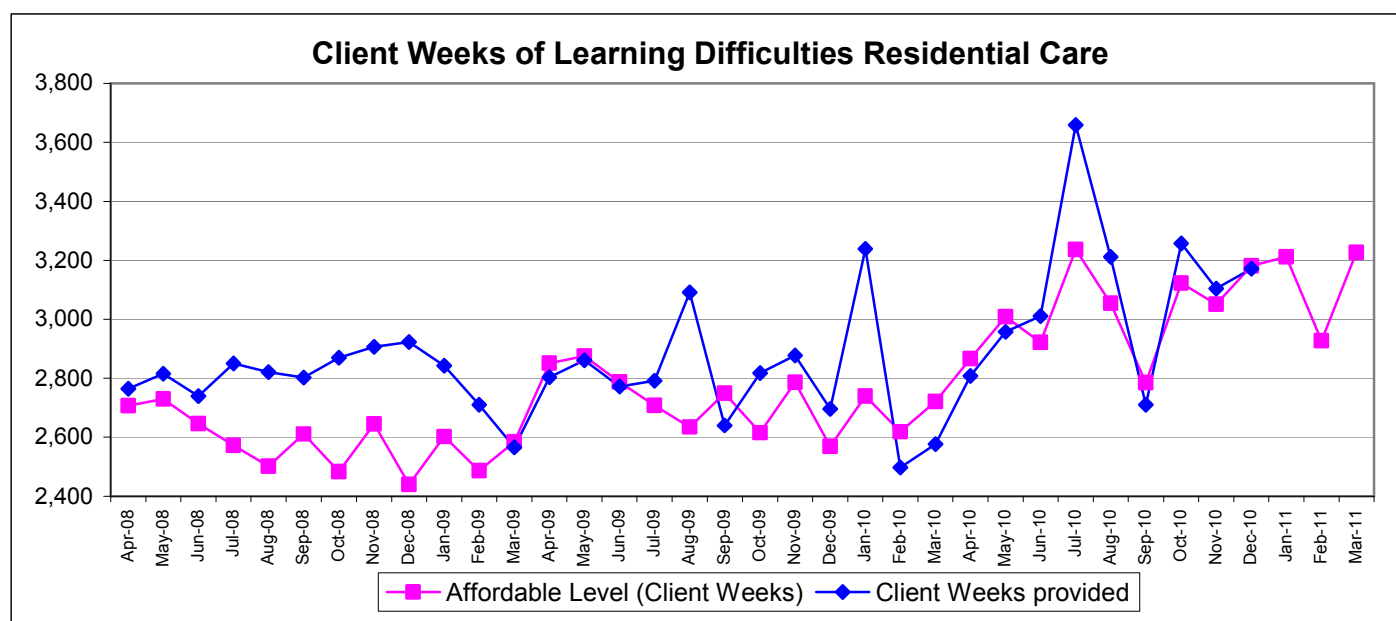


#### Comments:

- The forecast unit cost of £15.393 is slightly lower than the affordable cost of £15.452 and this difference of £0.059 creates a saving of £147k when multiplied by the affordable hours, as highlighted in section 1.1.3.2.c

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

	2008-09		2009-10		2010-11	
	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	2,707	2,765	2,851	2,804	2,866	2,808
May	2,730	2,815	2,875	2,861	3,009	2,957
June	2,647	2,740	2,787	2,772	2,922	3,011
July	2,572	2,850	2,708	2,792	3,236	3,658
August	2,502	2,821	2,635	3,091	3,055	3,211
September	2,611	2,803	2,750	2,640	2,785	2,711
October	2,483	2,870	2,615	2,818	3,123	3,257
November	2,646	2,906	2,786	2,877	3,051	3,104
December	2,440	2,923	2,569	2,696	3,181	3,171
January	2,602	2,842	2,740	3,238	3,211	
February	2,487	2,711	2,619	2,497	2,927	
March	2,584	2,565	2,721	2,576	3,227	
<b>TOTAL</b>	<b>31,011</b>	<b>33,611</b>	<b>32,656</b>	<b>33,662</b>	<b>36,593</b>	<b>27,888</b>

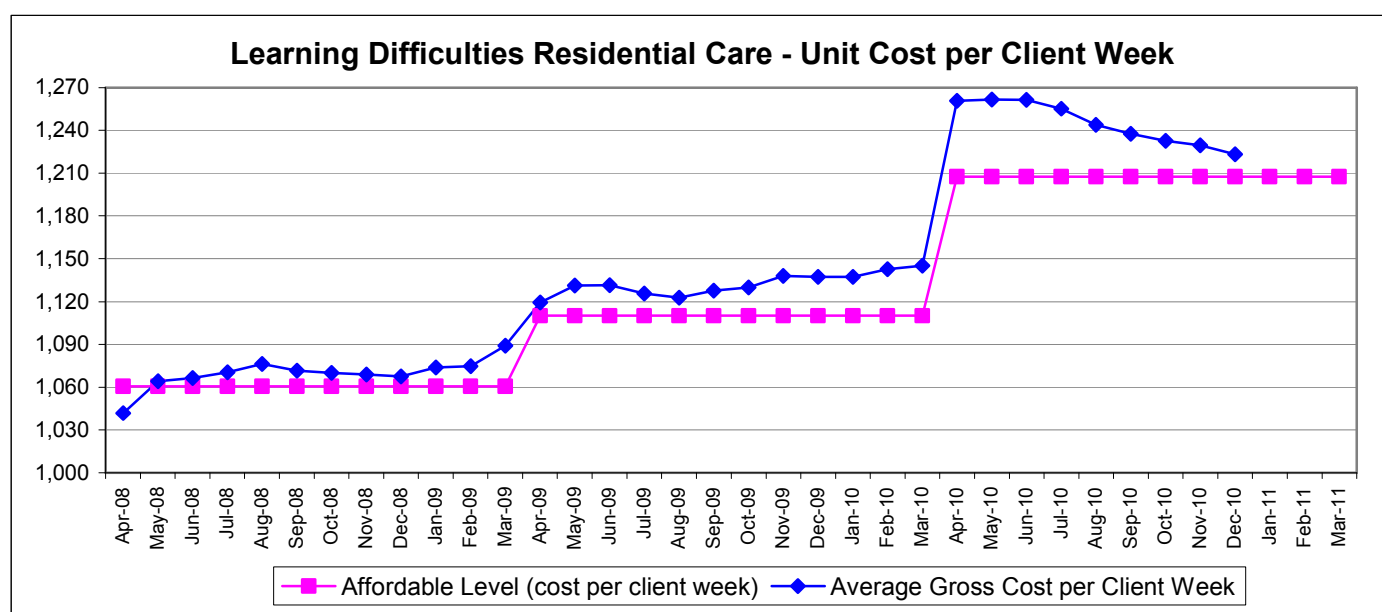


#### Comments:

- 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 2008-09 was 640, at the end of 2009-10 it was 632 and at the end of December 2010 it was 708 of which 114 are S256 clients.
- The current forecast is 37,645 weeks of care against an affordable level of 36,593 a difference of +1,052 weeks. Using the forecast unit cost of £1,223.31 this additional activity adds £1,287k to the forecast, as highlighted in section 1.1.3.3.a. We are expecting an increase in both permanent clients, and non permanent episodes in the remaining months of the year, which explains why the year to date (YTD) appears slightly low when compared to this forecast.
- To the end of December 27,888 weeks of care have been delivered against an affordable level of 27,228, a difference of +660 weeks.

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

	2008-09		2009-10		2010-11	
	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	1,060.70	1,041.82	1,110.15	1,119.42	1,207.58	1,260.82
May	1,060.70	1,064.19	1,110.15	1,131.28	1,207.58	1,261.67
June	1,060.70	1,066.49	1,110.15	1,131.43	1,207.58	1,261.46
July	1,060.70	1,070.50	1,110.15	1,125.65	1,207.58	1,255.21
August	1,060.70	1,076.27	1,110.15	1,122.81	1,207.58	1,243.87
September	1,060.70	1,071.59	1,110.15	1,127.79	1,207.58	1,237.49
October	1,060.70	1,070.02	1,110.15	1,130.07	1,207.58	1,232.68
November	1,060.70	1,068.95	1,110.15	1,137.95	1,207.58	1,229.44
December	1,060.70	1,067.59	1,110.15	1,137.28	1,207.58	1,223.31
January	1,060.70	1,073.71	1,110.15	1,137.41	1,207.58	
February	1,060.70	1,074.67	1,110.15	1,142.82	1,207.58	
March	1,060.70	1,089.10	1,110.15	1,145.12	1,207.58	

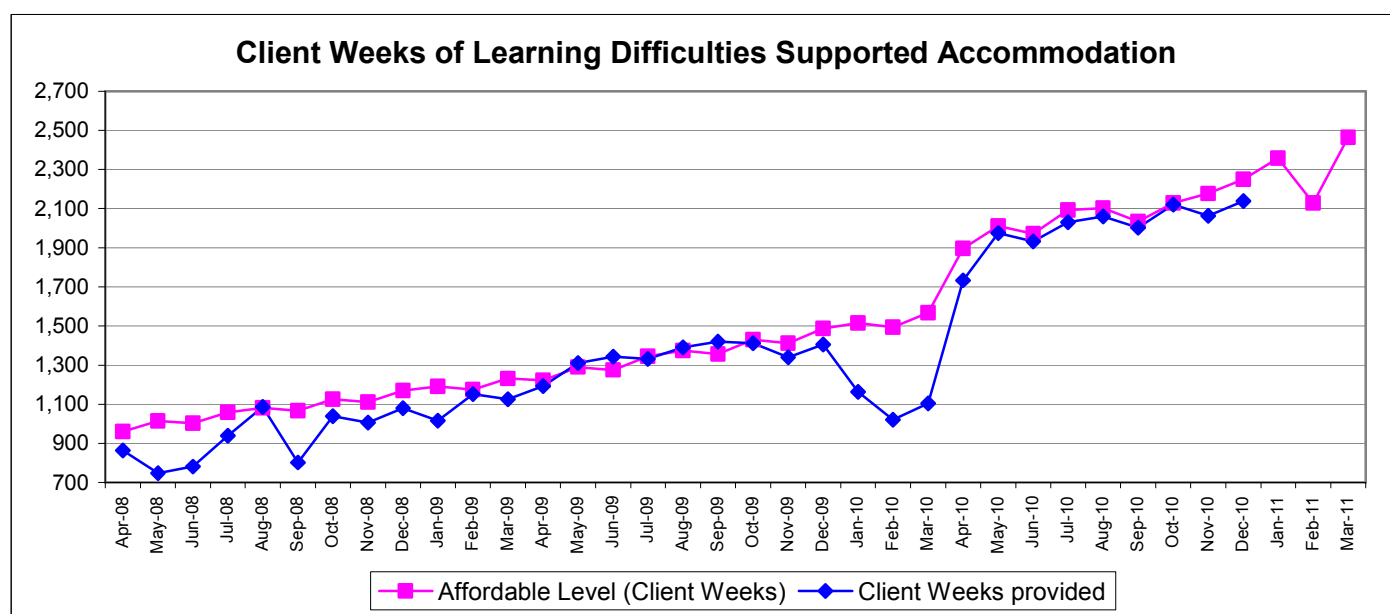


### Comments:

- 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 £1,200 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 cost – 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 £1,223.31 is higher than the affordable cost of £1,207.58 and this difference of £15.73 adds £576k to the position when multiplied by the affordable weeks, as highlighted in section 1.1.3.3.a

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

	2008-09		2009-10		2010-11	
	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	1,841	1,752
May	1,014	747	1,290	1,311	1,951	1,988
June	1,003	782	1,276	1,344	1,914	1,956
July	1,058	939	1,346	1,333	2,029	2,060
August	1,081	1,087	1,375	1,391	2,034	2,096
September	1,067	803	1,357	1,421	1,951	2,059
October	1,125	1,039	1,431	1,412	2,080	2,119
November	1,110	1,006	1,412	1,340	2,138	2,063
December	1,169	1,079	1,487	1,405	2,210	2,137
January	1,191	1,016	1,515	1,163	2,314	
February	1,174	1,151	1,493	1,021	2,088	
March	1,231	1,125	1,567	1,105	2,417	
<b>TOTAL</b>	<b>13,183</b>	<b>11,639</b>	<b>16,770</b>	<b>15,438</b>	<b>24,967</b>	<b>18,229</b>



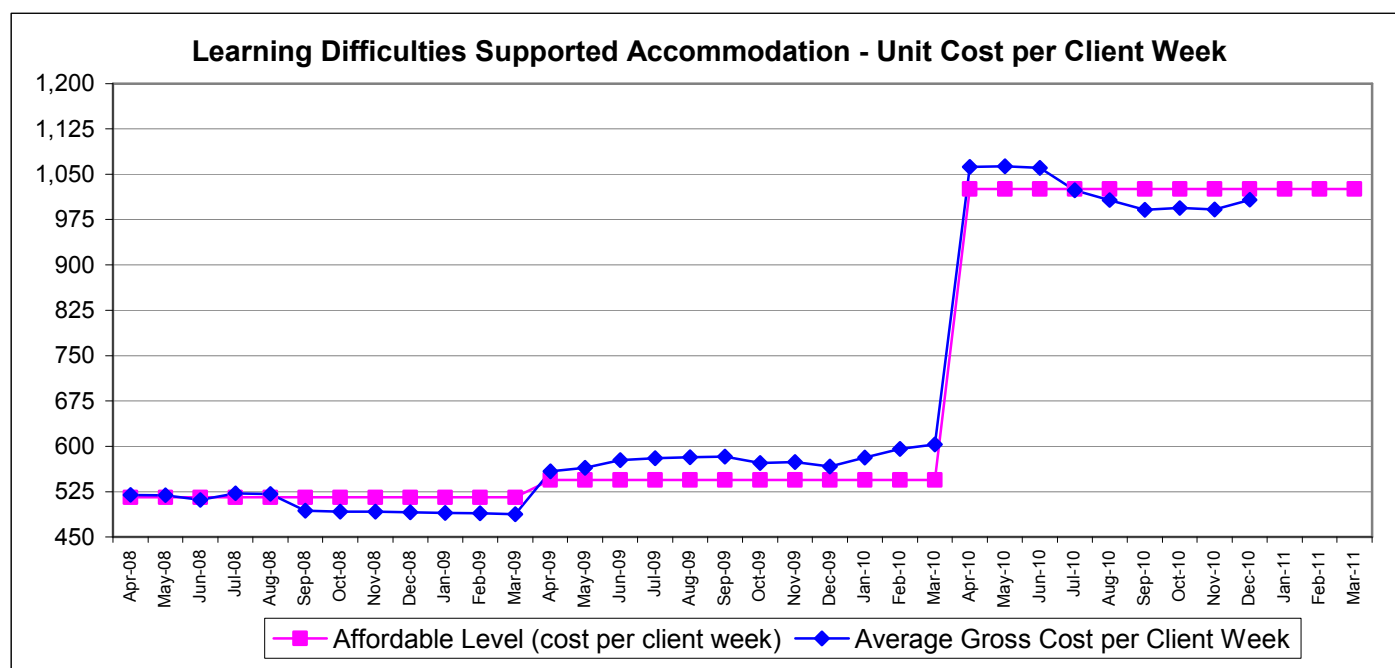
#### Comments:

- The affordable level of weeks has been amended to reflect the additional transfer of S256 clients and their funding from Health. It also now includes Ordinary Residence clients. The overall weeks have been increased to reflect the latest average hours per week for clients in receipt of supported living. This service is counted in hours rather than weeks and the process for converting to weeks for this report uses the latest average hours per week.
- The above graph reflects the number of client weeks of service provided. The actual number of clients in LD supported accommodation at the end of 2008-09 was 233, at the end of 2009-10 it was 309 and at the end of December 2010 was 487. This increase is almost solely due to S256 clients.
- The current forecast is 25,678 weeks of care against an affordable level of 24,967, a difference of +711 weeks which relates entirely to non-S256 clients. Using the forecast unit cost of £1,007.95 this increased activity creates a pressure of £716k as highlighted in section 1.1.3.3.d.
- To the end of December 18,229 care have been delivered against an affordable level of 18,148 a difference of +81 weeks. The year to date looks low compared to forecast and affordable as there are approximately 1,000 weeks included within the forecast relating to Ordinary Residence clients who have yet to show within the year to date activity. The forecast assumes that we take responsibility for the majority of these clients from April 2010 but they will only appear in actual activity once responsibility is confirmed.

- 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):

	2008-09		2009-10		2010-11	
	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	1,025.67	1,062.38
May	515.41	519.40	544.31	564.49	1,025.67	1,063.22
June	515.41	511.10	544.31	577.33	1,025.67	1,060.59
July	515.41	522.30	544.31	580.27	1,025.67	1,023.90
August	515.41	521.40	544.31	581.76	1,025.67	1,007.58
September	515.41	493.33	544.31	583.26	1,025.67	991.20
October	515.41	491.85	544.31	572.59	1,025.67	993.92
November	515.41	491.47	544.31	574.24	1,025.67	991.56
December	515.41	490.83	544.31	566.87	1,025.67	1,007.95
January	515.41	489.75	544.31	581.53	1,025.67	
February	515.41	488.90	544.31	595.89	1,025.67	
March	515.41	487.60	544.31	603.08	1,025.67	



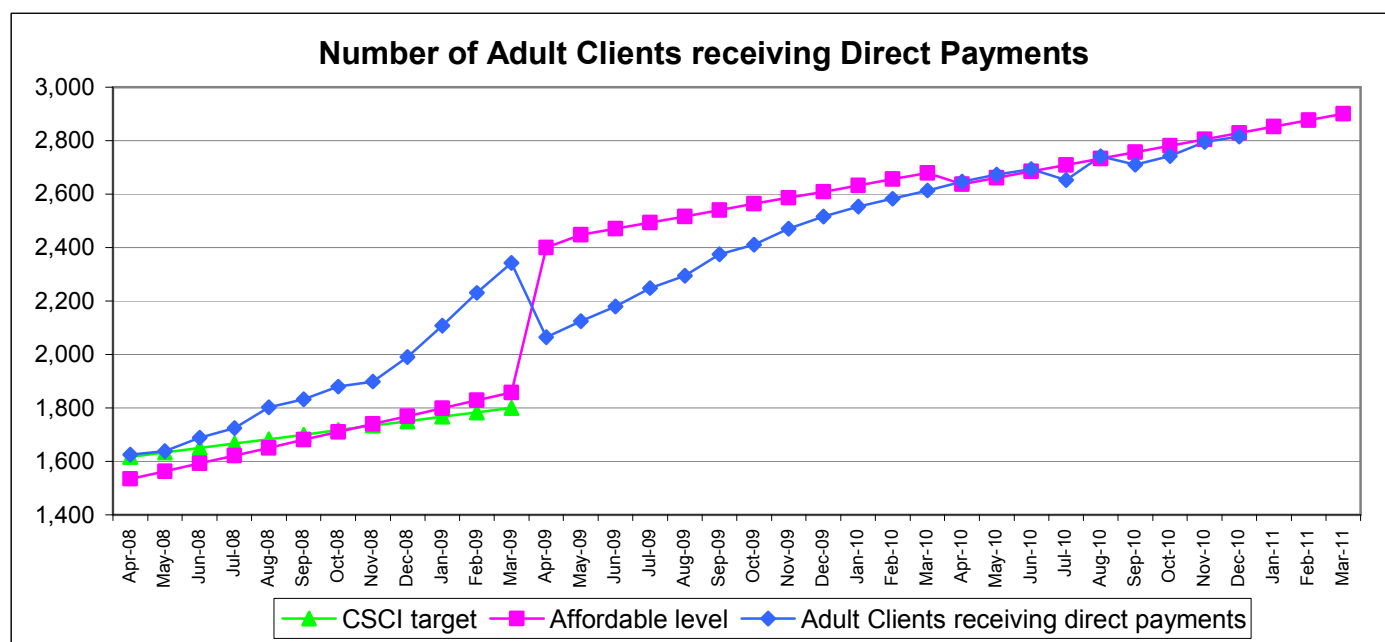
### Comments:

- The affordable unit cost has been changed again in Quarter 3, to reflect the inclusion of new S256 clients and their funding, transferred from Health.
- The forecast unit cost of £1,007.95, which is lower than the affordable cost of £1,025.67. This difference of -£17.72 creates a saving of £442k when multiplied by the affordable weeks, as highlighted in section 1.1.3.3.d. As referred to in section 1.1.3.3.d, there are three distinct groups of clients: Section 256 clients, Ordinary Residence clients and other clients. Each group has a very different unit cost which are combined to provide an average unit cost for the purposes of this report.



