To: CABINET – 18 July 2011

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REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT 2011-12

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1. Introduction

1.1 This is the first exception report for 2011-12 and the first report for the new KCC structure. This report reflects the position for each of the new directorates. The budget is currently being re-cast to reflect the new portfolio structure and this will be reported in the first full monitoring report to Cabinet in September.

1.2 This report identifies a number of significant pressures that will need to be managed during the year if we are to have a balanced revenue position by year end, but also confirms the commitment from the Cabinet and Corporate Management Team to deliver a balanced budget by year end.

1.3 The forecasts show the vast majority of the £95m savings are on track to be delivered; this is a promising position at this stage of the year. There are a small number of projected variances against the savings plan, although plans remain in place to achieve the original target. Where delivery proves to be unlikely, equivalent savings elsewhere within the relevant directorate have been/will be recommended to Cabinet as appropriate.

1.4 The net £4.909m pressure shown in table 1 below is before the implementation of management action. At this stage, most of the pressures are within Children's Services and are well known. Directorates are currently working to identify options to reduce these pressures with a commitment to delivering a balanced budget position by 31 March 2012. Details of management action plans will be reported in the first full monitoring report to Cabinet in September.

1.5 The 2010-11 final outturn report considered by Cabinet on 20 June 2011, agreed to keep £2.128m of the 2010-11 underspend to help offset the emerging pressures in 2011-12. This report recommends and assumes that this £2.128m will be allocated to the Families & Social Care Directorate.

1.6 It is by no means unusual to have a forecast overspend of this size at this stage of the year. In the context of a savings requirement of £95m, increasing demands for services, and the need to deliver the Children's Services Improvement Plan, the ask this year to deliver a balanced budget is severe, but as stated above, every effort will be made to balance the budget and avoid any overspend at year end.

1.7 Details of issues faced within the capital programme are provided in section 3.

2. 2011-12 REVENUE MONITORING POSITION

2.1 A summary of the forecast revenue pressures and savings, excluding schools, is shown in table 1 below:

Table 1: 2011-12 Revenue Pressures and Savings:

	£m	Pressure/Saving
Education, Learning & Skills	0	A savings target of £0.444m on the Education legal budget is proving difficult to achieve; YPLA withdrawal of Education Business Partnership funding and a short delay in the implementation date of part of the directorate restructure resulting in a delay in staffing savings are partially offset by the ongoing impact of savings experienced in 2010-11 on Home to School Transport (mainstream & SEN), additional SEN Recoupment income, use of one-off unallocated DSG, contract variations and some vacancies.
Families & Social Care	7.909	Full year effect of increased demand for Children's related services experienced in the last quarter of 2010-11 and a continuation of the 2010-11 pressure on the Asylum service. Use of agency staff in order to deliver the improvement plan as a result of the Ofsted report due to continued difficulties in recruiting to social work posts. Continuation of the trends in 2010-11 relating to adult services demographic pressures where pressures on physical disability, learning disability and mental health residential care and direct payments are largely offset by savings on domiciliary care and older people residential and nursing care.
Enterprise & Environment	0	A pressure on waste contract prices is expected to be offset by savings as a result of lower than budgeted waste tonnage.
Customer & Communities	0.050+	Delays in achieving income targets within the Registration Service and Kent Scientific Services are being managed by accelerating the savings within Trading Standards. In addition there are increased body removal costs within the Coroners Service due to the forthcoming closure of the Kent & Sussex hospital. Savings targets for Communications and Contact Kent will not be fully delivered in 2011-12 as the delivery plans have had to be revisited, however the quantum of the shortfall cannot be accurately estimated at this stage and therefore is not reflected in the current forecast.
Business Strategy & Support	-0.050	Vacancy savings within Finance
Public Health	0	
Financing Items	-3.000	-£0.487m relating to 2011-12 write down of discount saving from 2008-09 debt restructuring but as planned this will be transferred to the Economic Downturn reserve. In addition there are treasury savings as a result of deferring borrowing in 2010-11 due to the re-phasing of the capital programme and no new borrowing has been taken so far in 2011-12. Also, due to the re-phasing of the capital programme in 2010-11, it is likely that fewer assets became operational than expected and therefore we are anticipating a saving on Minimum Revenue Provision (MRP).
Total	**4.909+**	

