

To: CABINET – 23 May 2011

By: John Simmonds, Cabinet Member – Finance

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## REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT 2010-11

### 1. Introduction

1.1 This exception report is based on the monitoring returns for March and highlights the main movements since the third full monitoring report presented to Cabinet in April.

### 2. REVENUE

2.1 The current net revenue position by portfolio compared with the net position reported last month, is shown in **table 1** below. The net projected variance against the combined portfolio budgets is an underspend of £11.297m (excluding schools). All management action has been delivered and is reflected within these forecasts.

**Table 1: Net Revenue Position**

Portfolio	Variance		Movement £m
	This Month £m	Last Month £m	
Children, Families & Education	-0.200	-0.200	-
Kent Adult Social Services	-0.268	+0.225	-0.493
Environment, Highways & Waste	-0.573	-0.507	-0.066
Communities	-1.461	-1.115	-0.346
Localism & Partnerships	-0.231	-0.191	-0.040
Corporate Support & Performance Management	-1.507	-1.090	-0.417
Finance	-6.923	-6.570	-0.353
Public Health & Innovation	-0.035	-0.049	+0.014
Regeneration & Economic Development	-0.099	-0.099	-
<b>Total (excl Schools)</b>	<b>-11.297</b>	<b>-9.596</b>	<b>-1.701</b>
Schools	+5.634	+5.634	-
<b>TOTAL</b>	<b>-5.663</b>	<b>-3.962</b>	<b>-1.701</b>

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

- £4.500m underspending as reported to Cabinet in the 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 1 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	£m
	-11.297
Required to roll forward to 2011-12 per approved 2011-13 MTFP	6.098
Other committed roll forwards/re-phased projects	0.600
Fund snow emergency costs from Finance portfolio underspend rather than drawdown the Emergency Conditions Reserve (see paragraph 2.12 below)	0.400
Adjusted position	<u>-4.199</u>

- 2.3 Members have already been asked to consider two initiatives they may wish to fund from this underspend (£250k towards the Bold Steps for Health Agenda and £250k contribution to the Elections Reserve for the higher costs which will result from not having the elections on the same day as the general election next time). It is likely that the remaining uncommitted balance will be held in reserves pending future decisions on its use. A decision on this will be requested in the outturn report to Cabinet on 20 June, where further details will be provided.
- 2.4 The roll forward of £0.250m of underspending in the Finance portfolio for the stand-by facility for the increased costs of the Beaney project, approved by Cabinet in April, is no longer required as funding has been secured from the Heritage Lottery Fund.
- 2.5 Table 1 shows that there has been a reduction of £1.701m in the overall position since the last report. However within this there are some significant movements. The main movements, by portfolio, are detailed below:

## **2.6 Children, Families & Education portfolio:**

Although the overall projected underspend has remained at £0.2m this month there are some significant movements:

- 2.6.1 +£0.218m Residential Care: an increase in the pressure from £1.173m to £1.391m. A movement on gross expenditure of £0.275m is mainly due to the recharge of costs for one client from another local authority following legal arbitration. There is also a reduction in spend of £0.102m, with a similar reduction in income, due to placements not being charged from Adult Services;
- 2.6.2 +£0.311m Fostering: an increase in the pressure from £3.026m to £3.337m due to continued increased demand for services. There has been an increase in independent fostering weeks, which accounts for approximately £0.071m of the movement and an increase in in-house fostering weeks, which accounts for approximately £0.250m of the movement;
- 2.6.3 +£0.236m Other Preventative Services: an increase in the pressure from £0.379m to £0.615k. this is mainly due to an increase in transport costs and the continuing implications of the Southwark judgement, which considers how local authorities support homeless 16 and 17 year olds;
- 2.6.4 +£0.720m Children's Support Services: an increase in the pressure from £0.365m to £1.085m. This budget continues to experience increased demand for legal services as reported in the last monitoring report to Cabinet. There has been a huge increase in costs due to an increase in looked after children court cases and courts dealing with a backlog of cases. (The increase in looked after children has already been reflected in the activity data reported last month).
- 2.6.5 +£0.100m Asylum: an increase in the pressure from £2.550m to £2.650m. Within this movement is an increase in the gross pressure of £0.400m and an increase in income of £0.300m. The +£0.400m movement on gross is due to:
- There are a number of high cost independent fostering placements in the last couple of months of the financial year totalling £0.225m.
  - In addition a large number of properties have recently closed and the damages costs associated with the closures have been significantly higher than expected. These, together with the rent and damages costs following on from the incident in Folkestone in January, total £0.090m.
  - The service is moving towards bringing the average weekly cost of care leavers to £150 per week and whilst they have taken significant strides to achieve this, there are additional rental costs of £0.035m due to delays in moving clients to low cost properties.
  - There are also additional costs of £0.050m associated with clients that have not been removed by the UKBA as quickly as expected.
- The -£0.300m movement on income is because:
- It has been identified that there are more ineligible clients under grant rules than was previously forecast which means that £0.200m of expenditure will not be claimable against the 2010-11 grant funding.
  - In the previous monitoring it was reported that the Leader met with Damien Green, Immigration Minister at which the UKBA made an informal offer to partly fund the shortfall in grant. The offer was for £0.750m, of which £0.250m related to 2010-11. The forecast now reflects acceptance of the full £0.750m, whereas it previously only assumed acceptance of the 2010-11 element (£0.250m). We will also be writing shortly to the UKBA stating that we will be monitoring the number of All Rights Exhausted (ARE) clients and if we see a significant increase in numbers, the associated costs should not fall on KCC taxpayers.