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

	2008-09			2009-10		2010-11	
	CSCI Target	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments	Affordable Level	Adult Clients receiving Direct Payments
April	1,617	1,535	1,625	2,400	2,065	2,637	2,647
May	1,634	1,564	1,639	2,447	2,124	2,661	2,673
June	1,650	1,593	1,689	2,470	2,179	2,685	2,693
July	1,667	1,622	1,725	2,493	2,248	2,709	2,653
August	1,683	1,651	1,802	2,516	2,295	2,733	2,741
September	1,700	1,681	1,832	2,540	2,375	2,757	2,710
October	1,717	1,710	1,880	2,563	2,411	2,780	2,742
November	1,734	1,740	1,899	2,586	2,470	2,804	2,795
December	1,750	1,769	1,991	2,609	2,515	2,828	2,815
January	1,767	1,799	2,108	2,633	2,552	2,852	
February	1,783	1,828	2,231	2,656	2,582	2,876	
March	1,800	1,857	2,342	2,679	2,613	2,900	



## Comments:

- The activity being reported is as per the Department of Health definition for counting Direct Payments, which includes anyone who has received a Direct Payment during the preceding 12 months, but includes only those that are 'on-going'. i.e. in April the figures include clients who have received an on-going Direct Payment between 1<sup>st</sup> May 2009 and 30<sup>th</sup> April 2010, and the December figures includes clients who have received an on-going Direct Payment between 1<sup>st</sup> January 2010 and 31<sup>st</sup> December 2010. This compares with what was reported last year.

### 3. SOCIAL CARE DEBT MONITORING

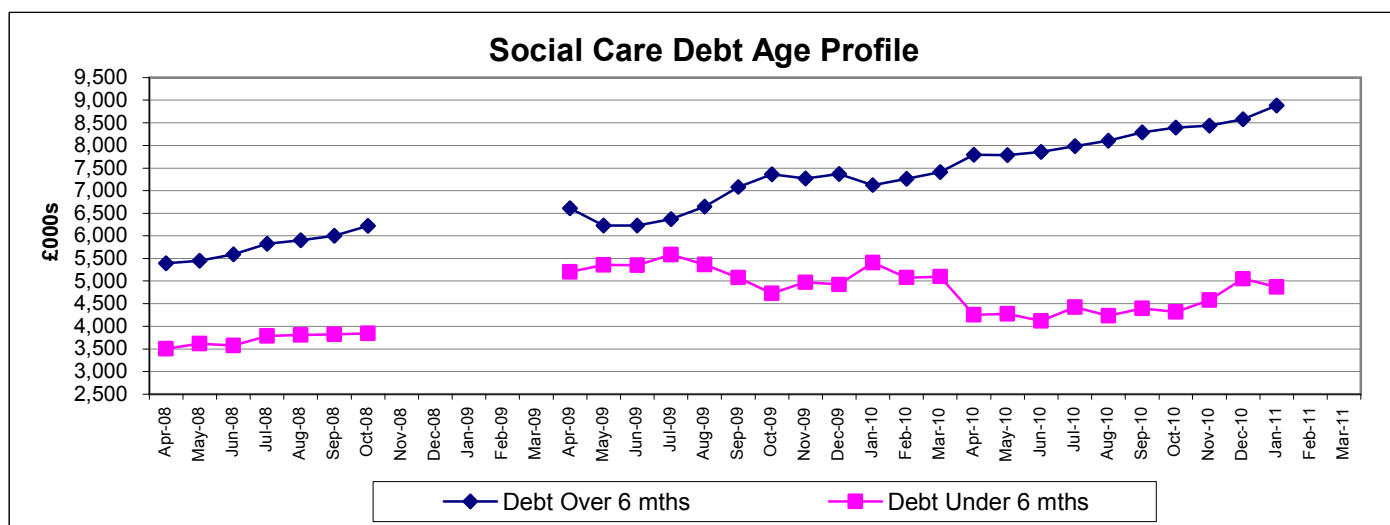
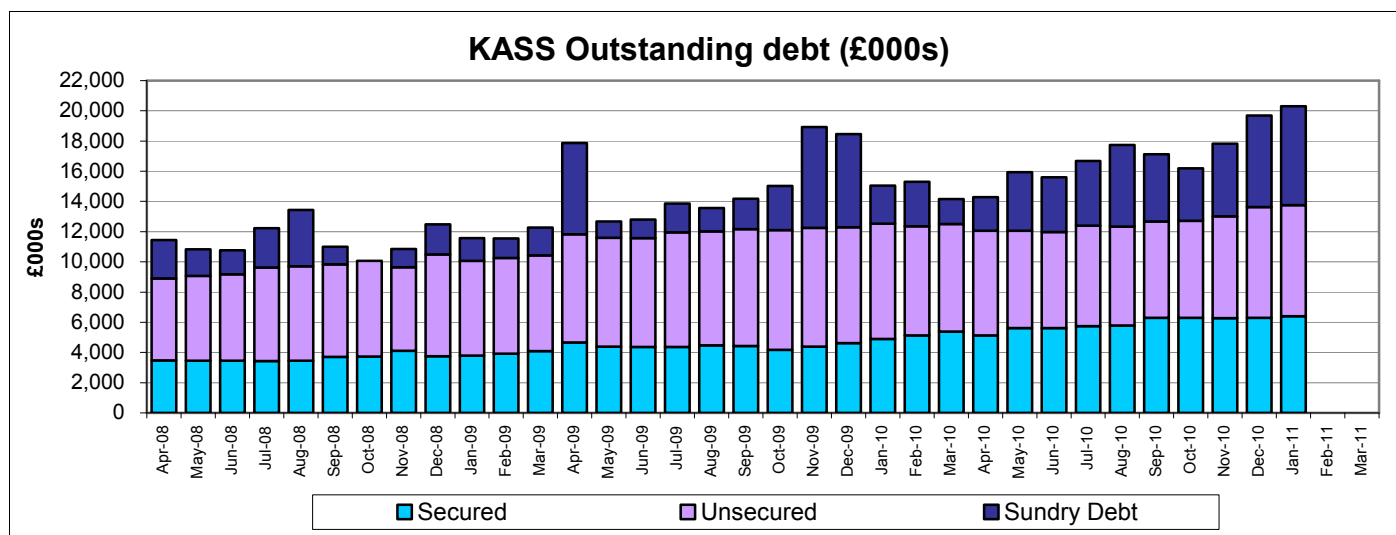
The outstanding due debt as at the January 2011 was £20.313m compared with October's figure of £16.200m (reported to Cabinet in November) excluding any amounts not yet due for payment (as they are still within the 28 day payment term allowed). Within this figure is £6.560m of sundry debt compared to £3.489m at the end of October. The amount of sundry debt can fluctuate for large invoices to health. Also within the outstanding debt is £13.753m relating to Social Care (client) debt which is an increase of £1.042m from the last reported position to Cabinet in November (October position). 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.

Now that the full client debt monitoring and recovery function has been fully integrated into KASS, we have been able to develop bespoke reports that accurately reflect the ageing of Social Care debt. This has therefore meant that since April there has been some slight changes to how debt is categorised between that which is over six months and that which is under six months and this has resulted in slightly more debt being classed as over six months.

Debt Month	Social Care Debt						
	Total Due Debt (Social Care & Sundry Debt) £000s	Sundry Debt £000s	Total Social Care Due Debt £000s	Debt Over 6 mths £000s	Debt Under 6 mths £000s	Secured £000s	Unsecured £000s
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	15,305	2,956	12,349	7,266	5,083	5,128	7,221
Mar-10	14,157	1,643	12,514	7,411	5,103	5,387	7,127

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
Apr-10	14,294	2,243	12,051	7,794	4,257	5,132	6,919
May-10	15,930	3,873	12,057	7,784	4,273	5,619	6,438
Jun-10	15,600	3,621	11,979	7,858	4,121	5,611	6,368
Jul-10	16,689	4,285	12,404	7,982	4,422	5,752	6,652
Aug-10	17,734	5,400	12,334	8,101	4,233	5,785	6,549
Sep-10	17,128	4,450	12,678	8,284	4,394	6,289	6,389
Oct-10	16,200	3,489	12,711	8,392	4,319	6,290	6,421
Nov-10	17,828	4,813	13,015	8,438	4,577	6,273	6,742
Dec-10	19,694	6,063	13,631	8,577	5,054	6,285	7,346
Jan-11	20,313	6,560	13,753	8,883	4,870	6,410	7,343
Feb-11							
Mar-11							

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



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

# ENVIRONMENT, HIGHWAYS & WASTE DIRECTORATE SUMMARY

## JANUARY 2010-11 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 budget was set. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Environment, Highways &amp; Waste portfolio</b>							
Kent Highways Services	62,942	-12,724	50,218	2,719	-245	2,474	Find & fix (1) completion +£0.532m, find & fix (2) +£0.588m, contract re-procurement +£0.130m, winter +£1.627m, energy -£0.093m, legal -£0.090m, roadworks income £0.235m
Public Transport Contracts	21,490	-2,977	18,513	1,011	-115	896	Freedom Pass +£1.356m/-£0.115m income, public transport - £0.345m
Waste Management	69,945	-1,973	67,972	-2,769	-298	-3,067	Prices +£1.0m, tonnage -£2.1m, contracting -£1.443m, transfer stations -£0.177m, recycling income -£0.298m
Environmental Group	9,814	-4,560	5,254	-166	137	-29	Moratorium -£0.029m, energy loan fund gross -£0.111m / income +£0.111m
Planning & Development Group	770	-15	755	-3	0	-3	Moratorium
Planning Applications	1,134	-477	657	-6	0	-6	Moratorium
Transport Strategy Group	503		503	0	0	0	
Strategic Management	850		850	-29	0	-29	PA vacancy
Resources	5,192	-129	5,063	-763	20	-743	Moratorium -£0.169m, vacancies -£0.197m, pensions -£0.040m, other £0.058m, under recovery income +£0.020m & -£0.3m MIDAS rephasing
Support Services purchased from CED	1,768		1,768	0	0	0	
<b>Total E, H &amp; W</b>	<b>174,408</b>	<b>-22,855</b>	<b>151,553</b>	<b>-6</b>	<b>-501</b>	<b>-507</b>	£0.3m of this is for the rephasing of the MIDAS project - see 1.1.3.18

### 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:

#### **Kent Highways Services (KHS):**

- 1.1.3.1 The original pothole find and fix programme concluded in September last year. The project was a combination of revenue and capital expenditure, with £5.948m of funding found in revenue (Government £2.448m, reserves £2.5m and KHS redirection £1m). The revenue element of the programme has cost an extra £0.532m to complete. The remainder of the expenditure was on capital and was found from efficiencies in the existing capital budget.
- 1.1.3.2 A further pot hole programme has also been introduced as a result of the recent spell of adverse weather. This is expected to cost approximately £0.588m in this financial year, with further spend in the new financial year (level yet to be determined).
- 1.1.3.3 KHS is incurring additional costs of £0.130m for the re-procurement of the highways term maintenance contract, which will come into effect from September 2011. KHS are using a competitive dialogue process with the bidders, to ensure the most appropriate and cost-effective final solution for the new contract.
- 1.1.3.4 In previous reports, a revenue contribution was declared for some emergency works for subsidence on Boughton Hill (£0.250m). This contribution can no longer be afforded in revenue and alternative savings have been found in capital to accommodate this.
- 1.1.3.5 Since the last detailed report to Cabinet in November, there have been two snow emergencies, which have added considerable pressure to the highways budget. Early indications of costs reported in the last exception report have proved insufficient. The extended period of bad weather in some parts of the county has caused salting and snow clearance costs to escalate to £2.020m above budget. A drawdown from the emergency conditions reserve of £0.4m will offset this, leaving a £1.620m pressure on the budget.
- 1.1.3.6 Savings in energy bills of £0.093m and legal fees of £0.090m have offset some of this pressure and this has also been helped by an overachievement of income in the road works budget of £0.235m.
- 1.1.3.7 The Freedom Pass numbers continue to grow due to the popularity of the pass and the number of journeys now being undertaken. Over 26,000 passes have been issued so far against a budget of 24,000. This brings a forecast net pressure of £1.241m, (£1.356m costs and £0.115m additional income), but it is now offset by an underspend of £0.345m on the public transport budgets (mainly from improved contracting in the support to socially necessary but uneconomic bus services).

#### **Waste Management:**

- 1.1.3.8 The RPI index for April was much higher than budgeted, which has put significant price pressure on some of the Waste contracts. The Allington waste to energy price per tonne is £2.38 more than the budgeted figure which increases costs (assuming minimum tonnage through Allington of 325,000 tonnes) by £0.773m. Inflation on other disposal and Household Waste Recycling Centre has increased the total price pressure on waste to £1.0m.
- 1.1.3.9 This price pressure will be offset by overall tonnage being less than the budgeted 760,000 tonnes. It is expected that overall tonnage for the year will be 30,000 tonnes below the affordable level. This will give a saving of around £2.1m at an average disposal cost per tonne of £70 (up from £68). During September and October, tonnage started to rise above previous years' levels but this seems to have settled down again now – although the adverse weather in December affected disposal patterns, but this was rectified in January.
- 1.1.3.10 Savings from improved contracting and a reduction on Church Marshes dilapidations have been delivered in relation to Transfer stations (£0.177m). There have also been improvements on recycling contracts for hardcore, tyres and batteries (£0.075m).

- 1.1.3.11 The materials recycling budget has delivered a significant underspend of £0.946m, from recycling materials being diverted from Allington to more cost effective disposal sites. The new wood recycling contract has also done even better than previously reported and will save approximately £0.497m for the rest of this financial year.
- 1.1.3.12 Income is expected to exceed target by £0.298m. This is largely due to sales of recyclable materials, particularly metals, for which the average price per tonne has risen from an average of £67 in 2009-10 to £106 in 2010-11

### **Environment**

- 1.1.3.13 Moratorium savings of £0.029m have been found in the environment budgets
- 1.1.3.14 There are some balancing gross and income changes, mainly from the energy loan fund, where repayments and consequent transfer back to reserves have been £0.111m lower than originally

### **Planning**

- 1.1.3.15 Moratorium savings of £0.009m have been found in the planning budgets

### **Resources and Strategic Management**

- 1.1.3.16 Staff vacancies of £0.226m have been held in order to help offset the pressure on the Freedom Pass and other highway issues; (£0.197m within Resources and £0.029m within Strategic Management).
- 1.1.3.17 £0.169m of savings have been achieved to help meet the moratorium target. These have come from training, IT, events, other directorate-wide budgets and other various small savings e.g. Legal.
- 1.1.3.18 The MIDAS replacement project has taken on a wider aspect and now involves developing an end to end Oracle solution for the Environment Services as well as Highways. As a consequence of this, the project delivery has been further restructured and therefore the expected re-phasing in to 2011-12 has increased from £0.2m reported in the last quarter to £0.3m.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
EHW	Snow emergencies	+2,027	EHW	Waste tonnage	-2,100
EHW	Freedom Pass: increased demand	+1,356	EHW	Materials Recycling: more cost effective disposal	-946
EHW	Waste contract prices including Allington WtE incinerator	+1,000	EHW	New wood recycling contract	-497
EHW	Pothole Find and fix programme 2	+588	EHW	Drawdown from Emergency conditions reserve towards snow emergencies	-400
EHW	Pothole Find and fix programme 1	+532	EHW	Public transport underspend mainly from improved contracting	-345
EHW	Term maintenance re-procurement costs	+130	EHW	MIDAS financial system replacement rephasing	-300
EHW	Energy loan fund: reduction in repayments due to lower take-up	+111	EHW	Increased recycling income	-298
			EHW	Road works income	-235
			EHW	Staff vacancies within Resources & Strategic Management	-226
			EHW	Moratorium savings	-207
			EHW	Transfer Stations improved contracting and reduced dilapidations	-177
			EHW	Increase in Freedom Pass income	-115
			EHW	Energy loan fund: reduction in transfer to reserves due to lower level of repayments	-111
		<b>+5,744</b>			<b>-5,957</b>

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

Vacancies in Resources and Strategic Management are being deliberately held in order to achieve this position.

Moratorium savings of £0.207m on non-essential expenditure have also been delivered.

**1.1.5 Implications for MTFP:**

All current year pressures and savings have been fully addressed in the 2011-13 MTFP.