2.2 Education, Learning & Skills:

A balanced position is forecast; however this comprises a number of variations:

2.2.1 +£0.444m Legal Services – the Education legal budget was offered up as a saving through the 2011-13 MTFP process with the option to redirect costs to managers. This saving is proving difficult to achieve and whilst the Directorate is considering alternative options, at this stage it is prudent to reflect this as a pressure.

2.2.2 +£0.255m Connexions - the Young Peoples Learning Agency (YPLA) announced on 29 March 2011 that the Education Business Partnership funding was being withdrawn on 31 March 2011. This funding is paid to Connexions via a contract and we cannot renegotiate the contract until the end of August at the earliest. Renegotiations have commenced with Connexions, but until these negotiations have concluded a pressure of £0.255m is anticipated.

2.2.3 -£1.000m Mainstream Home to School Transport - this forecast reflects the full year effect of 2010-11 outturn after fully covering 2011-12 savings, and continuing to support pupils eligible for extended rights to free transport. It should be noted that this is a provisional forecast outturn variance based solely on the previous year's outturn, and there are many factors that could alter this during the year, particularly in September e.g. pupil numbers, contract renegotiations.

2.2.4 -£0.400m Special Education Needs (SEN) Home to School Transport - this forecast reflects the full year effect of 2010-11 outturn after fully covering 2011-12 savings. Again this should be treated as a provisional forecast outturn variance based on last year's outturn and there are many factors that could alter this during the year.

2.2.5 -£1.200m SEN Recoupment – this forecast reflects the fact that in 2010-11 and the previous year, the recoupment income exceeded the set budget due to demand for places from other Local Authorities. The position in 2011-12 is likely to be the same.

2.2.6 -£0.250m Contract Variations – this reflects management action to introduce in-year variation to existing contracts.

2.2.7 -£1.000m Unallocated DSG – there is some £1.000m of one-off DSG funding rolled forward that ELS should be able to use to re-badge existing base expenditure and deliver a saving in the current year.

2.2.8 +£3.400m Shortfall on various savings targets on staffing within ELS - As part of the 2011-12 budget setting process, the Directorate offered up a number of savings related to staffing. Some of these were specifically linked to the cessation or reduction of specific grant funding, whilst others were as a result of the wider KCC restructure and the implementation of Bold Steps for Kent e.g. reduction in management structures.

In total, £4.827m of the 2011-12 ELS saving relates to staffing, with a much larger staffing saving required in the 2012-13 and 2013-14 financial year (c. £13.5m in total). The initial plan had been to treat these two savings as separate exercises but we are now aiming to achieve these through a Directorate wide restructure later this year. When the MTFP was drawn up, the plan had been to achieve the full £4.827m from September 2011, however due to the level of work required to achieve a successful restructure the implementation date for the overall Directorate restructure has moved to April 2012, although the major restructure of the Schools Standards & Improvement part of ELS has been brought forward from the original date of September 2012, is already underway and will be completed in November 2011. The restructure of the senior management of the ELS Directorate will also take place earlier and will be underway shortly. Based on a straight forward pro-rata of the £13.5m (full year effect), it is anticipated that this will achieve a saving in the region of £1.400m, leaving a balance of around £3.400m of the original savings target unachieved in year, but balanced off by the underspending reported above.

2.2.9 Whilst all of the above would leave the ELS Directorate with a shortfall of £0.249m, it is anticipated that this will be more than covered through vacancies that already exist and are being held as the Directorate moves into the various restructure processes. A small underspend may be achievable but it would not be prudent to forecast this until all the detailed work on costing the new structures has been completed.