- 2.6.6 -£0.397m SEN Transport: an increase in the underspend from -£2.203m to -£2.600m. This is due to efficiency savings for 2011-12 coming into effect early, such as reducing the cost of single occupancy taxis. Also, there has been additional training given to appeals panels to ensure that they are applying agreed SEN transport policy in a consistent way.
- 2.6.7 -£0.229m Mainstream Home to School Transport: an increase in the underspend from -£2.260m to -£2.489m. The forecast used during the year for South East trains has been at an expected rate following the announcement on price increases. However, the rate used by the train company has been at a lower level and it now seems unlikely that the higher rate will be used at all during 2010-11.
- 2.6.8 -£0.113m Personnel: an increase in the underspend from -£1.532m to -£1.645m due to a reduction in spend on school employee tribunal costs.
- 2.6.9 -£0.100m Commissioning: an increase in the underspend from -£0.171m to -£0.271m due to staff vacancies and a reduction in spend on non staffing headings.
- 2.6.10 -£0.200m Capital and Infrastructure: an increase in the underspend from -£0.003m to -£0.203m due to additional underspends on the accommodation budget.
- 2.6.11 -£0.200m Contingency: there is now a forecast underspend on this budget due to a number of smaller commitments previously expected to be charged to this budget, no longer being required.
- 2.6.12 There are a number of other movements, each less than £0.100m in value, which total -£0.346m.

## 2.7 Kent Adult Social Services portfolio:

The latest forecast indicates an underspend of £0.268m, which is a movement of -£0.493m since the pressure of £0.225m reported to Cabinet last month. There are many small movements in net expenditure across most budget lines, several of which are below £0.1m. A number of projects funded through the Social Care Reform Grant have also re-phased to the new financial year. The movements over £0.1m are detailed below. Final activity data for the year is not yet available, so figures are still estimates based on actual activity to the end of February.

- 2.7.1 -£0.546m Older People Residential Care: a reduction in the pressure from £0.736m to £0.190m. As at February there were 2,772 clients in independent sector care compared with 2,782 in December and 2,817 in September. The continued reduction in clients has enabled the forecast to be reduced by approximately £0.250m. Within in-house provision a further £0.068m of Social Care Reform Grant funding has been re-phased into the new financial year (£0.2m of re-phasing was reported last month). There have also been small reductions against the rest of in-house provision and Preserved Rights clients.

Although the final debt position is still being worked through, a general decrease in unsecured client debt over the last two or three months has enabled us to revise the assessment of the amount needed in the general bad debt provision, and also the amounts needed to cover specific potential bad debts. As a result the forecast increase in the bad debt provision is £0.189m lower than previously forecast.

- 2.7.2 -£0.308m Older People Nursing Care: an increase in the underspend from -£1.683m to -£1.991m. The number of clients in permanent care continues to fall, with the number standing at 1,346 in February compared to 1,372 in December. As with residential care, the continued reduction has enabled the forecast to be reduced more than was previously anticipated. The forecast for non-permanent weeks has also reduced, and when combined with the decrease in permanent clients, results in a drop in the forecast of £0.368m. A small reduction in the unit cost has also reduced expenditure by a further £0.082m. Income forecasts have been reduced in line with the reduction in clients.