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

*(Details of any **committed** projects included in the forecast as underspending, for which roll forward will be required)*

The MIDAS replacement project will be rephased by £0.3m into 2011-12, leaving a real underspend on the Directorate of £0.207m

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

The residual forecast underspend of £0.207m has come from the moratorium on non-essential spend. This is earmarked, to contribute towards the £1m roll forward of underspend from the authority wide moratorium required to support the 2011-12 budget

## 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 in the 2011-14 MTFP as agreed by county council on 17 February 2011, 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	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
<b>Environment, Highways &amp; Waste Portfolio</b>						
Budget	100,869	151,498	85,741	76,439	313,747	728,294
Adjustments:						
Revised Budget	100,869	151,498	85,741	76,439	313,747	728,294
Variance		-11,374	8,187	622	584	-1,981
<b>split:</b>						
- real variance		-2,809	+828			-1,981
- re-phasing		-8,565	+7,359	+622	+584	0
<b>Real Variance</b>		<b>-2,809</b>	<b>+828</b>	<b>0</b>	<b>0</b>	<b>-1,981</b>
<b>Re-phasing</b>		<b>-8,565</b>	<b>+7,359</b>	<b>+622</b>	<b>+584</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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
<b>Overspends/Projects ahead of schedule</b>						
	Highways Majour Maintenance	phasing	254			
			<b>+254</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
	Ashford Drivers Roundabout	phasing		-3000		
	East Kent Access Rd Ph2	phasing		-2331		
	Sittingbourne Northern Relief Rd	real		-2000		
	Victoria Way Ph 2	phasing		-809		
	Non TSG land Compensation	phasing	-721			
	Victoria Way Ph 2	real		-396		
	Reshaping Highways Accommod	phasing		-372		
	Country Park Access	phasing	-350			
	Household Waste Recycling & Transfer Stations	phasing		-295		
	Old Residual Schemes	real	-283			
	Sittingbourne Northern Relief Rd	phasing		-272		
	A2 Slip Road	phasing	-254			
			<b>-1,608</b>	<b>-9,475</b>	<b>-0</b>	<b>-0</b>
			<b>-1,354</b>	<b>-9,475</b>	<b>-0</b>	<b>-0</b>

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

##### 1.2.4.1 Ashford Drivers Roundabout, Junction 9 and Footbridge - re-phasing of -£3.000m

This scheme is made up of two elements, a conventional road works scheme and a feature pedestrian and cycle bridge over the M20.

The bridge element of the project is complex due to its design and the contractor's erection methodology. The erection of the bridge will require the closure of the M20 which is not permitted over Easter and Bank Holidays. The bridge was due to be erected in March but this has been revised to May with full completion at the end of June.

The road works have generally made good progress but the severe winter weather has had some impact. The combined re-phasing is £3.0m.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	1,524	16,628				18,152
Forecast	1,524	13,628	3,000			18,152
Variance	0	-3,000	+3,000	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
grant	1,524	16,628				18,152
TOTAL	1,524	16,628	0	0	0	18,152
<b>Forecast:</b>						
grant	1,524	13,628	3,000			18,152
TOTAL	1,524	13,628	3,000	0	0	18,152
<b>Variance</b>	<b>0</b>	<b>-3,000</b>	<b>+3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 1.2.4.2 East Kent Access Road (EKA) Phase 2 - re-phasing of -£2.331m

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 Richborough power station site.

The construction of the scheme started in autumn 2009 and is progressing well with completion due in April 2012 which is nearly 6 months ahead of the contract programme.

Due to a recent issue with piling design, which is now resolved, and the adverse winter weather the profile of expenditure has been revised. We are advised that this delay will be recovered and the completion date remains unchanged.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	10,970	46,331	25,571	912	3,217	87,001
Forecast	10,970	44,000	27,902	912	3,217	87,001
Variance	0	-2,331	+2,331	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
Ex Developer	24					24
prudential			1598	62	915	2575
prudential/revenue					2302	2302
grant	10,946	46,331	23,973	850		82,100
TOTAL	10,970	46,331	25,571	912	3,217	87,001
<b>Forecast:</b>						
Ex Developer	24					24
prudential			1598	62	915	2575
prudential/revenue					2302	2302
grant	10,946	44,000	26,304	850		82,100
TOTAL	10,970	44,000	27,902	912	3,217	87,001
<b>Variance</b>	<b>0</b>	<b>-2,331</b>	<b>+2,331</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.5 Projects with variances, including resourcing implications:

There is a real variance of -£1.981m (-£2.809m in 2010-11 and -£0.828m in 2011-12) which is detailed as follows:

#### **Sittingbourne Northern Relief Road real -£2.000m** (in 2010-11):

This scheme was started in autumn 2009 and is progressing well, with completion expected in October 2011. A prudent view has been maintained on the predicted outturn until the engineered earth works, foundations and abutments of the major bridge structures over Kemsley light rail and Milton Creek had made substantial progress; and the effects on progress over winter fully assessed. A major review of cost and risk has been carried out and this has allowed the forecast of the scheme cost to be reduced by £2.0m at this stage. This real saving has been reported to the Department for Transport (DfT).

#### **Victoria Way, Ashford +£0.404m** (-£0.396m in 2010-11 and +£0.800m in 2011-12): The net overspend is made up as follows:

The under spend of £0.396m relates to the commuted sum for the future maintenance which will be a charge to revenue. Funding is made available through the grant from Community Infrastructure Fund (CIF) and had been included against the capital project. This will be claimed in 2010-11 and held as a receipt in advance in revenue.

The £0.8m increase to the scheme relates to additional works that will be carried out on behalf of UK Power Network (previously EDF). There is a formal agreement in place with the company to fund this work.

#### **Old residual schemes - Newtown Road Bridge -£0.283m** (in 2010-11)

This scheme was mainly funded from Growth Area Funding (GAF) and was completed in December 2008. Network Rail designed and managed the contract and claimed the costs back from KCC. An estimated sum was paid towards the final settlement of the project costs. Final settlement has been agreed and is £0.283m less than the estimate. This has been refunded by Network Rail. The reduction to the project cost will result in GAF funding having to be returned.

#### **Preliminary Design Fees (Smart Link) -£0.089m** (in 2010-11):

The Smart Link preliminary design fee and strategic support from Ashford Futures has been funded from GAF, with the actual construction to be funded by DfT as a Local Transport Plan scheme. DfT has advised no bids for major schemes will be accepted for the time being. Based on this advice no further preliminary work is being done and the Ashford's Future's fees have been reduced by £0.089m.

Overall this leaves a residual balance of -£0.012m on a number of other projects.

### 1.2.6 General Overview of capital programme:

#### (a) Risks and action being taken to alleviate risks

##### **East Kent Access Phase 2:**

The construction contract is progressing well and main influences on outturn are third party costs, such as network rail fees and track possessions costs, final costs of utility diversions and in particular contract price fluctuation-inflation. These aspects are all being actively managed except for contract price fluctuation, which to some extent is outside of our control.

Further value engineering is also being pursued but opportunities are inevitably limited at this stage of a project. Forecast outturn has at times been more than the approved funding of £87.0m but they are on a downwards trend and are expected to continue reducing as the project progresses and risk factors reduce. We are confident that the scheme will be delivered within the agreed funding of £87.0m, but the inflation factors remain a concern given the current economic conditions.

DfT has been approached with a view to diverting £1m of the underspend on Sittingbourne Northern Relief Road to the East Kent Access scheme. This is still under consideration but if approved, would reduce KCC's liability and help offset the inflation issue.

**Victoria Way, Ashford**

This complex scheme involves major utility diversions and new utilities including combined heat and power apparatus to serve new developments, and has had a major impact on cost and delivery of the programme. All major risks have materialised and after allowing for acceleration costs there is only a small contingency remaining.

The delays to this scheme were a major concern with the Community Infrastructure Fund (CIF) funding expiring on the 31 March 2011. However, Homes and Communities Agency (HCA) have agreed to a restructure of CIF funded Ashford projects. The result is expenditure currently funded from GAF will be switched to CIF, allowing the GAF funding, which is not time limited, to be re-phased and therefore covering the expenditure on this scheme that will occur in the new financial year.

**Ashford Drivers Roundabout, Junction 9 and footbridge**

This scheme is made up of two elements, a conventional road works scheme and a striking feature pedestrian and cycle bridge over the M20. The complexity of the bridge design, interfacing of the fabrication and erection constraints has had a major effect on cost and delivery of the programme.

The junction 9 cost of works and risk has increased, and the contingency is expected to be fully utilised. The cost of works at Drivers Roundabout has reduced significantly. The project is currently in balance overall.

The re-phasing into 2011-12 was a major concern with the Regional Infrastructure Funding (RIF) expiring on the 31 March 2011. The GAF funding towards extra cost of the bridge is not time limited.

DfT has agreed, subject to confirmation by Business Innovation & Skills who have taken over the management of RIF from SEEDA, to vire the under spend on Drivers to the M20 Junction 9 and to carry forward £0.5m into 2011-12.

This remains a high risk scheme until the bridge is erected in May. If the overall cost exceeds the current budget then KCC would look for additional GAF support or have a call on future S106 contributions.

**Rushenden Relief Road**

KCC has taken responsibility for completing the Relief Road because SEEDA was unable to secure the full funding required. KCC will forward fund from Prudential Borrowing but will be entering into a S106 Agreement with SEEDA, such that KCC will have a charge on the land held by SEEDA with a view to recovering its costs in time.

**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 proposed re-phasing is detailed in the table below.

	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
<b>Country Park Access</b>					
Amended total cash limits	+1,218	+900			+2,118
re-phasing	-350	+350			0
<b>Revised project phasing</b>	<b>+868</b>	<b>+1,250</b>	<b>0</b>	<b>0</b>	<b>+2,118</b>
<b>Highways Major Maintenance</b>					
Amended total cash limits	+39,245	+26,907	+31,797	+58,149	+156,098
re-phasing	+254	-254			0
<b>Revised project phasing</b>	<b>+39,499</b>	<b>+26,653</b>	<b>+31,797</b>	<b>+58,149</b>	<b>+156,098</b>
<b>A2 Slip Road</b>					
Amended total cash limits	+1,000	+670	+57		+1,727
re-phasing	-254	+254			0

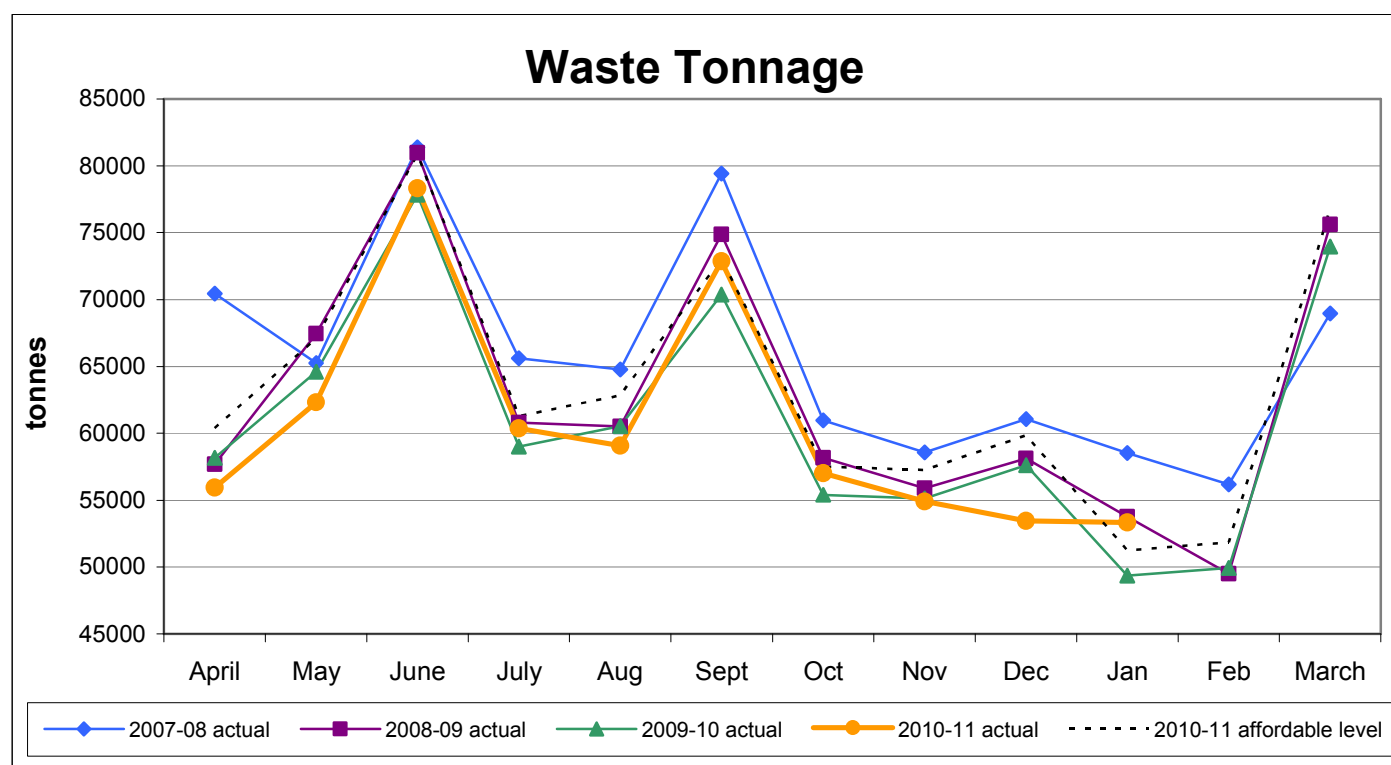
	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
<b>Non TSG Land;Compensa</b>					
Amended total cash limits	+1,630	+1,963	+458	+771	+4,822
re-phasing	-721	+627	+249	-155	0
<b>Revised project phasing</b>	<b>+909</b>	<b>+2,590</b>	<b>+707</b>	<b>+616</b>	<b>+4,822</b>
<b>Archaeological Resource</b>					
Amended total cash limits		+700	+200		+900
re-phasing		-700	+200	+500	0
<b>Revised project phasing</b>	<b>0</b>	<b>0</b>	<b>+400</b>	<b>+500</b>	<b>+900</b>
<b>Household waste recycling</b>					
Amended total cash limits	+3,009	+1,500	0	+500	+5,009
re-phasing	-295	+295			0
<b>Revised project phasing</b>	<b>+2,714</b>	<b>+1,795</b>	<b>0</b>	<b>+500</b>	<b>+5,009</b>
<b>Sittingbourne Northern RR</b>					
Amended total cash limits	+12,895	+7,163	+1,703	+1,100	+22,861
re-phasing	-272	+272			0
<b>Revised project phasing</b>	<b>+12,623</b>	<b>+7,435</b>	<b>+1,703</b>	<b>+1,100</b>	<b>+22,861</b>
<b>East Kent Access 2</b>					
Amended total cash limits	+46,331	+25,571	+912	+3,217	+76,031
re-phasing	-2,331	+2,331			0
<b>Revised project phasing</b>	<b>+44,000</b>	<b>+27,902</b>	<b>+912</b>	<b>+3,217</b>	<b>+76,031</b>
<b>Rushenden Link Road</b>					
Amended total cash limits	+1,406	+1,756	+70	+600	+3,832
re-phasing	-147	+147			0
<b>Revised project phasing</b>	<b>+1,259</b>	<b>+1,903</b>	<b>+70</b>	<b>+600</b>	<b>+3,832</b>
<b>Kent Accommodation</b>					
Amended total cash limits	+2,560	+2,012			+4,572
re-phasing	-372	+372			0
<b>Revised project phasing</b>	<b>+2,188</b>	<b>+2,384</b>	<b>0</b>	<b>0</b>	<b>+4,572</b>
<b>Victoria Way Ph1</b>					
Amended total cash limits	+13,359	+2,012			+15,371
re-phasing	-809	+570		+239	0
<b>Revised project phasing</b>	<b>+12,550</b>	<b>+2,582</b>	<b>0</b>	<b>+239</b>	<b>+15,371</b>
<b>Drovers Roundabout J9</b>					
Amended total cash limits	+16,628				+16,628
re-phasing	-3,000	+3,000			0
<b>Revised project phasing</b>	<b>+13,628</b>	<b>+3,000</b>	<b>0</b>	<b>0</b>	<b>+16,628</b>
<b>Kent Thames Strategic Prog.</b>					
Amended total cash limits	+256	+2,637	+8,140	+134,047	+145,080
re-phasing	-173	0	+173		0
<b>Revised project phasing</b>	<b>+83</b>	<b>+2,637</b>	<b>+8,313</b>	<b>+134,047</b>	<b>+145,080</b>
<b>Total re-phasing &gt;£100k</b>	<b>-8,470</b>	<b>+7,264</b>	<b>+622</b>	<b>+584</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>-95</b>	<b>+95</b>			<b>0</b>
<b>TOTAL RE-PHASING</b>	<b>-8,565</b>	<b>+7,359</b>	<b>+622</b>	<b>+584</b>	<b>0</b>

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

### 2.1 Waste Tonnage:

	2007-08	2008-09	2009-10	2010-11	
	Waste Tonnage	Waste Tonnage	Waste Tonnage	Waste Tonnage *	Affordable Level
April	70,458	57,688	58,164	55,937	60,394
May	65,256	67,452	64,618	62,316	67,096
June	81,377	80,970	77,842	78,327	80,826
July	65,618	60,802	59,012	60,350	61,274
August	64,779	60,575	60,522	59,082	62,842
September	79,418	74,642	70,367	72,862	73,065
October	60,949	58,060	55,401	57,022	57,526
November	58,574	55,789	55,138	54,908	57,252
December	61,041	58,012	57,615	53,440	59,825
January	58,515	53,628	49,368	53,330	51,260
February	56,194	49,376	49,930		51,845
March	68,936	76,551	73,959		76,795
<b>TOTAL</b>	<b>791,115</b>	<b>753,545</b>	<b>731,936</b>	<b>607,574</b>	<b>760,000</b>

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



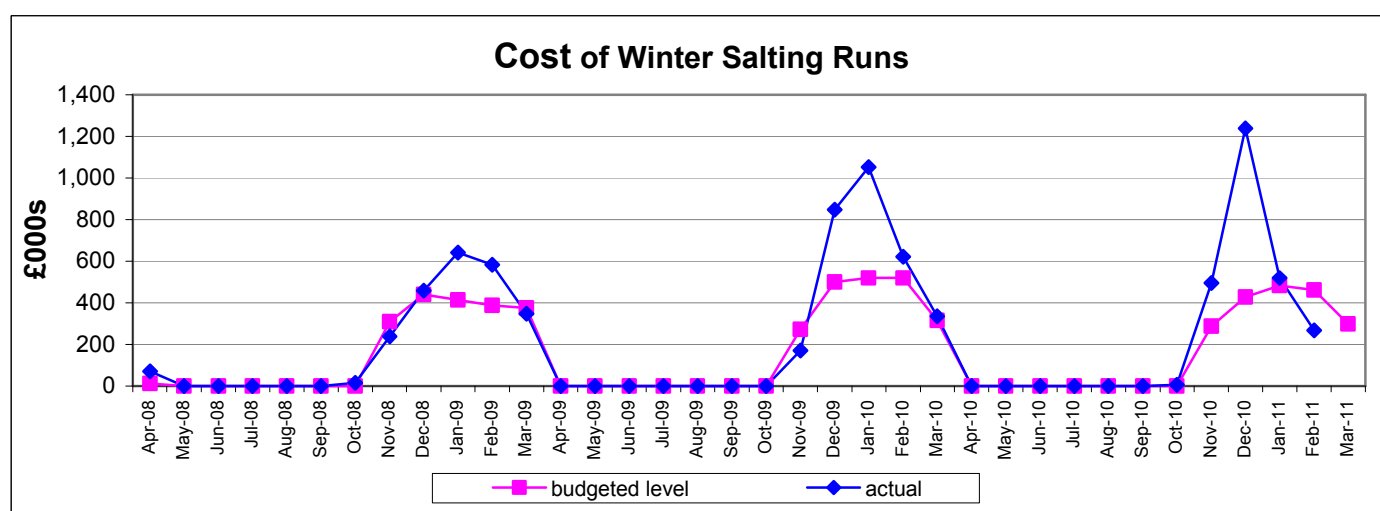
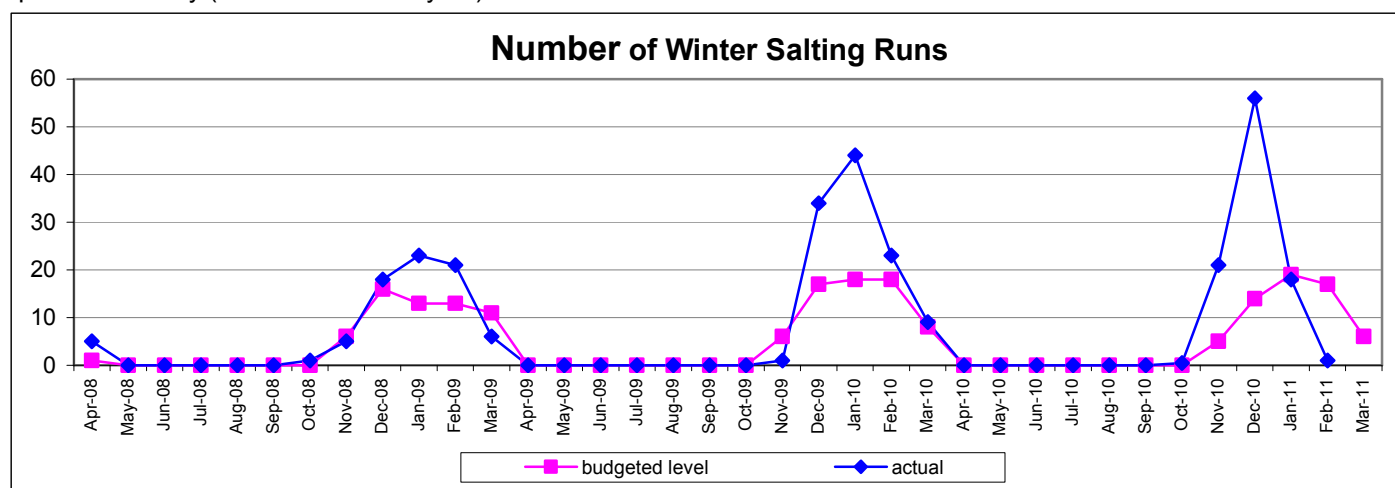
#### Comments:

- Despite the September and October tonnage showing an increase on previous years, waste volumes are forecast to remain below the affordable level for 2010-11. It is estimated that outturn tonnage will be 30,000 tonnes below budget based on current figures. However waste may start to increase again at any point, and continued falls in waste cannot be relied upon. The December figure is significantly below forecast but it is assumed that this was because of the bad weather and indeed has been reversed during January.

## 2.2 Number and Cost of winter salting runs:

	2008-09				2009-10				2010-11			
	Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs		Number of salting runs		Cost of salting runs	
	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted Level	Actual £000s	Budgeted Level £000s	Actual	Budgeted level	Actual £000s	Budgeted Level £000s
April	5	1	70	13	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-
October	1	-	16	-	-	-	-	-	0.5	-	6	-
November	5	6	239	310	1	6	171	273	21	5	494	288
December	18	16	458	440	34	17	847	499	56	14	1,238	427
January	23	13	642	414	44	18	1,052	519	18	19	519	482
February *	21	13	584	388	23	18	622	519	1	17	268	461
March	6	11	348	375	9	8	335	315	-	6	-	299
<b>TOTAL</b>	<b>79</b>	<b>60</b>	<b>2,357</b>	<b>1,940</b>	<b>111</b>	<b>67</b>	<b>3,027</b>	<b>2,125</b>	<b>96.5</b>	<b>61</b>	<b>2,525</b>	<b>1,957</b>

\* part month only (as at 18<sup>th</sup> February 11)

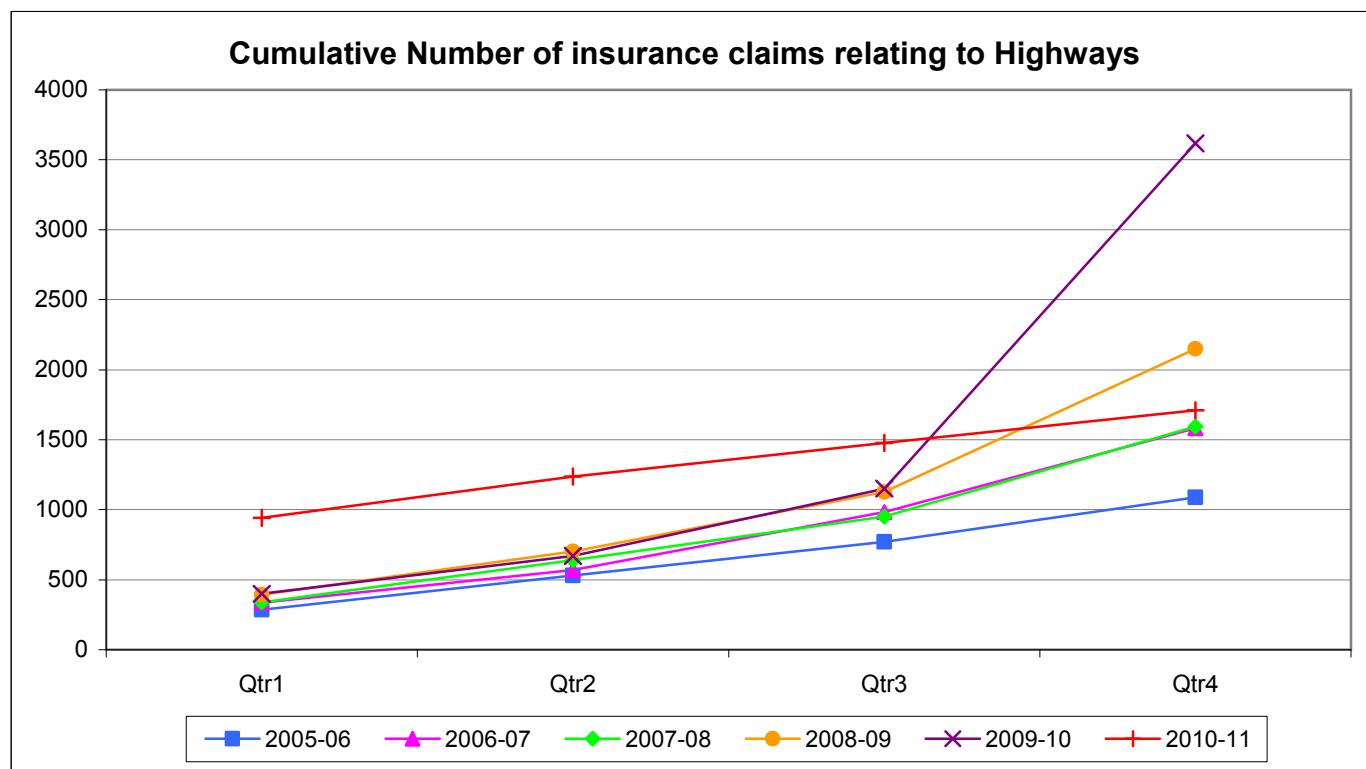


Comment:

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

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims	Cumulative no. of claims
April – June	286	335	337	392	399	942
July – Sept	530	570	640	702	669	1,238
Oct – Dec	771	982	950	1,125	1,151	1,478
Jan - Mar	1,087	1,581	1,594	2,150	3,616	1,710



## Comments:

- Numbers of claims will continually change as new claims are received relating to accidents occurring in previous quarters. Claimants have 3 years to pursue an injury claim and 6 years for damage claims. The data previously reported has been updated to reflect claims logged with Insurance as at 11 February 2011.
- The number of claims rose sharply at the end of 2008-09 and 2009-10. 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. Claims for the first three quarters 2010-11 are also significantly above previous years (and will increase as more claims for that period are received in subsequent months).
- The Insurance section continues to work closely with Highways to try to reduce the number of successful claims and currently the Authority is managing to achieve a rejection rate on 2010-11 claims where it is considered that we do not have any liability, of about 92%.



## COMMUNITIES DIRECTORATE SUMMARY JANUARY 2010-11 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 budget was set. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Communities portfolio</b>							
Kent Drug & Alcohol Action Team	18,520	-16,230	2,290	0	0	0	
Youth Offending Service	6,757	-3,012	3,745	16	-133	-117	Reduced staff costs due to advancement of planned restructuring, offset by increased training, running costs and a revision to previous forecast for secure accommodation. Additional income from CFE to fund training programme and increased income from YJB to fund various projects.
Youth Services	12,506	-5,652	6,854	-486	5	-481	Reduced staff costs from vacancy management and advancement of planned restructure, offset by increased premises and running costs. Underspend on youth opportunities fund which is part of 11-13 MTFP roll forward.
Supporting People	32,314	-220	32,094	0	0	0	
Community Learning & Skills (Adult Education (incl KEY))	17,072	-17,172	-100	-419	419	0	Reduced fees income arising from fall in fee paying learner numbers & reduction in granton Train to Gain (TTG) and Apprentices contracts, plus various other variances; mitigated by management action (vacancy management & reduced running costs).
Arts Unit	2,035	37	2,072	14	-28	-14	Additional costs associated with Arts Council England NI11 project offset by reduced internal recharges; Income from (ACE) NI11 project.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Libraries, Archives & Museums	22,626	-3,045	19,581	-46	-68	-114	Reduced gross costs arising from enhanced vacancy management, offset by contributions towards capital projects, increased running costs and internal recharges. Additional internal & external income, offset by shortfall in AV and merchandise income.
Sports, Leisure & Olympics	3,214	-1,585	1,629	9	-19	-10	
Supporting Independence	4,058	-3,281	777	-13	-55	-68	+£74k on Future Jobs Fund based on current intake, match funded by income from DWP; -£19k fewer apprentices than anticipated matched by reduced income; -£50k underspend on Community Programme; -£85k Planned promotions for Apprentice Workshops/Employer Events did not occur
Kent Community Safety Partnership	5,215	-382	4,833	-64	-17	-81	Reduced staff costs mainly due to part year Community Warden vacancies offset by contribution towards directorate vacancy savings target. Additional income from Future Jobs Fund.
Coroners	2,702	-475	2,227	198	26	224	Continuation of pressure reported in 2009-10, regarding long inquests and Body storage contract. Income variance relates to Medway Council SLA.
Emergency Planning	828	-199	629	15	0	15	
Kent Scientific Services	1,271	-780	491	-48	58	10	Reduced staff costs arising from vacancy management, offset by higher than anticipated price increases of chemical & safety equipment. Income variance relates to an income target, which at present is deemed as not achievable.
Registration	3,840	-3,027	813	-55	-151	-206	Reduced staff & running costs. Increased fees and internal income.
Trading Standards	3,655	-322	3,333	-155	3	-152	Reduced staff costs due to vacancies being held, where possible, offset by contributions towards directorate vacancy savings target; reduced spend on staff related, premises & transport costs. Reduced fees income
Policy & Resources	1,669	-361	1,308	-42	12	-30	Reduced staff costs arising from vacancy management, offset by one-off contribution towards directorate pressures.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Development & Support	715	-228	487	-81	89	8	Reduced costs and income from Regulatory Training Services (RTS) due to lower than anticipated take up of services, combined with reduced income from internal clients.
Strategic Management	929		929	-40	0	-40	Reduced staff costs due to vacancy management, offset by a recharge of graduate fee and contribution towards directorate pressures.
Centrally Managed directorate budgets	1,266	-1,228	38	50	-109	-59	Centrally held vacancy management savings target offset by internal recharge income from Trading Standards & Community Safety and contribution from Libraries towards dilapidation costs.
Support Services purchased from CED	4,760		4,760	0	0	0	
<b>Total Communities controllable</b>	<b>145,952</b>	<b>-57,162</b>	<b>88,790</b>	<b>-1,147</b>	<b>32</b>	<b>-1,115</b>	
<b>Assumed Management Action</b>						<b>0</b>	
<b>Forecast after Mgmt Action</b>				<b>-1,147</b>	<b>32</b>	<b>-1,115</b>	

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

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

#### 1.1.3.1 Youth Service: -£486k Gross, £5k Income, -£481k Net

The variance is largely due to the unspent Youth Opportunities Fund (YOF) (£387k), formerly a government grant, which has now been un-ringfenced

The recently approved 2011-2013 MTFP reflects the roll forward of this £387k underspend relating to YOF to fund the apprenticeship programme in 2011-12.

The service has also made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£195k). This is being offset by increased premises and other running costs.

#### 1.1.3.2 Supporting People

Commitments are in place that will result in gross expenditure being close to £2,913k in excess of the agreed cash limit for floating support. This is a demand led service provided by the unit, to assist customers to remain within their homes. Demand currently exceeds the resources allocated at the time of budget build and, therefore, additional support has been provided to cope with the increase in demand. These costs will be met by a drawdown from the existing supporting people earmarked reserve and, therefore, a balanced position is being forecast with regard to the main grant.

As a result of the 10 June Government savings announcement, the service was notified of a reduction in the Area Based Grant for supporting people administration of £736k. Cabinet, at its meeting in July, agreed that this reduction could be met by a drawdown from the supporting people earmarked reserve and the cash limit has been reduced accordingly to reflect this drawdown. However, the current forecast for supporting people administration indicates a modest underspend of -£43k, therefore the estimated drawdown from the reserve will be reduced accordingly to give a nil net effect on administration.

Overall therefore, the current estimated drawdown from the reserve is £2,870k (£2,913k - £43k) in order to present a balanced outturn position. This is in addition to the budgeted drawdown of £736k.

#### 1.1.3.3 Community Learning & Skills: -£419k Gross, +£419k Income, £0k Net

A shortfall in fees income (£119k) has arisen due to contributions from employers on Train to Gain courses not being realised. Fees were planned for these courses to test the market in readiness for Government changes, but market forces have meant this target has not been realised and a majority of employers continue to engage without contributing fees. This is illustrated by the activity in section 2.1 where non fee earning enrolments are above target, whereas fee earning enrolments are below target.

The remainder of the shortfall is due to a reduction in grant income predominantly in the Train to Gain scheme (£287k). There has been a marginal reduction in learner numbers, but the majority of the grant reduction is due to changes made by the Skills Funding Agency (SFA) resulting in the average grant per learner reducing by as much as 50% in many cases.

This pressure is being mitigated through management action, including vacancy management, targeted savings on running costs and by one-off reductions, together with reducing the number and frequency of courses. The service remains confident that a balanced budget will be delivered at the end of the year, despite this pressure and the in-year grant reductions that the service has had to absorb.

#### 1.1.3.4 Libraries: -£46k Gross, -£68k Income, -£114k Net

The service has made savings on gross expenditure, mainly through vacancy management and advancement of planned restructuring (-£609k), £494k of which has been earmarked as a revenue contribution towards capital projects including the Radio Frequency Identification project (RFID) which will provide an electronic check-out service for customers and the Beaney, Canterbury.

Also, savings have been made on premises costs (-£203k) which have been achieved from one-off rates rebates for three libraries and reduced spend on utilities, savings have been realised on staff related costs (-£39k), due to early retirement costs for the mobile library & Kent School Library Advisory Team (KSLAT) reviews not being charged until October 2011. This is being partly offset by internal recharges (+£96k), other running costs (+£94k), grants to voluntary organisations (+£49k) as a one-off contribution to Kent Cultural Trading; specialist fees (+£49k) and third party payments (£18k)

Libraries are forecasting a reduction in their Audio Visual and merchandising income streams of £129k, due to activity below target in Quarter 3, as illustrated in section 2.2 below. The budget was set at a lower level than in the prior year but even then; revised targets have not been met. Therefore, the forecast for the year has been reduced accordingly.

Income targets set for Kent on Canvas and the Centre for Kentish Studies (CKS) shop are no longer achievable which results in a shortfall of £20k and £12k respectively. This is being partly offset by increased external contributions (£104k), mainly from recharges to various organisations and increased internal income (£120k).

### 1.1.3.5 Supporting Independence (-£13k gross, -£55k income, -£68k net)

- a) An increased intake of the long term unemployed on the Future Jobs Fund has led to increased gross and income of £74k as cost are matched-funded by the Department of Works and Pensions (DWP). This has been off-set by reduced activity on the Apprenticeship Scheme reducing both gross and income by £19k. Planned expenditure on promotional events/workshops for Welfare reform and Apprentices will not go ahead in 2011, which will realise further savings of -£85k.

There has been a reduction in the Community Programme (-£50k) as suitable projects/providers could not be identified.

### b) Vulnerable Workers

The Vulnerable worker's programme supports young offenders, young parents, care leavers and young people with physical or mental health issues into apprenticeships. The project seeks to engage employers across the private sector in offering vulnerable workers short term placements of six-months by making a contribution towards their salaries. A target of 80 young people will be recruited by KCC to undertake a variety of apprenticeships supported by KCC and partners throughout the project. Due to delays in the project 15 apprentices are currently in placements with a further 4 due to start imminently.

The programme will be funded by a drawdown from reserves of up to £482k, phased over two years, as a consequence of the late start to the project. Expenditure of £92k is being forecast for 2010-2011, which will be met in part, from a drawdown from reserves of £46k, with the remaining costs met by, underspends elsewhere within the Supporting Independence service. The balance of £436k is expected to be drawn down in 2011-12.

### c) Margate Taskforce

The main focus of the project is to seek agreement with Thanet District Council to set-up a selective licensing scheme for private landlords in Margate Central and Cliftonville West wards to be funded from KCC's share of the Local Area Agreement Performance Reward Grant, which is held in reserves. To date we have spent £500k of an earmarked £750k, which has been matched by a drawdown from reserves.

### 1.1.3.6 Community Safety: -£64k Gross, -£17k Income, -£81k Net

The service has made savings of -£64k on gross expenditure, mainly through enhanced vacancy management (-£135k); targeted savings on running costs (-£55k) and savings on grants paid to voluntary organisations (-£13k) mainly due to the restorative justice and positive ticketing projects not proceeding, but these are largely offset by a £129k internal recharge to contribute towards directorate pressures and other minor variances. The income variance is mainly due to additional internal income from the Future Jobs Fund for funding and training of support wardens.

### 1.1.3.7 Coroners: +£198k Gross, +£26k Income, +£224k Net

The pressures affecting the service, and our inability to control Coroners' expenditure, have been fully documented in recent years.

Despite additional funding in each of the last three years to address the issue of long inquests and increasing pressures on Mortuary costs, the service continues to experience pressures due to a rise in the number of deaths that are deemed suspicious and subsequently referred.

The main existing pressures arise from specialist fees and premises costs associated with long inquests +£171k.