The estimated cost for Registered Nursing Care Contribution clients has reduced by £0.263m, however there is a corresponding decrease in income from health.

Although the final debt position is still being worked through, a general decrease in unsecured client debt over the last two or three months has enabled us to revise the assessment of the amount needed in the general bad debt provision, and also the amounts needed to cover specific potential bad debts. As a result the forecast increase in the bad debt provision is £0.127m lower than previously forecast.

2.7.3 -£0.433m Older People Domiciliary Care: an increase in the underspend from -£0.053m to -£0.486m. The forecast for independent sector care has been revised downwards by approximately £0.160m based on the latest information of payments paid via the Transactional Data Matching (TDM) process. The estimates for in-house provision, extra care and enablement are also down by a combined £0.050m.

Although the final debt position is still being worked through, a general decrease in unsecured client debt over the last two or three months has enabled us to revise the assessment of the amount needed in the general bad debt provision, and also the amounts needed to cover specific potential bad debts. As a result the forecast increase in the bad debt provision is £0.079m lower than previously forecast.

The remaining reduction relates to approximately £0.240m of spend funded through the Social Care Reform Grant that has been re-phased to 2011-12 and a reduction in income of £0.098m.

2.7.4 -£0.492m Learning Disability Other Services: an increase in the underspend from -£2.443m to -£2.935m which includes re-phasing of £0.330m of spend funded through the Social Care Reform Grant to 2011-12. The remaining reduction relates to decreases against a number of other budgets, including daycare, Campus and supported employment.

2.7.5 +£0.365m Strategic Business Support: a reduction in the underspend from -£1.663m to -£1.298m. This movement includes the creation of two new earmarked reserves, each for £0.200m. One is in respect of proposed developmental work with Client Billing, which will be required over the next couple of years to improve both the processes and outputs for invoicing 13,000 clients each month. The second relates to Invest to Save work around the procurement of Learning Disability and Physical Disability Residential and Supported Accommodation in order for us to achieve approximately £7m of MTFP savings over the next two years. **Cabinet is asked to agree the creation of these two new reserves with a contribution of £0.2m to each.** (These contributions are assumed in the position reported in table 1)

There has been a reduction of £0.193m relating to expenditure funded through the Social Care Reform Grant that has been re-phased into 2011-12.

The remaining movement is made up of +£0.077m of small increases across a range of Area and Headquarters expenditure budgets and a shortfall of £0.081m in income.

2.7.6 +£1.052m Specific Grant Income: an increase in the re-phasing of income to 2011-12 from +£0.362m to +£1.414m and this is all against the Social Care Reform Grant. Much of the compensating reduction in expenditure is mentioned in paragraphs 2.7.1 to 2.7.5 above, however a number of other budgets also contain underspends of below £0.1m against this grant (and therefore are not mentioned in this report), which have been re-phased to 2011-12. The breakdown is as follows:

Older People Residential	+£0.068m
Older People Domiciliary	+£0.240m
Older People Other Services	+£0.081m
Learning Disability Domiciliary	+£0.060m
Learning Disability Other Services	+£0.330m
All Adults Assessment & Related	+£0.080m
Strategic Business Support	<u>+£0.193m</u>
Total	+£1.052m

## 2.8 Environment, Highways & Waste portfolio:

The underspend on this portfolio has increased by £0.066m this month to £0.573m. This is due to:

2.8.1 -£0.064m further re-phasing of the replacement of the MIDAS finance system in highways from £0.300m to £0.364m. This has now become part of a new countywide project to improve the financial management systems of the Authority.

2.8.2 -£0.240m Waste: an increase in the underspend from £3.067m to £3.307m due to a further increase in income of £0.160m and £0.080m of various other small underspends.

2.8.3 +£0.100m Public Transport: an increase in the pressure from £0.896m to £0.996m as the costs of the Freedom Pass have increased after an unexpected claim from a new operator.

- 2.8.4 +£0.138m Kent Highways Services: an increase in the pressure from £2.474m to £2.612m as a contribution to capital is required to cover an unexpected shortfall of funding on an integrated transport project, which was previously due to be funded by external contributions.