The specialist fees pressure is being exacerbated by one of the coroners continuing to use an external provider for toxicology and other laboratory services, instead of using Kent Scientific Services. Negotiation remains ongoing in this respect to ensure that our in-house laboratory is used.

The service has recently been notified of an increase in Post Mortem and Body Storage charges from Dartford & Gravesham NHS Trust in the region of £150k, which follows changes to the methodology employed in calculating service income. The Head of Service and the Head of Finance have met with the Trust and have brokered an agreement, whereby the increase charges will be phased incrementally over the next three years, with only £50k of the increase charged to 2010-2011.

These pressures are being partially offset because invoices relating to 2009-10 have come in at less than the estimated creditor provisions established at the end of the year.

#### 1.1.3.8 Registration: -£55k Gross, -£151k Income, -£206k Net

The service has made savings on gross through vacancy management (-£107k) and targeted savings on running costs (-£28k). These are being offset largely by increased premises costs, mainly due to an increase in rent and rates for the Archbishop's Palace, Maidstone (£11k); increased internal recharges due to electrical and IT maintenance work for the Old Town Hall, Dartford (£28k); staff related costs (£14k); transport costs (£7k) and a reduction in the planned drawdown from reserves to cover the cost of the software development of the Ceremonies and Registration Appointments (CARA) booking system (+£20k).

The income variance of -£151k is mainly due to an expected increase in the level of income for ceremonies, as well as a modest increase in income derived from the registration of births and deaths and income from Area Offices for sale of advertising space.

#### 1.1.3.9 Trading Standards: -£155k Gross, +£3k Income, -£152k Net

The service has made savings on gross expenditure, mainly through enhanced vacancy management and advancement of staff restructuring of £278k, offset by £150k internal recharge to contribute towards directorate pressures and reduced spend on staff related, premises and transport costs. A minor shortfall in fees income accounts for the income variance.

#### 1.1.3.10 Centrally Managed Budgets: +£50k Gross, -£109k Income, -£59k Net

Within the directorate's centrally managed budget, is an in-year pressure of £279k which relates to a centrally held vacancy management savings target. This is being offset by contributions (internal recharge income) from the Trading Standards (£150k) and Community Safety (£129k) units, which have achieved savings through vacancy management and advancement of staff restructuring.

An underspend of -£100k is being reported on the Secure Accommodation contingency held within centrally managed budgets to address the volatility in demand for young offenders being held in remand. Reduced in-year activity has meant this contingency will not be required and can now contribute towards offsetting an unachievable income target of £229k also held within centrally managed budgets.

In addition, there is reduced spend on the property budget of -£120k, together with further underspends of -£119k on property pay as you go activities, as part of the contribution towards the moratorium on non essential expenditure.

The correction of an error in the 2010-2013 MTFP has resulted in a base pressure of £57k which is being mitigated by contributions (internal recharge income) from Policy and Resources £40k and Strategic Management £17k.

There are other small pressures amounting to +£53k.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
CMY	Supporting People: planned increase in the level of Floating Support and small underspend on administration	+2,870	CMY	Drawdown from Supporting People reserve.	-2,870
CMY	Supporting Independence: Forecast spend on Margate Taskforce funded by drawdown from reserves.	+500	CMY	Libraries: vacancy management & advancement of planned restructuring	-609
CMY	Libraries: revenue contributions to capital programme	+494	CMY	Supporting Independence: Drawdown from reserves to match spend on Margate Taskforce.	-500
CMY	CLS: reduction in grant for Train to Gain following changes in funding levels per learner imposed by Skills funding Agency	+287	CMY	CLS: Vacancy management and targeted savings on running costs	-406
CMY	Centrally Managed Budgets: centrally held vacancy management savings target (offset by savings within Trading Standards & Community Safety).	+279	CMY	Youth Service: Unspent YOF funding to roll forward to 2011-12 to fund apprenticeship programme.	-387
CMY	Centrally Managed Budgets: Unachievable Income Targets	+229	CMY	Centrally Managed Budgets: increased internal recharge income from Trading Standards & Community Safety towards centrally held directorate pressures.	-279
CMY	Coroners: long inquest costs	+171	CMY	Trading Standards: vacancy management & advancement of planned restructuring	-278
CMY	Trading Standards: increased internal recharge for contribution towards directorate pressures	+150	CMY	Libraries: income contributions from internal and external partners.	-224
CMY	Community Safety: increased internal recharge for contribution towards directorate pressures.	+129	CMY	Libraries: reduced spend on utilities and one-off rates rebates	-203
CMY	Libraries: reduced forecast on audio visual income stream and anticipated shortfall in merchandising income.	+129	CMY	Youth Service: Vacancy Management and restructure of the Service	-195
CMY	CLS: shortfall in contributions from employers for Train to Gain courses	+119	CMY	Registration: increased income from ceremonies & registration of births & deaths.	-146
			CMY	Community Safety: Vacancy management & targeted savings on running costs	-135
			CMY	Centrally Managed Budgets - Reduced spend on Property budget.	-120
			CMY	Centrally Managed Budgets: Property Pay as You Go Services - reduced spend on commissioned work.	-119
			CMY	Registration: Staff savings achieved though vacancy management.	-107
			CMY	Centrally Managed Budgets - Unused contingency for Secure Accommodation costs.	-100
		<b>+5,357</b>			<b>-6,678</b>

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

##### Community Learning & Skills

In order to mitigate against the grant reduction from the Skills Funding Agency of £469k, the service has enacted management action devised to deliver a balanced budget. (This was reported in the first full monitoring report to Cabinet in September and cash limits were amended to reflect this grant reduction, hence no variance reflected in this report).

##### Vacancy management

Due to the current financial climate and volatility regarding grant funding, the directorate has informed units to maintain and extend vacancies wherever possible, as well as bring forward any planned restructures, but on the basis that front line provision should not be adversely affected. In addition, services have also been asked to monitor and reduce all non essential expenditure.

##### Grant Reductions

A few directorate units have been notified of reduced grant income from internal and external partners during the year. In all cases, management action has been enacted to contain expenditure and to deliver a balanced budget position.

##### Supporting People

The service expects to drawdown £2.870m from its reserve, as reported in section 1.1.3.2 above, to address costs required to service existing contracts. The level of drawdown required, has been exacerbated by the removal of the administration grant in-year.

##### Moratorium on non essential expenditure

In order to deliver a balanced budget outturn, the directorate had, very early in the year, imposed a moratorium of non essential expenditure which has contributed largely to current reported levels of underspends.

To maximise the level of savings, and to ensure the delivery of a balanced budget, the directorate has brought forward, wherever possible, planned savings proposals that were not due for commencement until next year.

In addition, the directorate has attempted to increase its levels of underspending without there being an adverse impact on frontline activities and without setting units targets based on headroom or specific expenditure lines.

#### 1.1.5 **Implications for MTFP:**

All current year pressures have been fully addressed in the 2011-2013 MTFP.

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

*(Details of any **committed** projects included in the forecast as underspending, for which roll forward will be required)*

The Youth Opportunities Fund, a grant from GOSE, was un-ringfenced during the year, and the Youth Service communicated the end of YOF as it stood, with some £487k unallocated, until the authority decided how the funding would be best spent.

It was agreed by the Leader and the Director of Finance that internal restrictions were placed on these funds and it was to be used to fund an apprenticeship scheme. This has not been possible in the current financial year for a variety of reasons. The service will endeavour to commence this in 2011-2012.

The provisional plan is to continue with YOF, albeit on a reduced scale, with the view of appointing some apprentices to work alongside Youth workers which will incur expenditure in the region of £100k in 2010-11.

The service, therefore, requires the roll forward of the balance of unspent YOF funding of £387k to fund the apprenticeship scheme in 2011-12 and this roll forward is already built into the recently approved 2011-12 budget.



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

N/A

## 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 in the 2011-14 MTFP as agreed by county council on 17 February 2011, 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	2010-11 £000s	2011-12 £000s	2012-13 £000s	Future Yrs £000s	TOTAL £000s
<b>Communities Portfolio</b>						
Budget	14,051	27,204	12,946	3,392	6,038	63,631
Adjustments:						
- December re-phasing		-465	465			
- Virement from KASS for Library Modernisation		47				47
- Library Modernisation		20				20
Revised Budget	14,051	26,806	13,411	3,392	6,038	63,698
Variance	0	-324	+613	0	0	+289
<b>split:</b>						
- real variance		-4	293			289
- re-phasing		-320	320			0
<b>Real Variance</b>	<b>0</b>	<b>-4</b>	<b>293</b>			<b>289</b>
<b>Re-phasing</b>	<b>0</b>	<b>-320</b>	<b>320</b>			<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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
<b>Overspends/Projects ahead of schedule</b>						
	None					
			+0	+0	+0	+0
<b>Underspends/Projects behind schedule</b>						
	None					
			0	-0	-0	-0
				-0		-0

**1.2.4 Projects rephasing by over £1m:**

None

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

There is a real variance of +£0.289m (-£0.004m in 2010-11 and +£0.293m in 2011-12) which is detailed as follows:

**Modernisation of Assets -£0.004m** (in 2010-11): The reduction reflects adjustments to contributions from the revenue budget.

**The Beaney +£0.290m** (in 2011-12): The additional costs have arisen due to recently identified essential additional works to the façade and roof. Revenue savings of £0.040m at the temporary library have been earmarked to help fund these costs. Bids for funding are being submitted to the Heritage Lottery Fund (HLF) and Viridor Credits to cover £0.250m. A virement from revenue underspend in the Finance portfolio is requested as a standby facility in case the bids are unsuccessful as detailed in Annex 6.

**Edenbridge Centre +£0.003m** (in 2011-12): The revised total project cost is now approved and the cash limit need to be adjusted. The project funding is in place and there are no outstanding funding matters.

The underlying real budget variance is £0.250m in 2011-12.

**1.2.6 General Overview of capital programme:**

(a) Risks (mitigations in section b below):

**Library Modernisation Programme** – consists of several large individual projects, which if delayed could result in significant re-phasing of costs into 2011-12. As this programme is linked to the Modernisation of Assets budget, delays in relation to DDA and planned maintenance would also ensue.

**The Beaney** – The existing building needs significant restoration to the façade and roof, the cost of which may not be covered by the project contingency. The contingency has already been depleted and subsequently boosted in relation to archaeology costs. Any delay in repairing the façade and roof will have an impact on the programme and add to the project costs. Any weather related delays will be an additional call on the contingency.

**Turner Contemporary**– the external funding target of £2.9m, underwritten by KCC, may not be reached, therefore causing a potential funding shortfall.

**Ashford Gateway Plus** – Delays from changes to specification or as a result of inclement winter weather could lead to additional costs.

**Ramsgate Library** – the Administrator has now agreed that final snagging can be undertaken and it is anticipated that this will be possible in line with the project budget; however there is small risk that this position may alter.

**Kent History & Library Centre** – project funding could be affected by both the state of the property market, by virtue of reduced capital receipts/land value, and rising costs.

**Gravesend Library** – weather related delays to the programme could result in additional costs if the schedule cannot be adhered to.

**New community facilities at Edenbridge** – the project is partially dependent upon external partner funding and without this in place the KCC share of the project costs will rise.

(b) Details of action being taken to alleviate risks:

**Library Modernisation Programme** – the Library Modernisation Advisory Group, including support from the Property Group, is overseeing this programme and co-ordinating appropriate project management, design development, estates and financial advice and linking into the Modernisation of Assets programme as appropriate. Expenditure has been profiled over the coming year for each of the key locations.

**The Beaney** – Following a full assessment of all risks by the project managers a schedule of associated costs has been produced. Additional funding is being sought to increase the contingency and a bid for additional HLF grant funding has been submitted, with a further bid to Viridor Credits now being prepared. Further value engineering will follow to ensure the allocated budget and contingency is sufficient to cover the remaining risks.

KCC are working closely with the specialist consultants and Canterbury City Council – our partners in this venture – to ensure that this risk is mitigated and that the project is kept on schedule with regards to timing and cost

**Turner Contemporary**– Turner Contemporary Art Trust has been established to raise funds to meet the funding target and a number of donations have been made in recent months, although the funding target has still to be fully mitigated.

**Ashford Gateway Plus** – although a 5 week extension of time has been granted, this has not added any additional cost. The snow in December has delayed the external works, but the internal programme remains on target with the partition walls, flooring, glazing and M&E works progressing to plan. Specification changes are being strictly controlled and where approved will require either further value engineering or to be fully funded to ensure that there is no financial liability to the authority.

**Ramsgate Library** – the outstanding defects liability has been costed by the Quantity Surveyor and formed part of the settlement negotiations. The programme of work is now being put in place and the costs monitored against the QS report to ensure they do not exceed the funds available.

**Kent History and Library Centre** – Following a fall in the residential property market a revised funding strategy has been devised, which still relies on income from the sale of Springfield, where negotiations are continuing, to present a balance budget.

**Gravesend Library** – extension of time was granted with the completion now expected in late June. In December a number of unavoidable delays have occurred, but currently the contractors are reporting that these weather related delays can be recovered later in the project and should not result in any additional costs. It is anticipated that the building will be watertight by mid February allowing the contractor to recover lost time.

**New community facilities at Edenbridge** – Heads of Terms and the Developer Agreement have been completed with a number of potential partners and with most funding being confirmed as available, thus alleviating the risk to the authority that funding will not be in place at the required juncture. This significantly reduces the risk associated with this project.

## 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 proposed re-phasing is detailed in the table below.

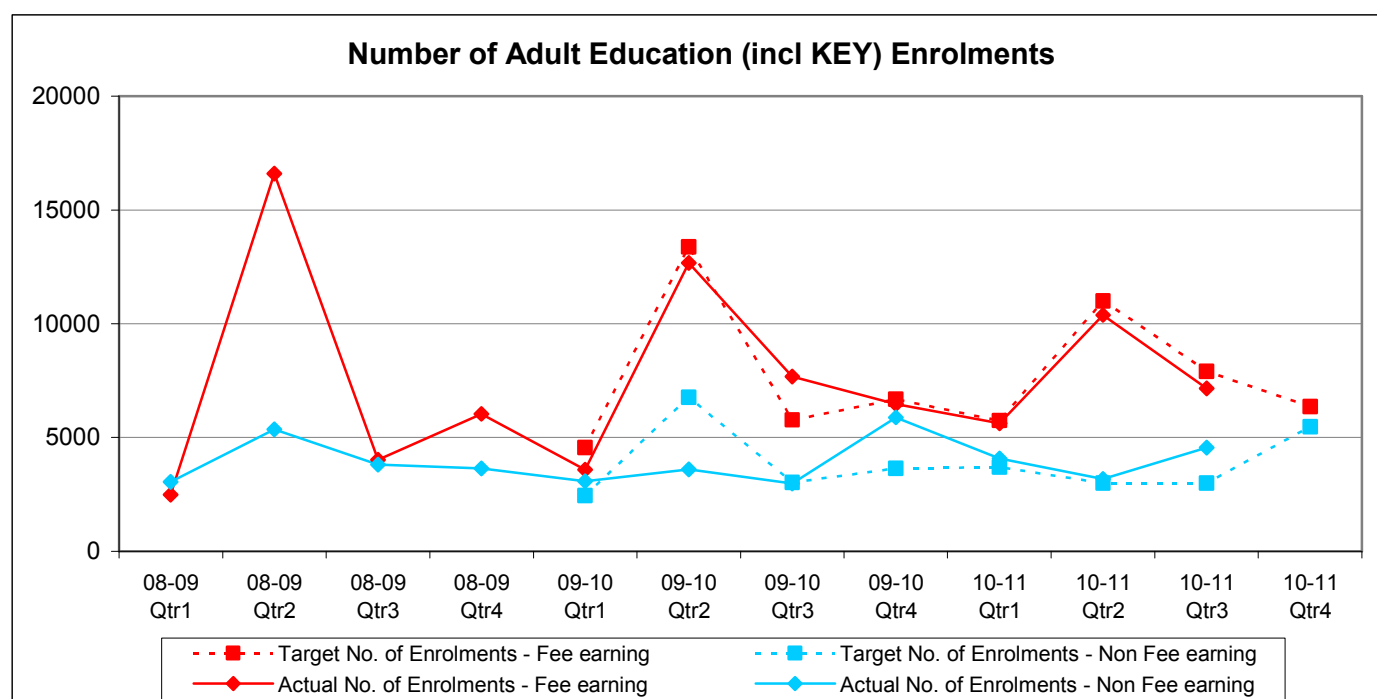
	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
<b>Modernisation of Assets</b>					
Amended total cash limits	+2,631	+1,748	+2,084	+4,168	+10,631
re-phasing	-224	+224			0
<b>Revised project phasing</b>	<b>+2,407</b>	<b>+1,972</b>	<b>+2,084</b>	<b>+4,168</b>	<b>+10,631</b>
<b>Total re-phasing &gt;£100k</b>	<b>-224</b>	<b>+224</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>-96</b>	<b>+96</b>			
<b>TOTAL RE-PHASING</b>	<b>-320</b>	<b>+320</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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	<b>5,545</b>	4,560	2,456	<b>7,016</b>	3,589	3,087	<b>6,676</b>
Jul - Sept	16,590	5,360	<b>21,950</b>	13,377	6,774	<b>20,151</b>	12,667	3,598	<b>16,265</b>
Oct - Dec	4,024	3,816	<b>7,840</b>	5,776	3,029	<b>8,805</b>	7,680	2,986	<b>10,666</b>
Jan - Mar	6,039	3,639	<b>9,678</b>	6,689	3,651	<b>10,340</b>	6,474	5,880	<b>12,354</b>
<b>TOTAL</b>	<b>29,149</b>	<b>15,864</b>	<b>45,013</b>	<b>30,402</b>	<b>15,910</b>	<b>46,312</b>	<b>30,410</b>	<b>15,551</b>	<b>45,961</b>

	2010-11					
	TARGET			ACTUALS		
	Fee earning	Non fee earning	TOTAL	Fee earning	Non fee earning	TOTAL
Apr - Jun	5,750	3,700	<b>9,450</b>	5,619	4,075	<b>9,694</b>
Jul - Sept	11,000	3,000	<b>14,000</b>	10,382	3,186	<b>13,568</b>
Oct - Dec	7,900	3,000	<b>10,900</b>	7,155	4,550	<b>11,705</b>
Jan - Mar	6,368	5,462	<b>11,830</b>			
<b>TOTAL</b>	<b>31,018</b>	<b>15,162</b>	<b>46,180</b>	<b>23,156</b>	<b>11,811</b>	<b>34,967</b>



#### Comments:

- The Skills Funding Agency (SFA) grants depend partly on enrolments to courses and are subject to a contract agreement with SFA. 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.

- Enrolments with fees have reduced by 6% against target, leading to a shortfall in fee income of £119k (3.2%) as a result of Train to Gain fees due from employers not being realised. Adult Learning provision fees are not affected by the downturn in learners, due to a change in profile of courses with higher fees, in line with government direction, which means there are more courses with higher fees.