## 2.9 Communities portfolio:

The underspend on this portfolio has increased by £0.346m this month from -£1.115m to £1.461m. The main movements are:

- 2.9.1 -£0.102m Community Safety: an increase in the underspend from £0.081m to £0.183m, which is mainly due to a £0.095m underspend on the Kent Community Partnership grant allocation. During 2010-11 there were discussions with partner agencies aimed at establishing county-wide support mechanisms for the high priority area of domestic abuse, based upon proven services delivered by IDVAs (Independent Domestic Violence Advocates). It was envisaged that partnership support for commissioning this service would be achieved during 2010-11 with funding being allocated to service providers prior to the year end in anticipation of the commissioning commencing early in 2011-12. Unfortunately the implementation of the service has been delayed due to the complexities of Stronger, Safer Communities Fund (SSCF) partnership funding and uncertainties regarding the future of funding streams in 2011-12 and beyond. The majority of crucial IDVA services across the county are currently under serious threat and there is a clear commitment to partners in meeting our match funding obligations, therefore this underspend will be required to roll forward in order to meet the costs in 2011-12 of this re-phasing.
- 2.9.2 Youth Service: although the underspend on this service has increased by only a modest £0.007m since the last report, there has been significant offsetting movements. The Youth Centres have to achieve a certain level of income generation in order to meet the full running costs (including premises, service delivery and equipment hire) of their respective buildings and an excess of just under £0.500m has been accumulated through room hire and sales, fees and charges. It is proposed that these sums are aggregated and a contribution is made to a new earmarked reserve that will enable the service to assess and build capacity in the voluntary sector, to pilot some commissioned services over the next two years in line with their aim of creating a predominately commissioned model of service delivery, which will involve a significant increase in the delivery of youth work through the Community and Voluntary Sector. This is in advance of the project plan profile contained in the MTFP. The reserve will also be used to conduct some needs analysis and engage with members of the public and partner agencies. **Cabinet is asked to agree this contribution of just under £0.500m to the new earmarked reserve.** (This contribution is assumed in the position reported in table 1).
- 2.9.3 There are also a number of movements, all below £0.1m, on a range of other services including Arts Unit (-£0.082m) due to further staff vacancy savings and a reduction in the level of grants distributed as they did not meet the funding criteria; Registration Service (-£0.079m) mainly as a result of reduced staffing and running costs with ceremonies being performed by employed staff rather than sessional staff; Trading Standards (-£0.054m) due to reduced legal fees, running costs and transport costs and Coroners (-£0.035m) which is mainly due to reversal of provision for pay awards as it is unlikely to be realised given the current 'freeze' on public sector pay and communications with the National Joint Council during the year.

## 2.10 Localism & Partnerships portfolio:

The forecast underspend for the portfolio has increased by £0.105m from £0.028m to £0.133m and the main changes are:

- -£0.080m Democratic Services due primarily to an underspend on ISG support services to Members of £0.070m together with the provision for Code of Conduct for which there are no plans to spend.
- -£0.024m Kent Partnerships due to reduced expenditure against the grant received from the Learning Skills Council.

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

The forecast underspend for the portfolio has increased by £0.417m from £1.090m to £1.507m. The main movements are:

- 2.11.1 -£0.124m Legal Services: an increase in the underspend from £0.453m to £0.577m due to further increased demand for their services based on invoices processed through to the end of March.
- 2.11.2 -£0.071m Personnel & Development: an increase in the underspend from -£0.276m to -£0.347m which relates to the Kent Leadership and Coaching and Mentoring Programmes that will run from March 2011 to November 2011. Due to the late start of the programmes, the bulk of the costs will fall in 2011-12 and therefore this underspend will need to roll forward to 2011-12 to meet the costs of this re-phasing. Delegates had to commit to the full cost of the course earlier in 2010-11 but Learning and Development have to wait until they have sufficient people to run the course before booking the sessions.
- 2.11.3 -£0.069m Contact Kent: increased call volumes due to other centres closing have generated additional income for Consumer Direct and they have also been awarded a quality bonus.
- 2.11.4 There are also a number of smaller movements which account for the balance of the increased underspend.