The increase in enrolment for courses without fees is due to:

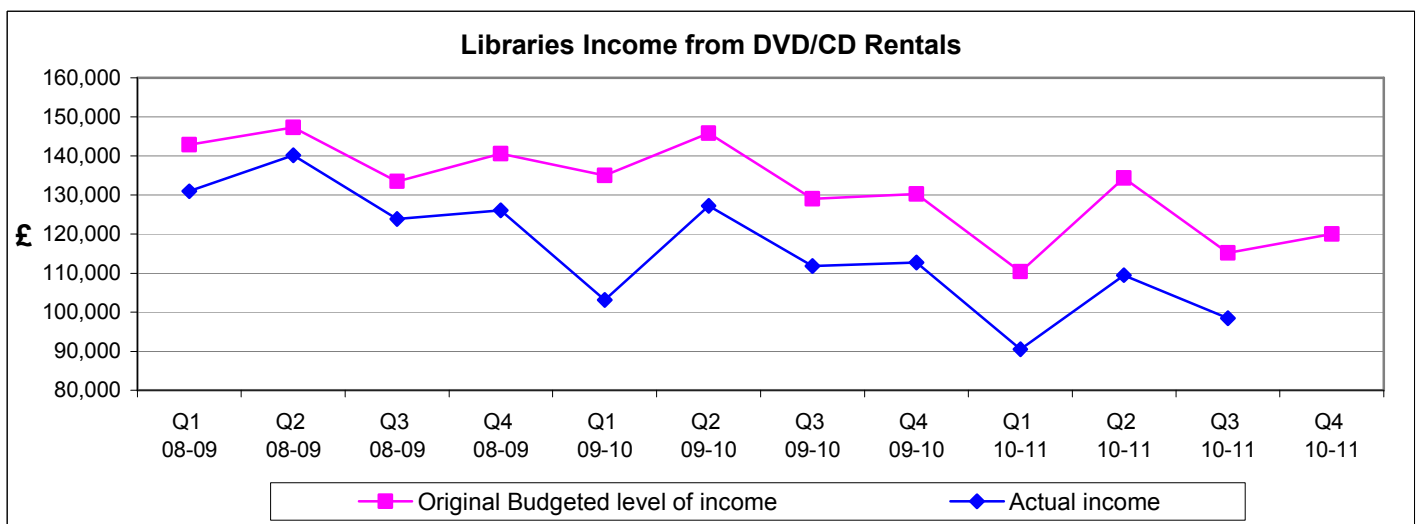
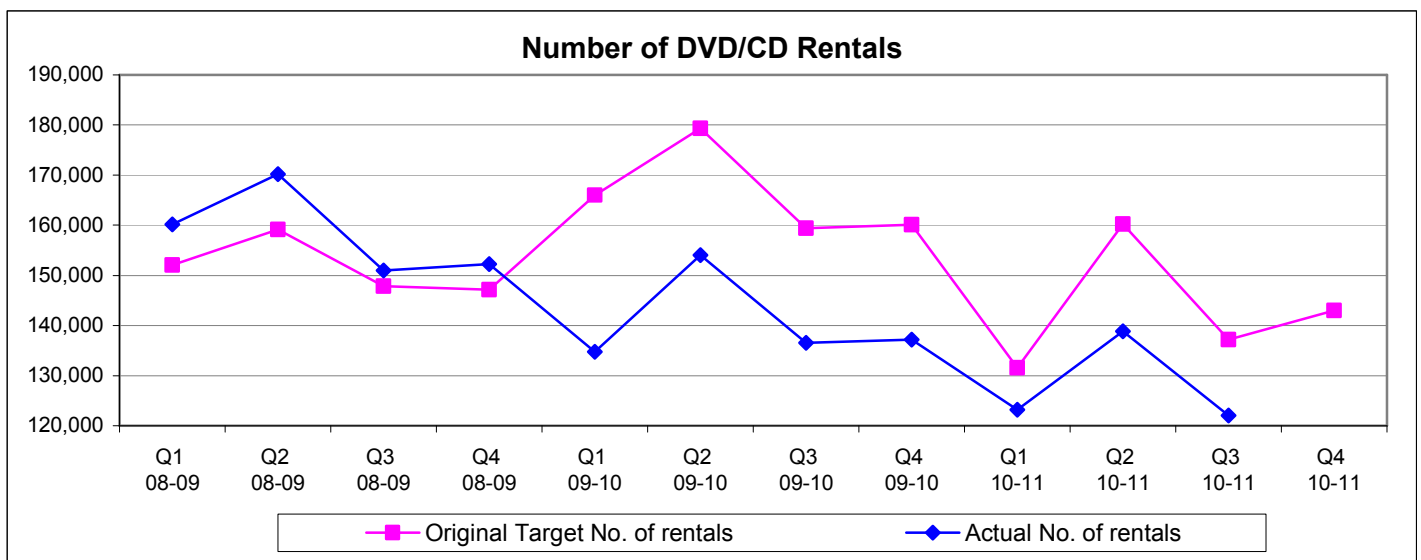
- a) increased enrolments on Family Learning courses whereby courses are being offered/delivered earlier in the academic year to secure grant funding,
- b) Train to Gain courses offered to employers, where fees were planned to test the market in readiness for Government changes, but market forces have meant this target has not been realised and a majority of employers continue to engage without contributing fees.
- c) Additionally a small project called "aiming high" has funded additional non paying fee learners.

Grant income is down against target predominantly in the Train to Gain funding stream with the forecast effect of £287k shortfall. There has been a marginal reduction in learner numbers on this programme and this is due to uncertainties related to the Comprehensive Spending Review and the subsequent announcement of the cessation of the Train to Gain scheme. However, the significant impact on financial drawdown of the grant is as a result of changes to funding imposed by the Skills Funding Agency which has reduced the average financial drawdown per learner in many cases by as much as 50%.

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

	2008-09				2009-10			
	No of rentals		Income (£)		No of rentals		Income (£)	
	Budgeted target	actual	budget	actual	Budgeted target	actual	Budget	actual
April – Jun	152,059	160,162	142,865	130,920	166,000	134,781	135,000	103,135
July – Sep	159,149	170,180	147,232	140,163	179,300	154,044	145,800	127,156
Oct – Dec	147,859	150,968	133,505	123,812	159,400	136,516	129,000	111,827
Jan – Mar	147,156	152,249	140,533	126,058	160,100	137,172	130,200	112,775
<b>TOTAL</b>	<b>606,223</b>	<b>633,559</b>	<b>564,135</b>	<b>520,953</b>	<b>664,800</b>	<b>562,513</b>	<b>540,000</b>	<b>454,893</b>

	2010-11			
	No of rentals		Income (£)	
	Budgeted target	actual	Budget	actual
April – Jun	131,600	123,201	110,400	90,569
July – Sep	160,200	138,853	134,400	109,462
Oct – Dec	137,200	122,036	115,200	98,429
Jan – Mar	143,000		120,000	
<b>TOTAL</b>	<b>572,000</b>	<b>384,090</b>	<b>480,000</b>	<b>298,460</b>



## 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 a forecast reduction in AV income of £87k. Demand for spoken word materials and DVDs has remained reasonably stable despite the introduction of downloadable books.
- 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 increased income budgets from other merchandising to offset the loss of income from AV issues, but is also now falling short on this.
- Issues and income achieved during 2010-2011 are significantly below target levels, partly due to adverse weather condition culminating in the closure of several Libraries. The snow closures had a significant impact on fines and charges; and a fines amnesty was offered to customers as a gesture of goodwill on the days libraries had to close due to weather conditions. Despite the adverse weather conditions and the impact of library closures, income from the sale of merchandise increased during the period, but is still below the planned target.
- The service is currently working on an exit strategy for the audio visual rental service, in acknowledgment of the continual decline in demand and that merchandising income is no longer sufficient to plug the gap. In the budget build for 2011-2012, the service has reduced planned expenditure on AV materials and also revised the expected income target as part of a strategy to move towards reducing reliance on this form of income.
- 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 2010-11 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 budget was set. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Localism &amp; Partnerships portfolio</b>							
Democratic Services:							
- core service	4,912	-3	4,909	-144	-11	-155	Release of Members' annual IT fund & other Supplies & services moratorium savings
- support to directorates	260	-260	0	0	0	0	
<b>TOTAL Democratic Services</b>	<b>5,172</b>	<b>-263</b>	<b>4,909</b>	<b>-144</b>	<b>-11</b>	<b>-155</b>	
International Affairs Group	572	-35	537	-15	-7	-22	moratorium savings
Kent Partnerships	414	-48	366	-10	-4	-14	moratorium savings
County Council Elections	255		255	0	0	0	
Public Consultation	100		100	0	0	0	
Provision for Member Community Grants	853		853	0	0	0	
Local Scheme Spending recommended by Local Boards	468		468	0	0	0	
District Grants for Local Priorities	808		808	0	0	0	
Budget Managed by this portfolio	8,642	-346	8,296	-169	-22	-191	
<b>Less</b> Support Costs delegated to Service Directorates	<b>-260</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total L&amp;P portfolio</b>	<b>8,382</b>	<b>-86</b>	<b>8,296</b>	<b>-169</b>	<b>-22</b>	<b>-191</b>	
<b>Corporate Support &amp; Performance Management portfolio</b>							
Personnel & Development:							
- core service & PAYG activity	7,447	-5,446	2,001	-86	-190	-276	Addt costs & income from trading activities. - £70k of underspends subject to committed roll fwd
- support to directorates	3,679	-3,679	0	0	0	0	
<b>TOTAL P&amp;D</b>	<b>11,126</b>	<b>-9,125</b>	<b>2,001</b>	<b>-86</b>	<b>-190</b>	<b>-276</b>	
Business Solutions & Policy:							
- ISG core service & PAYG activity	14,857	-12,741	2,116	697	-699	-2	IT project contractors funded by income
- ISG support to directorates	15,130	-15,130	0	0	0	0	
- Central Policy	656	0	656	-16	-1	-17	moratorium savings
- Performance, Improvement & Engagement	691		691	-28	-42	-70	moratorium savings
<b>TOTAL Business Solutions</b>	<b>31,334</b>	<b>-27,871</b>	<b>3,463</b>	<b>653</b>	<b>-742</b>	<b>-89</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Finance Group:							
- Procurement & Audit	320	-34	286	45	-23	22	Balanced with underspend in Finance portfolio below
- Audit support to directorates	735	-735	0	0	0	0	
TOTAL Audit & Procurement	1,055	-769	286	45	-23	22	
Property Group:							
- core service	5,583	-4,416	1,167	-187	-139	-326	Rates rebate, vacancy savings & addt costs & income from trading activities.
- support to directorates	5,443	-5,443	0	0	0	0	
TOTAL Property Group	11,026	-9,859	1,167	-187	-139	-326	
Legal Services	6,789	-7,764	-975	1,301	-1,754	-453	£664k disbursements costs & income; addt costs & income from trading activities
Strategic Management Unit	431		431	0	0	0	
Kent Works	0	0	0	42	1	43	
Corporate Communications	1,832	-215	1,617	-67	18	-49	moratorium savings
Strategic Development Unit	2,604	-631	1,973	16	-16	0	Workplace transformation saving on 17 KHA rent, offset by costs of redeployments
Contact Kent	5,517	-2,248	3,269	24	-24	0	
Centrally Managed Budgets	2,013	-184	1,829	277	-37	240	£231k centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio
Support Services purchased from CED	4,094		4,094	0	0	0	
PFI Grant		-605	-605	0	0	0	
Dedicated Schools Grant		-4,289	-4,289	0	0	0	
Budget Managed by this portfolio	77,821	-63,560	14,261	2,018	-2,906	-888	
Less Support Costs delegated to Service Directorates	-24,987	24,987	0	0	0	0	
<b>Total CS&amp;PM</b>	<b>52,834</b>	<b>-38,573</b>	<b>14,261</b>	<b>2,018</b>	<b>-2,906</b>	<b>-888</b>	
<b>Finance Portfolio</b>							
Finance Group:							
- core service	6,015	-4,046	1,969	-349	327	-22	Vacancies held & reduced drawdown from Funds. Underspend offsets Finance Group (procurement) overspend in CS&PM portfolio above
- support to directorates	1,577	-1,577	0	0	0	0	
<b>TOTAL Finance Group</b>	<b>7,592</b>	<b>-5,623</b>	<b>1,969</b>	<b>-349</b>	<b>327</b>	<b>-22</b>	
Less Support Costs delegated to Service Directorates	-1,577	1,577	0	0	0	0	
<b>Total Finance portfolio</b>	<b>6,015</b>	<b>-4,046</b>	<b>1,969</b>	<b>-349</b>	<b>327</b>	<b>-22</b>	
<b>TOTAL CORPORATE POC</b>	<b>67,231</b>	<b>-42,705</b>	<b>24,526</b>	<b>1,500</b>	<b>-2,601</b>	<b>-1,101</b>	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Public Health &amp; Innovation portfolio</b>							
Kent Department of Public Health	794	-227	567	-38	-11	-49	
<b>Regeneration &amp; Economic Development portfolio</b>							
Supporting Business	2,468	-590	1,878	-74	8	-66	Staff vacancy savings
Growth Areas	1,694	-466	1,228	27	-64	-37	Kent Thameside Board agreed to addt funding of £64k to support equivalent addt costs
Kent wide & Strategic Projects	4,222	-1,011	3,211	0	0	0	Underspend on projects offset by transfer to Regeneration Fund
Research & Intelligence Group	435	-101	334	99	-90	9	Addt staff costs off-set by income
Kent Film Office	110		110	0	0	0	
Resources	604	-137	467	-5	0	-5	
<b>TOTAL Regen &amp; ED</b>	<b>9,533</b>	<b>-2,305</b>	<b>7,228</b>	<b>47</b>	<b>-146</b>	<b>-99</b>	
<b>Total Directorate Controllable</b>	<b>77,558</b>	<b>-45,237</b>	<b>32,321</b>	<b>1,509</b>	<b>-2,758</b>	<b>-1,249</b>	
<b>Assumed Management Action:</b>							
- L&P portfolio						0	
- CS&PM portfolio						0	
- Finance portfolio						0	
- PH&I portfolio						0	
- Regen & ED portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>1,509</b>	<b>-2,758</b>	<b>-1,249</b>	

### 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:** Variance on gross spend of **(-£144k)** is due primarily to the release of -£83k for annual IT support to Members which is not needed in the current year. Other reductions have been made in response to the moratorium on non-essential spend.

#### **Corporate Support & Performance Management portfolio:**

1.1.3.2 **Personnel & Development:** Learning & Development now have a variance on gross spend of **(+£100k)** and income of **(-£145k)** reflecting recent additional demand for Leadership and Managerial qualifications. Several other units within P&D are underspending on gross by **(-£210k)** but less than £100k each. £70k of this is required to roll forward to 2011-12 to fund the re-phasing of some of the workstreams required to deliver the changes to Total Contribution Pay (TCP) arrangements. Further details are provided in section 1.1.6 below.

1.1.3.3 **Information Systems (Business Solutions & Policy):** The main variances are **(+£690k)** on gross spend and income **(-£690k)** reflecting the increased demand for additional IT Pay-as-you-go projects. Project demand is difficult to predict during budget setting.

- 1.1.3.4 Property Group: Variance on gross spend of **(-£198k)** due to the receipt of a rates rebate for Invicta House and Sessions House. Further variance on gross spend for **(-£120k)** due to the Director of Property post not being filled until the new financial year, plus other vacancy freezes. Variances on gross spend **(+£140k)** and income **(-£140k)** reflect the increased demand for additional Pay-as-you-go projects. Project demand is difficult to predict during budget setting.
- 1.1.3.5 Legal Services: Variances on gross spend **(+£637k)** and income **(-£1090k)** 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 **(+/-£664k)** are due to increased costs & their recovery for Disbursements.
- 1.1.3.6 Strategic Development Unit: Workplace Transformation: Variance on Gross Spend **(-£240k)** is generated from saving the 4<sup>th</sup> quarter's rent for 17 Kings Hill Avenue, due to the closure of that office in December 2010. There is also a gross variance of **+£240k** due to the costs of one-off alterations and cabling costs to existing buildings needed to expand occupancy to accommodate these displaced staff.
- 1.1.3.7 Centrally Managed Budgets: Budgeted base savings on delegated budgets of £231k have been held within Centrally Managed Budgets, but these savings have been achieved by in-year opportunities on other service lines within the portfolio. There is therefore a pressure on this budget, which is offset by underspending elsewhere within the portfolio resulting in an overall underspend forecast for the portfolio.

#### **Finance portfolio:**

- 1.1.3.8 Pensions & Insurance Teams: The main variances are **(-£325k)** on gross spend, which has arisen due to a freeze on recruitment to staff vacancies in the Pensions and Insurance teams. A corresponding variance on income **(+£325k)** is due to the reduced drawdown from the Pension and Insurance Funds.

#### **Regeneration and Economic Development portfolio:**

- 1.1.3.9 We have encountered delays in a number of regeneration projects due to uncertainty around the future of regional development agencies and other partners, and the new arrangements for local enterprise partnerships. We are proposing that the consequential underspend of £953k is transferred into the Regeneration Fund and will be used to fund the projects in future years subject to the approval of the Regeneration Board. This is consistent with the future strategy for regeneration projects and staffing where increasingly funds are proposed to be provided through the Regeneration Fund rather than base revenue budget. **Cabinet is asked to agree this additional transfer to the Regeneration Fund of £953k.** (This transfer is assumed in the position reported in table 1 above).

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
R&ED	Transfer to the Regeneration Fund of underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	+953	CSPM	Legal income resulting from additional work (partially offset by increased costs)	-1,090
CSPM	Information Systems costs of additional pay as you go activity	+690	R&ED	Underspend due to delayed and rephased projects because of uncertainty around partners' future & the new arrangements for Local Enterprise Partnerships	-953
CSPM	Legal Services increased costs of Disbursements	+664	CSPM	Information Systems income from additional pay as you go activity	-690
CSPM	Legal services cost of additional work (offset by increased income)	+637	CSPM	Legal Services increased income relating to Disbursements	-664
FIN	Reduced drawdown from Pension & Insurance funds to reflect reduced salary costs	+325	FIN	Vacancy freeze within pensions & insurance	-325
CSPM	Workplace Transformation - One-off costs re: alterations for displacements from Kings Hill Avenue	+240	CSPM	Workplace Transformation - 4th Qtr rent for 17 King's Hill Avenue	-240
CSPM	Centrally Managed Budgets: centrally held base saving on delegated budgets which is offset by savings on other budget lines within the portfolio	+231	CSPM	Property - Rates rebate	-198
CSPM	Property - Increased staff costs for pay as you go activity	+140	CSPM	P&D - increased demand for leadership and managerial qualifications	-145
CSPM	P&D - increased demand for leadership and managerial qualifications (offset by income)	+100	CSPM	Property - increased income for pay as you go projects	-140
			CSPM	Property - Vacancy management including Director of Property post	-120
		<b>+3,980</b>			<b>-4,565</b>

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

Management action to date has been to freeze vacancies in a number of units and to restrict non-essential spend in order to generate maximum underspend in 2010-11 and to contribute towards the authority wide £1m moratorium saving required to roll forward to 2011-12 to balance the budget.