## **2.12 Finance portfolio:**

The forecast underspend for the portfolio has increased by £0.353m from £6.570m to £6.923m. The majority of this movement is due to further savings on debt financing costs due to no new borrowing being undertaken in either February or March. It is proposed that £0.4m of the underspending on the debt charges budget is vired to the Highways budget within the Environment, Highways and Waste portfolio, to contribute towards the cost of the snow emergencies earlier in the year. Currently the EH&W forecast position assumes a £0.4m drawdown from the reserve, but it is considered prudent to preserve the balance in the Emergency Conditions reserve for future emergencies and fund these costs from in year underspending. Overall the snow emergencies have cost approximately £2m in 2010-11 and the available balance for future emergencies, even assuming this virement is approved and we do not draw down this £0.4m, is only £0.8m. **Cabinet is asked to approve this virement.**

### 3. **CAPITAL**

3.1 There have been a number of cash limit adjustments this month as detailed in **table 3** below:

**Table 3: Capital Cash Limit Adjustments**

	£000s 2010-11	£000s 2011-12
1 Cash Limits as reported to Cabinet on 4th April	435,199	309,956
2 Re-phasing agreed at Cabinet on 4th April		
Children, Families & Education	-7,824	8,539
Kent Adult Social Services	-438	438
Environment, Highways & Waste	-8,470	7,264
Communities	-224	224
Regeneration & Economic Development	-4,586	4,586
Corporate Support Services & Performance Management	-3,376	3,176
3 Early Years/Childrens Centres - additional external funding - CFE portfolio	40	
4 Swale Vocational virement from Regen - CFE portfolio	186	
5 Frittenden Primary School - additional external funding - CFE portfolio	60	340
6 Dover Christchurch Academy - reduction in grant funding - CFE portfolio		-3,034
7 LDDF Community Hub - additional external funding - KASS portfolio	14	
8 Virement from KASS to Communities for The Beaney	-300	
9 Major Schemes - Preliminary Design Fees - reduction grant funding - EHW portfolio	-93	
10 Highways Major Maintenance - additional external funding - EHW portfolio	60	
11 Integrated Transport Schemes - additional external funding - EHW portfolio	192	
12 Old Scheme Residual - repayment of grant funding - EHW portfolio	-283	
13 Non-grant supported Land, Part 1 Compensation Claims - additional grant funding - EHW portfolio	4	
14 A228 Leybourne & West Malling - additional external funding - EHW portfolio	28	
15 Sittingbourne Northern Relief Road - reduction in grant funding - EHW portfolio	-2,000	
16 Victoria Way Phase 1 - reduction in grant funding & additional external funding - EHW portfolio	-396	800
17 Edenbridge Community Centre - additional external funding - Communities portfolio		9
18 Virement to Communities from KASS for The Beaney Centre	300	
19 Dover Priory Station Approach - reduction in external funding - Regen portfolio	-35	
20 Swale Vocational virement to CFE - Regen portfolio	-186	
21 Sheerness Gateway increase in prudential borrowing - CSS&Pm portfolio		350
	<b>407,872</b>	<b>332,648</b>
22 PFI	27,101	22,000
	<b>434,973</b>	<b>354,648</b>

3.2 The current forecast capital position by portfolio, compared with the position reported last month is shown in **table 4** below.

**Table 4: Capital Position**

	Real and Re-phasing Variance This month	Real Variance Last month	Movement This month
Portfolio	£m	£m	£m
Children, Families & Education (CFE)	-12.003	-0.601	-11.402
Kent Adult Social Services	-1.629	-0.254	-1.375
Environment, Highways & Waste	-3.005	-0.416	-2.589
Communities	-1.488	-0.100	-1.388
Regeneration & Economic Development	-1.143	-0.054	-1.089
Corporate Support Services & PM	-0.619	0.142	-0.761
Localism & Partnerships	0.000	0.000	0.000
Total (excl Schools)	-19.887	-1.283	-18.604
Schools	0	0	0
Total	-19.887	-1.283	-18.604

This month there is re-phasing of -£22.4m and a real variance of +£2.5m. -£0.9m of the re-phasing and -£0.3m of the real variance was reported in the previous month. The main movements this month are detailed below:

### 3.3 Children, Families & Education portfolio:

The forecast for the portfolio has moved by -£11.402m in the last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- Academy Programme (-£3.667m, re-phasing): the re-phasing relates to the following:  
Approval to Spend Projects (-£6.391m) – payments are made as milestones within the programme are reached, these milestone payments are of a significant value due to the size of the projects involved and a few weeks delay leads to a high level of re-phasing in monetary terms. Delays have been caused by the adverse winter weather and snagging and defect issues on the academy that has completed.  
Approval to Plan Projects (+£2.307m) – spend had been brought forward on the Sheppey Academy due to financial close being achieved earlier than originally forecast.  
Academy Unit Costs (+£0.417m) – the additional costs relate to the complex nature of the Skinners Kent Academy project.
- Annual Planned Enhancement Programme (-£1.930m, re-phasing): the re-phasing relates to works that have been identified that can only be undertaken during school holidays and the reduction in costs due to competitive tendering.
- Modernisation Programme (-£1.474m, re-phasing): the majority of the re-phasing relates to the Park Farm Primary School project (-£1.400m) due to issues in agreeing 'rights of way' with the Trustees at Folkestone Academy the contribution towards the project has been delayed.
- Building Schools for the Future programme (-£1.472m; -£3.542m re-phasing and +£2.070m real variance): details of the movement as follows:  
BSF Wave 3 Build Programme (-£3.279m, re-phasing) mainly due to compensation events that have delayed the progress of the build programme.  
BSF Wave 4 Build Programme (+£0.500m real) there have been additional costs as a result of Wave 4 being aborted. The pressure is offset by an underspend against BSF Unit Costs.  
BSF Unit Costs and BSF Compensation Events (-£0.263m re-phasing and £1.570m real) - a pressure of £3.000m has been identified which relates to BSF compensation due to previously unidentified asbestos issues and additional costs rectifying foundations at The Community College, Whitstable. £2.600m of funding been found from future years development costs and the balance has been found from in year savings.



- Multi Agency Specialist Hubs (MASH) projects (-£1.452m, re-phasing): Thanet MASH has re-phased by -£0.649m and Swale MASH has re-phased by -£0.803m. The re-phasing is due to the buildings being redesigned to bring the building costs back to within budget.
- Special Schools Review (-£0.793m; -£0.742m re-phasing and -£0.051m real variance): the major re-phasing relates to the following:
  - Milestone School (-£0.237m) re-phasing required whilst the final contract sum is agreed.
  - Wyvern School (-£0.193m) planning difficulties have delayed the start on site.
  - Valence School (-£0.166m) re-phasing due to delays in completing the roadway to the residential pavilions and the food technology block.
  - Orchard School Phase 3 (-£0.133m) this project has stopped temporarily whilst difficulties with external consultants are resolved.
- Primary Improvement programme (-£0.309m; -£0.281m re-phasing and -£0.028m real variance): the major re-phasing relates to the following:
  - St Matthews High Broom (-£0.106m) start has been delayed due to the bad winter weather.
  - Richmond Primary School (-£0.083m) project is on hold whilst the budget is finalised and approved.
  - Warden Bay Primary School (-£0.072m) following the purchase of the adjacent children's centre the drainage system has been redesigned causing a delay in the progress of the project.
  - Beaver Green Primary School (-£0.068m) delays whilst issues over the existing power supply and window deliveries are resolved and additional courtyard works.
- Development Opportunities (+£0.356m, re-phasing): the increase is due to the transfer of funding to the Towers School following its change to academy status with effect from 1 April 2011. The expenditure had previously been forecast to be incurred in 2011-12.
- Children's Centres and Early Years (-£0.296m, re-phasing): the re-phasing is due to the following:
  - IT Connectivity, Signage and CCTV element of the programme – some of the final completion dates have fallen into 2011-12.
  - Development and Sustainability – some of the external playgroups have had difficulties in completing their project in this financial year.
- Basic Need Programme (-£0.257m; -£0.209m re-phasing and -£0.048m real variance): the major re-phasing relates to the following:
  - The Bridge (-£0.073m re-phasing and -£0.048m real variance) has completed and is occupied but there are some small issues still to be resolved during 2011-12.
  - Repton Park Primary School (-£0.112m) there has been a delay in appointing a contractor due to problems with planning and finalising the land purchase.

Overall there is a residual balance of -£0.108m on other projects whose movement is below £0.100m.