Localism & Partnerships portfolio:

The portfolio is able to offer -£163k towards the £1m moratorium saving.

Corporate Support & Performance Management portfolio:

Of the overall underspend in Corporate Support, approximately -£152k results from the moratorium. However, the -£198k rates rebate within the Property Group can also be used to contribute towards the £1m moratorium savings target.

### 1.1.5 Implications for MTP:

All current year pressures have been fully addressed in the 2011-13 MTFP.

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

*(Details of any **committed** projects included in the forecast as underspending, for which roll forward will be required)*

#### **Personnel & Development:**

##### **Total Contribution Pay -£70k**

Personnel & Development were awarded a one-off £300k in the 2010/11 MTFP to deliver the changes to the TCP arrangements. The full extent and scope of the changes have taken time to define and the following workstreams have had to be re-phased to 2011/12:

- The migration of 17,000 non teaching Kent Scheme Staff in Maintained Schools to the new Kent Scheme Pay Ranges on Oracle - It has been agreed that Kent Scheme Staff in Schools will switch over to the new pay ranges and TCP assessment process during 2011/12.
- Changes to the back end processes to accommodate the collection of the new assessment ratings for school based staff and calculation of pay entitlement (consolidated & non consolidated) derived from appropriate performance assessment category.
- Production of a file to advise external payroll providers of changes in pay stemming from the application of the new TCP process for school based staff.
- Changes to the Kent Scheme Handbook as a result of the extension of the revised Kent Scheme to school based staff
- Changes to the TCP Self Service Module to accommodate the new senior grades KR 16 - KR20 and automatic calculation of pay (consolidated & non consolidated) based on the assessment level achieved.
- Refinement & development of TCP process & system as a result of issues highlighted during the 2010/11 cycle.

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

N/A

## 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 in the 2011-14 MTFP as agreed by county council on 17 February 2011, 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	2010-11	2011-12	2012-13	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Corporate Support Services &amp; Performance Management</b>						
Budget	8,953	15,453	11,162	7,053	5,613	48,234
Adjustments:						
- Workplace transformation		180	-180			0
						0
Revised Budget	8,953	15,633	10,982	7,053	5,613	48,234
Variance		-3,234	3,166	200	0	132
<b>split:</b>						
- real variance		+132				+132
- re-phasing		-3,366	+3,166	+200		0
<b>Localism &amp; Partnerships Portfolio</b>						
Budget	0	503	500	500	15,000	16,503
Adjustments:						
						0
Revised Budget	0	503	500	500	15,000	16,503
Variance		0	0	0	0	0
<b>split:</b>						
- real variance		0	0	0	0	0
- re-phasing		0	0	0	0	0
<b>Regeneration &amp; Economic Development Portfolio</b>						
Budget	15,312	11,571	9,889	8,242	5,480	50,494
Adjustments:						
						0
Revised Budget	15,312	11,571	9,889	8,242	5,480	50,494
Variance		-4,675	4,160	-480	-480	-1,475
<b>split:</b>						
- real variance		-88	-427	-480	-480	-1,475
- re-phasing		-4,587	+4,587			0
<b>Directorate Total</b>						
Revised Budget	24,265	27,707	21,371	15,795	26,093	115,231
Variance	0	-7,909	7,326	-280	-480	-1,343
<b>Real Variance</b>	<b>0</b>	<b>+44</b>	<b>-427</b>	<b>-480</b>	<b>-480</b>	<b>-1,343</b>
<b>Re-phasing</b>	<b>0</b>	<b>-7,953</b>	<b>+7,753</b>	<b>+200</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2010-11 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
<b>Overspends/Projects ahead of schedule</b>						
			<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
R&ED	Capital Regeneration Fund	phasing			-3,645	
CS&PM	Gateways Programme	phasing		-1,282		
CS&PM	Sustaining Kent Maintaining the Infrastructure	phasing		-1,123		
R&ED	East Kent Empty Property Initiatives	phasing		-600		
CS&PM	Web Platform	phasing		-396		
R&ED	Swale Parkland	phasing		-342		
CS&PM	Modernisation of Assets	phasing		-300		
			<b>0</b>	<b>-4,043</b>	<b>-3,645</b>	<b>-0</b>
				<b>-4,043</b>	<b>-3,645</b>	<b>-0</b>

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

##### 1.2.4.1 Capital Regeneration Fund - +£0.053m (-£3.645m of re-phasing in 2010-11 and +£3.645m of re-phasing and +£0.053m real in 2011-12)

There are various bids under consideration but no expenditure will occur in 2010-11. Alongside this re-phasing is a real overspend of £0.053m due to a real underspend on the Dover Priory Station Approach Road project, the underspend will be returned to the Capital Regeneration Fund for re-allocation to new projects. (see real underspend in S.1.2.5 below).

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget		3,645	1,420	1,980	5,000	12,045
Forecast			5,118	1,980	5,000	12,098
Variance	0	-3,645	+3,698	0	0	+53
<b>FUNDING</b>						
<b>Budget:</b>						
Prudential		3374	1420	1980	2500	9274
Capital receipt		271			2,500	2,771
TOTAL	0	3,645	1,420	1,980	5,000	12,045
<b>Forecast:</b>						
Prudential			4847	1980	2500	9327
Capital receipt			271		2,500	2,771
TOTAL	0	0	5,118	1,980	5,000	12,098
<b>Variance</b>	<b>0</b>	<b>-3,645</b>	<b>+3,698</b>	<b>0</b>	<b>0</b>	<b>+53</b>



### 1.2.4.2 Gateways Programme – re-phasing of -£1.282m

The Gateways Programme is made up of a number of projects. Individual projects within the programme have re-phased and are detailed below:

- **Swanley – re-phasing of -£0.292m:** the ownership of the building is unresolved and KCC are to take the building back.
- **Sheerness – re-phasing of -£0.310m:** delays to the building programme will mean that this building will not open until July 2011.
- **Canterbury – re-phasing of -£0.296m:** delayed due to ongoing discussions where the Gateway should be sited.
- **Gateways General – re-phasing -£0.284m:** delay in the procurement of Gateway Cluster Information System.
- **West Kent Mobile – re-phasing -£0.050m:** not commissioned due to the slow uptake of the Migrant Impact Fund.
- **East Kent Mobile – re-phasing -£0.050m:** will not be commissioned until 2011-12.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	3,061	1,579	820	730		6,190
Forecast	3,061	297	1,902	930		6,190
Variance	0	-1,282	+1,082	+200	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
capital receipt	1435	309	256			2000
prudential	1571	1270	564	730	0	4135
external other	55					55
TOTAL	3,061	1,579	820	730	0	6,190
<b>Forecast:</b>						
capital receipt	1435	297	268			2000
prudential	1571		1634	930		4135
external other	55					55
TOTAL	3,061	297	1,902	930	0	6,190
<b>Variance</b>	<b>0</b>	<b>-1,282</b>	<b>+1,082</b>	<b>+200</b>	<b>0</b>	<b>0</b>

### 1.2.4.3 Sustaining Kent – Maintaining the Infrastructure – re-phasing of -£1.123m

There have been delays to the Unified Communications stream of the capital programme due to issues surrounding implementation. A second stream of the programme is the Sessions Data Centre this has been re-phased due to property issues surrounding the changes to the building.

Revised phasing of the scheme is now as follows:

	Prior Years	2010-11	2011-12	2012-13	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget	2,371	4,700	2,926		250	10,247
Forecast	2,371	3,577	4,049		250	10,247
Variance	0	-1,123	+1,123	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
Revenue	147				0	147
Prudential/revenue	2224	4700	2926		250	10100
TOTAL	2,371	4,700	2,926	0	250	10,247
<b>Forecast:</b>						
Revenue	147					147
Prudential/revenue	2224	3577	4049		250	10100
TOTAL	2,371	3,577	4,049	0	250	10,247
<b>Variance</b>	<b>0</b>	<b>-1,123</b>	<b>+1,123</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

There is a real variance of -£1.343m (+£0.044m in 2010-11, -£0.427m in 2011-12, -£0.480m in 2012-13 and -£0.480m in later years) which is detailed as follows:

**Kent Thameside Regeneration Partnership -£1.440m** (-£0.480m per annum 2011-12 to 2013-14): The Government's Comprehensive Spending Review confirmed the abolition of the Thames Gateway Programme which previously part-funded the KTRP Executive Team. As a result the Partnership is to be wound up with effect from 31 March 2011.

**Dover Priory Station Approach Road -£0.088m** (in 2010-11): Original contribution from Network Rail (NR) included £0.035m of their own fees. These fees were not charged to the project in cash terms but were deducted from the £0.7700m NR contribution. £0.053m represents a reduction in the contingency required by the project. These funds are returned to the Regeneration Capital Fund in financial year 2011-12 for re-allocation to new projects (please see S.1.2.4.1 above).

**Modernisation of Assets +£0.100m** (in 2010-11): Some of the works to Sessions House this year have been funded from a revenue contribution to capital outlay.

**EIS Generator +£0.032m** (in 2010-11). The Education Information Systems team at Oxford Road have purchased a generator for their site. The size of the purchase requires it to be accounted for as capital expenditure which is to be met from a revenue contribution.

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

### 1.2.6 General Overview of capital programme:

- (a) Risks
- (b) Details of action being taken to alleviate risks

### 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.

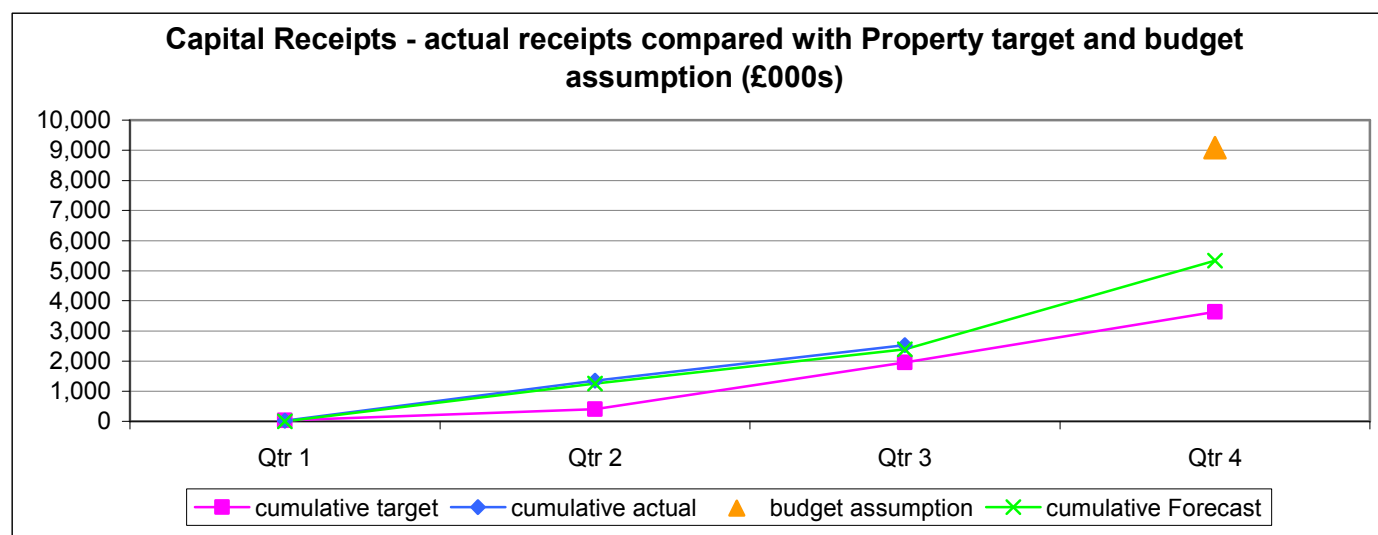
	2010-11	2011-12	2012-13	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
<b>Capital Regen Fund</b>					
Amended total cash limits	+3,645	+1,420	+1,980	+5,000	+12,045
re-phasing	-3,645	+3,645	0	0	0
<b>Revised project phasing</b>	<b>0</b>	<b>+5,065</b>	<b>+1,980</b>	<b>+5,000</b>	<b>+12,045</b>
<b>Gateways Programme</b>					
Amended total cash limits	+1,579	+820	+730		+3,129
re-phasing	-1,282	+1,082	+200		0
<b>Revised project phasing</b>	<b>+297</b>	<b>+1,902</b>	<b>+930</b>	<b>0</b>	<b>+3,129</b>
<b>Sustaining Kent - Maintaining the Infrastructure</b>					
Amended total cash limits	+4,700	+2,926	0	+250	+7,876
re-phasing	-1,123	+1,123	0		0
<b>Revised project phasing</b>	<b>+3,577</b>	<b>+4,049</b>	<b>0</b>	<b>+250</b>	<b>+7,876</b>
<b>East Kent Empty Property Initiative</b>					
Amended total cash limits	+2,824	+1,500	+262		+4,586
re-phasing	-600	+600			0
<b>Revised project phasing</b>	<b>+2,224</b>	<b>+2,100</b>	<b>+262</b>	<b>0</b>	<b>+4,586</b>
<b>Swale Parklands</b>					
Amended total cash limits	+672	+249			+921
re-phasing	-342	+342			0
<b>Revised project phasing</b>	<b>+330</b>	<b>+591</b>	<b>0</b>	<b>0</b>	<b>+921</b>
<b>Web Platform</b>					
Amended total cash limits	+790				+790
re-phasing	-396	+396			0
<b>Revised project phasing</b>	<b>+394</b>	<b>+396</b>	<b>0</b>	<b>0</b>	<b>+790</b>
<b>Modernisation of Assets</b>					
Amended total cash limits	+922	+1,250	+1,250	+3,000	+6,422
re-phasing	-300	+300			0
<b>Revised project phasing</b>	<b>+622</b>	<b>+1,550</b>	<b>+1,250</b>	<b>+3,000</b>	<b>+6,422</b>
<b>Oracle Release 12</b>					
Amended total cash limits	+1,017	+300			+1,317
re-phasing	-150	+150			0
<b>Revised project phasing</b>	<b>+867</b>	<b>+450</b>	<b>0</b>	<b>0</b>	<b>+1,317</b>
<b>Property Asset Management System</b>					
Amended total cash limits	+180	+94	+50		+324
re-phasing	-125	+125			0
<b>Revised project phasing</b>	<b>+55</b>	<b>+219</b>	<b>+50</b>	<b>0</b>	<b>+324</b>
<b>Total re-phasing &gt;£100k</b>	<b>-7,963</b>	<b>+7,763</b>	<b>+200</b>	<b>0</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>+10</b>	<b>-10</b>			
<b>TOTAL RE-PHASING</b>	<b>-7,953</b>	<b>+7,753</b>	<b>+200</b>	<b>0</b>	<b>0</b>

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

### 2.1 Capital Receipts – actual receipts compared to budget profile:

	2010-11			
	Budget funding assumption £000s	Cumulative Target Profile £000s	Cumulative Actual Receipts £000s	Cumulative Forecast receipts £000s
April - June		36	25	0
July - September		399	1,345	1,250
October - December		1,960	2,532	2,395
January - March		3,630		5,335
<b>TOTAL</b>	<b>9,091</b>	<b>3,630</b>	<b>2,532</b>	<b>5,335</b>

The budget funding assumption has been updated to reflect the proposed 2011-14 budget. The cumulative target profile shows the anticipated receipts at the start of the year totalled £3.630m. 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. There are banked receipts achieved in prior years which were not required to be used for funding until 2010-11.



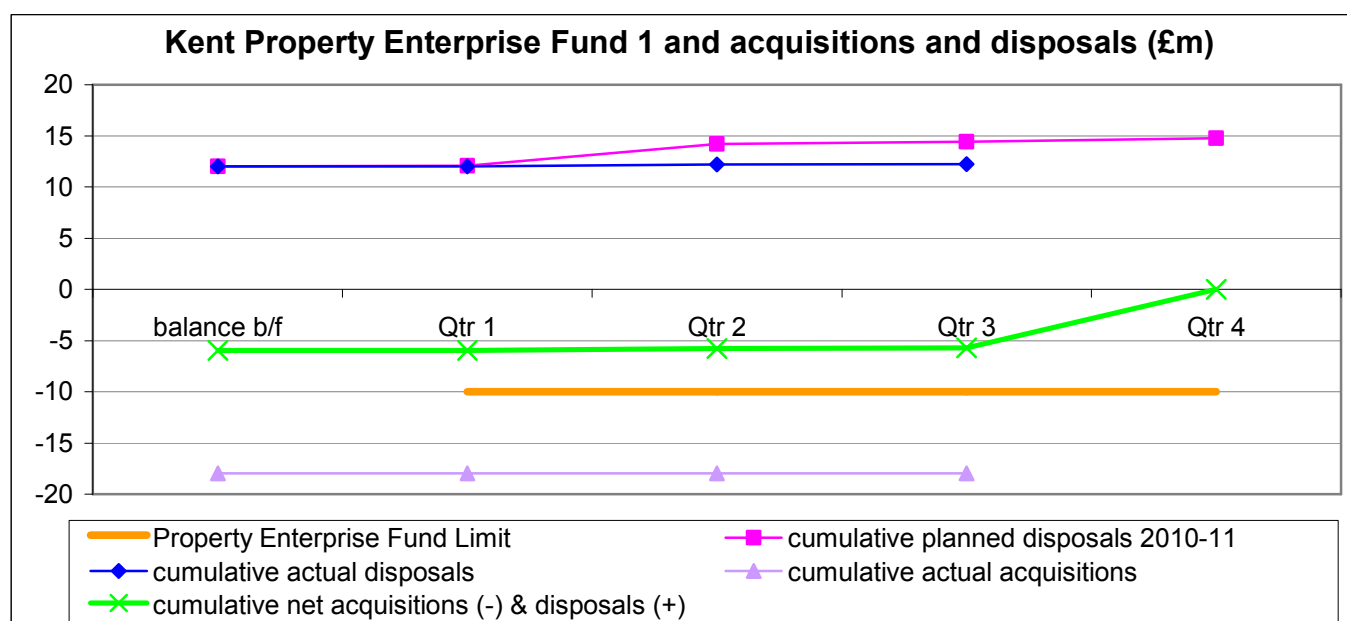
#### Comments:

- The table below compares the capital receipt funding required per the capital programme this year, with the expected receipts available to fund this.
- Property Group are actually forecasting a total of £5.335m to come in from capital receipts during the year. Taking into consideration the receipts banked in previous years and receipts from other sources there is a forecast a surplus of £0.743m in 2010-11. This is due to receipts being forecast to be achieved during 2010-11 which are earmarked to fund spend in future years of the programme.