### 3.4 Kent Adult Social Services portfolio:

Excluding PFI, the forecast for the portfolio has moved by -£1.375m since the last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- Transforming Social Care (-£0.329m, re-phasing) and IT Infrastructure (-£0.109m, re-phasing): there have been issues procuring services and obtain estimates. The initial plan was to procure services in October 2010 with installation to take place in January 2011. Installation is now planned for April to June 2011.
- Tunbridge Wells Respite (-£0.232m, re-phasing): there has been uncertainty around whether this project would be delivered by the end of March or the beginning of the next financial year. It has now been confirmed that the majority of the refitting of the building will take place during 2011-12.
- FAME (-£0.220m, re-phasing): the forecast included equipment for Sensory Services, this will now be obtained through the TRP process.
- Broadmeadow Extension (-£0.197m, re-phasing): the project is two months behind schedule and the expected completion date has moved from February 2011 to April 2011. It is hoped that the delay will not impact on the planned opening date.
- Public Access (-£0.169m, re-phasing): there has been less emergency work, which arises over the winter period, than previously forecast.

Overall there is a residual balance of -£0.119m on other projects whose movement is below £0.100m.

### 3.5 Environment, Highways & Waste portfolio:

The forecast for the portfolio has moved by -£2.589m in the last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- Drovers Roundabout, Junction 9 and Footbridge (-£1.753m, re-phasing): the contractor has been over optimistic with the programme of works and this project involves a complex junction and traffic management arrangements which has made the surfacing works difficult.
- Household Waste Recycling and Transfer Stations (-£0.618m, re-phasing): the re-phasing is due to the following:  
North Farm Transfer Station (-£0.463m) construction has been delayed due to agreeing the scheme layout and additional earth and waste movements with the contractor.  
Lydd/New Romney Site (-£0.155m) delayed whilst mains water works were completed by the utility company.
- Kent Highways Accommodation (+£0.557m, re-phasing): the contractor is running ahead of schedule.
- Victoria Way Phase 1 (-£0.362m, re-phasing): the utilities work has not been completed in February/March as originally planned.
- Sittingbourne Northern Relief Road (-£0.271m, re-phasing): the embankment construction has been delayed until Spring 2011 due to wet ground conditions.
- A2 Cyclo Park (+£0.184m; +£0.130m re-phasing and +£0.054m real variance): Contractor started earlier on site than originally planned. The real variance of +£0.054m is to be met from revenue.
- Members Highway Fund (-£0.162m, re-phasing): a number of schemes were added to the programme late in the financial year and there has been a backlog due to severe weather. The primary focus has been completing the IT programme which uses the same staff and labour resources as the Members Highway Fund.

Overall there is a residual balance of -£0.164m on other projects whose movement is below £0.100m.

### 3.6 Communities portfolio:

The forecast for the portfolio has moved by -£1.388m since last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- The Beaney (-£0.656m, re-phasing): contractors have informed us that the anticipated completion date has moved from November 2011 to January 2012, although work is being carried out to find ways to complete earlier. The delay in completion is mainly due to the additional work required on the façade, the roof and damp proofing the basement.
- Ashford Gateway Plus (-£0.487m, re-phasing): As the project nears completion, the original order of works has been revisited in conjunction with the contractors and some higher value elements have been re-profiled and will now be undertaken in the first quarter of 2011-12. The project remains on schedule and within budget.
- Modernisation of Assets (-£0.199m, re-phasing): a number of projects scheduled for 2010-11 have had a delayed start date and will be completed in April/May 2011-12.

Overall there is a residual balance of -£0.046m on a number of minor projects.

### 3.7 Regeneration and Economic Development portfolio:

The forecast for the portfolio has moved by -£1.089m since last month. Projects subject to re-phasing and overall variances affecting 2010-11 are:

- Empty Property Initiative (-£0.487m, re-phasing): due to the current financial climate banks have been tightening their own lending and reducing 'Loan To Value' ratios and are taking longer to provide letters of consent. Many of the projects identified require consent from the first lender to register a second charge in favour of KCC.
- Rural Broadband Demonstration Project (-£0.484m, re-phasing): initiation of rural broadband was delayed following advice that the project needed to dovetail with KCC's Broadband Delivery UK bid for Next Generation Access funding. The project was further delayed as the Government announcement was later than expected.

Overall there is a residual balance of -£0.118m on other projects whose movement is below £0.100m.

### 3.8 Corporate Support & Performance Management portfolio:

The forecast for the portfolio has moved by -£0.761m since last month. The main variances are detailed below:

- Commercial Services VPE (-£0.277m, re-phasing): a number of projects were delayed due to office moves at Gibson Drive which has resulted in re-phasing.
- Connecting with Kent (-£0.225m, re-phasing): re-phasing due to projects associated with the larger maintaining infrastructure scheme that have not progressed as quickly as originally anticipated.
- Web Platform (-£0.117m, re-phasing): there have been limited resources available to work on the project and K-Net became a priority for the 1 April 2011.