	2010-11 £'000
Capital receipt funding per revised 2010-13 MTP	8,941
Property Groups' actual (forecast for 10-11) receipts	5,335
Receipts banked in previous years for use	1,459
Capital receipts from other sources	2,890
<b>Potential Surplus Receipts</b>	<b>743</b>

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

	2010-11				
	<i>Kent Property Enterprise Fund Limit</i> £m	Cumulative Planned Disposals (+) £m	Cumulative Actual Disposals (+) £m	Cumulative Actual Acquisitions (-) £m	Cumulative Net Acquisitions (-) & Disposals (+) £m
Balance b/f		12.019	12.019	-17.967	-5.948
April - June	-10	12.102	12.019	-17.967	-5.948
July - September	-10	14.199	12.209	-17.967	-5.758
October - December	-10	14.420	12.253	-17.967	-5.714
January - March	-10	14.778			0

Background:

- County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:
  - the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
  - the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

Any temporary deficit will be offset as the disposal of assets are 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 2009-10 on PEF1 was **-£5.948m**.

A value of **£3.014m** has been identified for disposal in 2010-11. This is the risk adjusted figure to take on board the potential difficulties in disposing some of the properties.

As at the 31 January 2011 there have been three disposals which amounted to £0.367m.

The fund has been earmarked to provide **£1m** for Ashford Library and **£0.309m** 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 **£0.173m**.

### Forecast Outturn

Taking all the above into consideration, the Fund is expected to be in a deficit position of £4.417m at the end of 2010-11.

<b>Opening Balance – 01-04-10</b>	-£5.948m
Planned Receipts (Risk adjusted)	£3.014m
Costs	-£0.173m
Acquisitions	-
Other Funding:	
- Ashford Library	-£1.000m
- Gateways	-£0.309m
<b>Closing Balance – 31-03-11</b>	<b>-£4.417m</b>

### Revenue Implications

In 2010-11 the fund is currently forecasting £0.038m of low value revenue receipts but, with the need to fund both costs of borrowing (£0.457m) against the overdraft facility and the cost of managing properties held for disposal (net £0.168m), the PEF1 is forecasting a £1.522m deficit on revenue which will be rolled forward to be met from future income streams.

### 2.3 Capital Receipts – Kent Property Enterprise Fund 2 (PEF2):

County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight 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

	2010-11 Forecast
	£m
<b>Capital:</b>	
Opening balance	-33.274
Properties to be agreed into PEF2	-15.011
Forecast sale of PEF2 properties	13.088
Disposal costs	-0.654
Closing balance	-35.851
<b>Revenue:</b>	
Opening balance	-2.153
Interest on borrowing	-1.383
Holding costs	-1.035
Closing balance	-4.571
<b>Overall closing balance</b>	<b>-40.422</b>

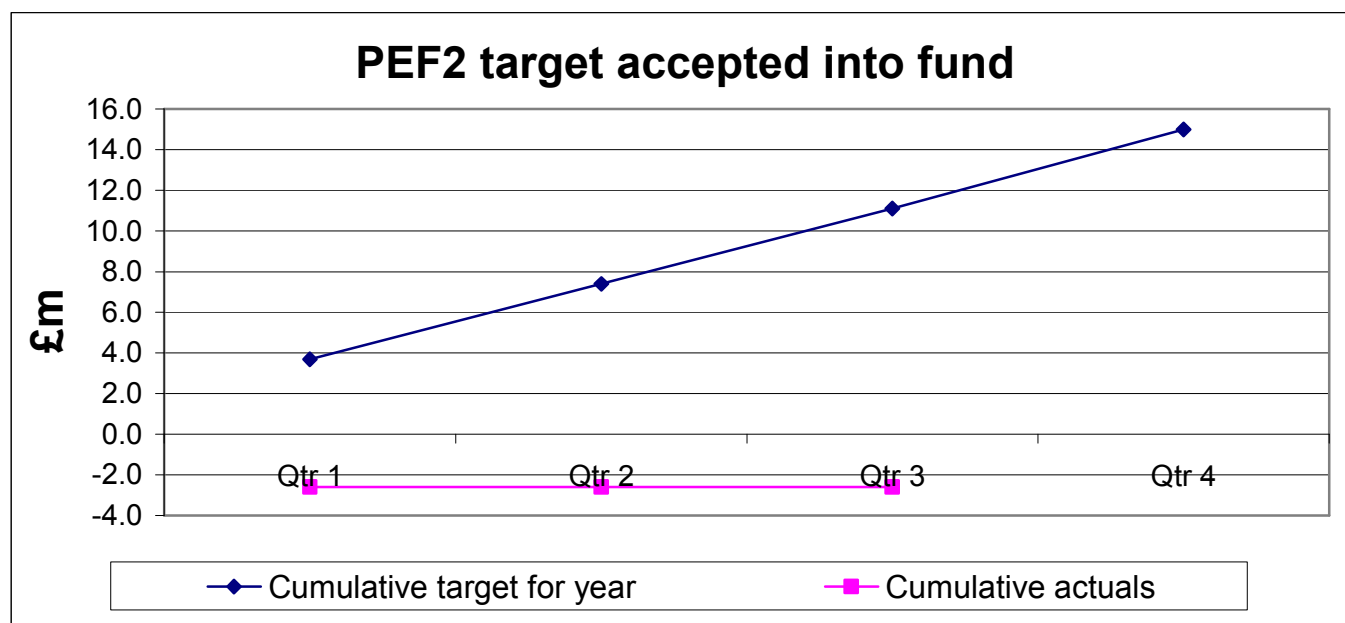
The forecast closing balance for PEF2 is -£40.422m, this is within the overdraft limit of £85m.

The target receipts to be accepted into PEF2 during 2010-11 equate to the PEF2 funding requirement in the 2011-14 budget book, and achievement against this is shown below:

	2010-11	
	Cumulative target for year	Cumulative actuals
	£m	£m
Balance b/fwd	-2.6	-2.6
Qtr 1	3.7	-2.6
Qtr 2	7.4	-2.6
Qtr 3	11.1	-2.6
Qtr 4	15.0	

#### Comments:

- The above table shows a £2.6m deficit which is the net of a £5.4m deficit within CFE and £2.8m of PEF2 achieved in 2008-09 by KASS and EH&W that was not required until later years.
- To date no properties have been transferred into PEF2. Corporate Property and Directorates continue to work together to enable properties to be transferred into the fund.



### PEF2 Disposals

To date seven PEF2 properties have been sold and five are in the process of completing. The cumulative profit on disposal to date is £0.92m. 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 2010-11 were expected to total £1.56m.

Latest forecasts show interest costs of £1.38m, a decrease of £0.18m. This is because there has been a decrease in the number of properties to be transferred into PEF2 to fund the capital programme.

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



## FINANCING ITEMS SUMMARY JANUARY 2010-11 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 budget was set. These are detailed in Appendix 2 of the executive summary.

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

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Corporate Support &amp; Performance Management portfolio</b>							
Contribution to IT Asset Maintenance Reserve	2,352		2,352			0	
Audit Fees & Subscriptions	764		764	-202		-202	subscriptions -£112k; audit fees -£90k
Contribution from Commercial Services		-6,960	-6,960			0	
<b>Total Corporate Support &amp; PM</b>	<b>3,116</b>	<b>-6,960</b>	<b>-3,844</b>	<b>-202</b>	<b>0</b>	<b>-202</b>	
<b>Finance Portfolio</b>							
Insurance Fund	3,479		3,479	600		600	increase in liability claims
Modernisation of the Council	3,810		3,810			0	
Environment Agency Levy	344		344	1		1	
Joint Sea Fisheries	264		264	15		15	
Interest on Cash Balances / Debt Charges	126,054	-10,043	116,011	-10,694	1,446	-9,248	2010-11 write down of discount saving from 2008-09 debt restructuring; saving on leasing costs; in year MRP reduction; savings on new borrowing; lower than expected costs of PEF
Transferred Services Pensions	22		22			0	
PRG	-1,500	0	-1,500			0	
Contribution to/from Reserves & Provisions	1,948		1,948	1,508		1,508	transfer of 10-11 write down of discount saving from 08-09 debt restructuring to reserves; transfer of MRP saving to reserves to fund potential impact on future years; drawdown of insurance reserve to cover pressure on Insurance Fund; review of balance sheet
Drawdown from Kings Hill reserve	-1,000		-1,000			0	
ABG Centrally Held Allocations	124		124	-124		-124	moratorium saving

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Restructure	161		161	700		700	tfr to restructure reserve to fund P&D and ICT support during transformation of council
<b>Total Finance</b>	<b>133,706</b>	<b>-10,043</b>	<b>123,663</b>	<b>-7,994</b>	<b>1,446</b>	<b>-6,548</b>	
<b>Total Controllable</b>	<b>136,822</b>	<b>-17,003</b>	<b>119,819</b>	<b>-8,196</b>	<b>1,446</b>	<b>-6,750</b>	

### 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:

#### **Corporate Support & Performance Management portfolio:**

1.1.3.1 There is an underspend of £0.112m on the local authority subscriptions budget and a £0.090m underspend on the External Audit Fee budget.

#### **Finance portfolio:**

##### 1.1.3.2 Insurance Fund:

A forecast pressure on the Insurance Fund is largely due to an increase in the value of outstanding liabilities, as a result of a continued rise in the number of liability claims recorded for 2010 (currently more than twice the annual average since 2001), together with some notable increases in reserves for some claims. This will be met by a drawdown from the Insurance Reserve (see 1.1.3.4(c) below).

##### 1.1.3.3 Interest on Cash Balances and Debt Charges:

- a) There is a saving of £1.016m which relates to the write-down in 2010-11 of the £4.024m discount saving on debt restructuring undertaken at the end of 2008-09. (£2.362m was written down in 2008-09 and 2009-10, therefore leaving a further £0.646m to be written down over the period 2011-12 to 2012-13).
- b) There is an in-year saving in the Minimum Revenue Provision (MRP). This used to be based on 4% of our capital financing requirement but 2008-09 was the last year we were able to calculate it that way. Thereafter we must make an amount of MRP which we consider prudent. We have adopted the asset life method. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday". MRP is based on capital expenditure incurred in the previous year and therefore cannot be calculated until the previous year's accounts have been finalised and audited. Due to the re-phasing in the capital programme during 2009-10, fewer assets became operational than anticipated and therefore MRP in 2010-11 is £1.9m less than budgeted. However, once these assets do become operational we will incur MRP in the following year, therefore we need to transfer this £1.9m to reserves in order to fund the potential impact in future years of this re-phasing.  
As this method of calculating MRP is very complex and it is only the second year of calculating it this way, we were also holding a contingency of £0.7m (1.5% of the MRP budget) in case of any adverse impact compared to the budgeted amount; this contingency has now be released.
- c) There is a saving on leasing costs of £0.116m.
- d) There are savings of £6.044m on debt charges largely due to delays in taking new borrowing and achieving lower interest rates on new borrowing than assumed in the budget, together with lower than expected costs of the Property Enterprise Fund.
- e) There is a pressure of £0.664m on the interest on cash balances budget which is due to:
  - The downgrade of the Spanish sovereign rating resulting in the policy decision to remove £40m on call deposit with Santander UK and to place these funds with the Government's Debt Management Office has resulted in a reduction in the interest rate from 0.8% to 0.25%.

- The transfer out of Pension Fund cash, which now has to be handled separately, and a reduction in government grants following the emergency budget has had an adverse impact on our cashflow and consequently our interest returns.
- Reduced cash balances compared to that assumed when the budget was set due to policy of internalising debt, as reported in the cash balances financial health indicator in Appendix 3.
- Reduced interest returns due to the impact of maturing long-term deposits.

#### 1.1.3.4 Contributions to/from reserves & provisions:

- As planned, the £1.016m write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve.
- As referred to in 1.1.3.1(b) above, £1.9m will be transferred to reserves in order to fund the potential impact in future years of the current year saving on MRP.
- In addition, £0.6m will be drawdown from the Insurance Reserve to fund a forecast pressure on the Insurance Fund (see 1.1.3.1 above)
- As part of the balance sheet management process, regular reviews of balances held within the balance sheet are undertaken. Following this latest review and settlement of some of our outstanding liabilities, £0.807m has been identified which can be released back to revenue as it is no longer required.

#### 1.1.3.5 ABG Centrally Held Allocations:

As a consequence of the moratorium on non essential spend, the centrally held ABG allocations will not be spent.

#### 1.1.3.6 Restructure:

A contribution of £0.7m is to be made to the Restructure reserve to fund the anticipated costs of Personnel & Development and ICT support through the transformation of the Council, over the short to medium term. These projects were recommended for funding by the Restructure Sub-Group and approved by the Leader, but were not to be funded from the existing £2m in the Restructure reserve.

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

(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
FIN	Contribution to reserves of in year MRP saving to cover potential impact in future years	+1,899	FIN	Treasury savings - lower debt charges & lower than expected costs of Property Enterprise Fund	-6,044
FIN	Contribution to economic downturn reserve of 2010-11 write down of discount saving from 2008-09 debt restructuring	+1,016	FIN	In year Minimum Revenue Provision saving as a result of 2009-10 re-phasing of the capital programme	-1,899
FIN	Contribution to restructure reserve to fund P&D & ICT support during transformation of council	+700	FIN	2010-11 write down of discount saving from 2008-09 debt restructuring	-1,016
FIN	Treasury - pressure on the interest on cash balances budget	+664	FIN	release of provisions following review of balance sheet	-807
FIN	Pressure on Insurance Fund due to rise in liability claims	+600	FIN	release of Minimum Revenue Provision contingency	-739
			FIN	Drawdown from Insurance Reserve to cover pressure on Insurance Fund	-600
			FIN	ABG Centrally held allocations moratorium saving	-124
			FIN	savings on leasing costs	-116
			CSPM	local authority subscriptions	-112
		<b>+4,879</b>			<b>-11,457</b>

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

The moratorium on non-essential spend has delivered £124k of savings, which are reflected in the £6.750m underspend reported in table 1.

**1.1.5 Implications for MTFP:**

All ongoing pressures and savings from the current year have been fully addressed in the 2011-13 MTFP.

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

N/A

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

A virement of £0.250m from the underspending on the debt charges budget to the Libraries budget within the Communities portfolio is requested to fund a stand-by facility for an increase in the cost of the Beaney project within the Communities capital programme, by way of revenue contribution to capital, should alternative external funding not be realised. This funding will not be required until 2011-12, so this underspend will be required to roll forward in order to make the revenue contribution to capital next financial year, if necessary. If alternative external funding is secured and this stand-by facility is not required, then the £250k revenue funding will be returned to general reserves. **Cabinet is asked to agree this virement.**

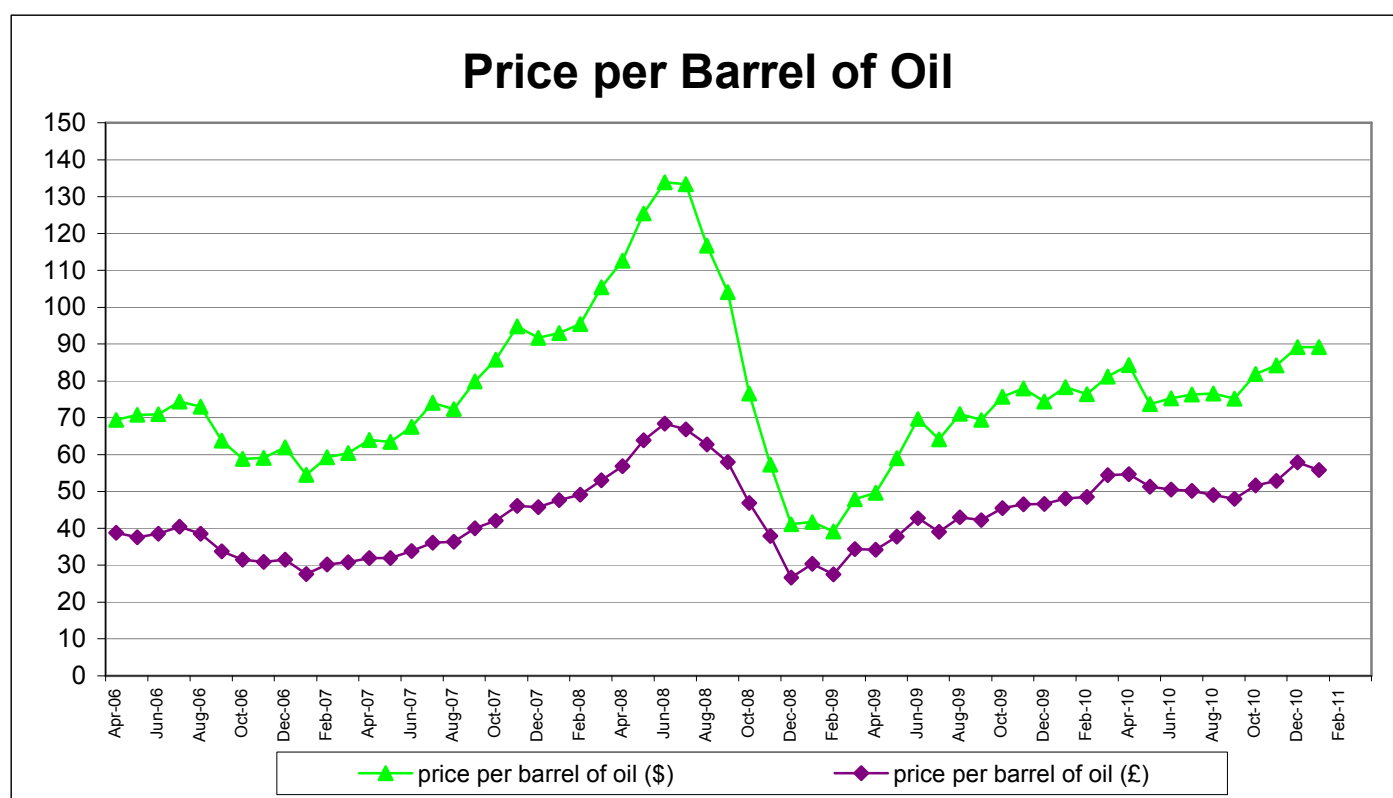
**1.2 CAPITAL**

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	2010-11
	\$	\$	\$	\$	\$
April	69.44	63.98	112.58	49.65	84.29
May	70.84	63.45	125.40	59.03	73.74
June	70.95	67.49	133.88	69.64	75.34
July	74.41	74.12	133.37	64.15	76.32
August	73.04	72.36	116.67	71.05	76.60
September	63.80	79.91	104.11	69.41	75.24
October	58.89	85.80	76.61	75.72	81.89
November	59.08	94.77	57.31	77.99	84.25
December	61.96	91.69	41.12	74.47	89.15
January	54.51	92.97	41.71	78.33	89.17
February	59.28	95.39	39.09	76.39	
March	60.44	105.45	47.94	81.20	



#### Comments:

- The figures quoted are the West Texas Intermediate Spot Price in dollars per barrel, monthly average price.
- The dollar price has been converted to a sterling price using exchange rates obtained from the HMRC website.