Overall there is a residual balance of -£0.142m on other projects whose movement is below £0.100m.

### 3.9 Capital Project Re-phasing

It is proposed that a cash limit change be recommended for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Following last month's Cabinet meeting there were changes made of £24.918m for re-phasing and the table below summarises the proposed re-phasing this month of £20.703m.

**Table 5 – 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>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>CFE</b>					
Amended total cash limits	168,034	167,473	143,131	161,660	640,298
Re-phasing	-13,501	4,452	4,471	4,578	0
<b>Revised cash limits</b>	<b>154,533</b>	<b>171,925</b>	<b>147,602</b>	<b>166,238</b>	<b>640,298</b>
<b>KASS</b>					
Amended total cash limits	5,602	14,199	5,868	6,045	31,714
Re-phasing	-1,493	1,205	288	0	0
<b>Revised cash limits</b>	<b>4,109</b>	<b>15,404</b>	<b>6,156</b>	<b>6,045</b>	<b>31,714</b>
<b>E,H&amp;W</b>					
Amended total cash limits	140,540	93,938	77,061	314,331	625,870
Re-phasing	-2,467	2,317	150	0	0
<b>Revised cash limits</b>	<b>138,073</b>	<b>96,255</b>	<b>77,211</b>	<b>314,331</b>	<b>625,870</b>
<b>Communities</b>					
Amended total cash limits	26,882	13,644	3,392	6,038	49,956
Re-phasing	-1,652	1,784	-132	0	0
<b>Revised cash limits</b>	<b>25,230</b>	<b>15,428</b>	<b>3,260</b>	<b>6,038</b>	<b>49,956</b>
<b>Regen &amp; ED</b>					
Amended total cash limits	6,764	14,475	8,242	5,480	34,961
Re-phasing	-971	184	787	0	0
<b>Revised cash limits</b>	<b>5,793</b>	<b>14,659</b>	<b>9,029</b>	<b>5,480</b>	<b>34,961</b>
<b>Corporate Support &amp; PM</b>					
Amended total cash limits	12,257	14,508	7,253	5,613	39,631
Re-phasing	-619	619	0	0	0
<b>Revised cash limits</b>	<b>11,638</b>	<b>15,127</b>	<b>7,253</b>	<b>5,613</b>	<b>39,631</b>

Portfolio	2010-11	2011-12	2012-13	Future Years	Total
	£k	£k	£k	£k	£k
<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>-20,703</b>	<b>10,561</b>	<b>5,564</b>	<b>4,578</b>	<b>0</b>
<b>Other re-phased Projects below £100k</b>	<b>-1,713</b>	<b>+1,757</b>	<b>-44</b>	<b>0</b>	<b>0</b>
<b>TOTAL RE-PHASING</b>	<b>-22,416</b>	<b>+12,318</b>	<b>+5,520</b>	<b>+4,578</b>	<b>0</b>

#### 4. **RECOMMENDATIONS**

Cabinet is asked to:

- 4.1 **Note** the latest forecast revenue and capital budget monitoring position for 2010-11.
- 4.2 **Agree** the creation of two new earmarked reserves within KASS, as detailed in paragraph 2.7.5. A contribution of £0.2m to each of these reserves is reflected in the outturn projection reported in table 1 of this report, on the assumption that Cabinet will agree this recommendation.
- 4.3 **Agree** the creation of a new earmarked reserve, from the underspending in the Youth Centres, to pilot some commissioned services in advance of the project plan profile included in the MTFP for the creation of a predominately commissioned model of service delivery for the Youth Service. A contribution to this reserve of just under £0.500m is already reflected in the outturn projection reported in table 1 of this report, on the assumption that Cabinet will agree this recommendation.
- 4.4 **Agree** a virement of £0.4m from the underspending on the debt charges budget within the Finance portfolio to the Highways budget in the Environment, Highways & Waste portfolio, to contribute towards the costs of the snow emergencies in order to preserve the balance in the Emergency Conditions reserve for future emergencies.
- 4.5 **Note** the changes to the capital programme.
- 4.6 **Agree** that £20.703m of re-phasing on the capital programme is moved from 2010-11 capital cash limits to future years.