2.3 Families & Social Care:

2.4.1 The initial forecast indicates a pressure of £10.037m against the original budget, however it is assumed that this will be offset by the £2.128m residual underspend from 2010-11 set aside in the Economic Downturn reserve to deal with the emerging pressures in 2011-12, leaving a net pressure of £7.909m. Detailed forecasts are currently being worked through, to ensure that the report to Cabinet in September reflects the very latest activity levels. Over the forthcoming months, the Corporate Director of Families & Social Care (FSC) will be working with the Acting Corporate Director of Finance & Procurement to look at strategies to manage the pressures and deliver a balanced budget at year end. Finance teams, alongside their respective Performance Teams are also currently reviewing all cash limits and affordable levels of activity in light of the 2010-11 outturn and any changing trends in activity that have become apparent since the 2011-12 budget was set. Alongside the validation work associated with the restructuring of budgets, requests for virement or for realignment of gross and income cash limits will be submitted as part of the first full monitoring report to Cabinet in September.

The main reasons for the forecast pressure are detailed below:

2.4.2 **Adult Related Services +£0.097m variance**

2.4.2.1 -£0.478m Older People Residential/Nursing Care – early indications in the financial year are that the activity trend experienced during April appears to reflect an increase, which is different from the last few months of the old year. However an underspend is still forecast at this stage.

2.4.2.2 -£1.845m Older Persons/Physical Disability Domiciliary – the trend of the number of clients receiving domiciliary care appears to continue to decrease even though the intensity of care appears to be increasing. This trend is similar to 2010-11.

2.4.2.3 +£0.792m Physical Disability Residential – this is due to a higher than anticipated level of activity against the affordable budget.

2.4.2.4 +£1.289m Physical Disability Direct Payments – this reflects both the full year effect of 2010-11 clients, coupled with the assumption that the activity growth will be similar to that experienced in 2010-11.

2.4.2.5 +£2.245m Learning Disability Residential – this forecast includes the known transition cases transferring from Education.

2.4.2.6 -£0.342m Learning Disability Domiciliary – a decreasing activity trend experienced during 2010-11 has been replicated within this initial forecast.

2.4.2.7 -£0.569m Learning Disability Supported Accommodation – activity in 2010-11 was below the affordable level and this forecast reflects a continuation of this trend, offset by both an increase in known transition cases transferring from Education and an estimate for anticipated additional Ordinary Residence cases.

2.4.2.8 +£0.700m Learning Disability Direct Payments – this reflects the full year effect of both current clients and the assumption of similar growth as experienced in 2010-11.

2.4.2.9 +£0.675m Mental Health Residential Care - the continuing high costs associated with both current clients and more recent forensic clients, results in a continuation of the pressure experienced in 2010-11. Forensic clients are a group of service users who have Mental Health needs and have been processed through the Criminal Justice System. Forensic services are often used as an alternative to Prison.

2.4.2.10 -£0.164m Mental Health Domiciliary Care – this forecast reflects the full year effect of current clients.

2.4.2.11 +£0.148m Mental Health Supported Accommodation - this forecast reflects the full year effect of current clients.

2.4.2.12 +£0.123m Mental Health Direct Payments – this forecast assumes similar growth to that experienced during 2010-11.

2.4.2.13 -£0.450m Mental Health Assessment & Related – replication of a similar variance to that experienced during 2010-11.

2.4.2.14 -£1.545m - to be prudent the Directorate had decided to hold £1.545m of budget to offset the initial forecast pressure on Adult Services pending the final 2010-11 activity levels. This will now be allocated to the relevant budget lines.

2.4.3 **Children's Related Services +£7.812m variance** (net of £2.128m residual underspend from 2010-11)

2.4.3.1 +£0.625m Residential Care – reflecting the full year effect of the pressure against independent sector services of the increased demand experienced in the last quarter of 2010-11. This pressure has been slightly offset by only one client currently being placed and forecast for, in secure accommodation, although the budget allows for two placements. Clearly this situation may change as the year progresses.

2.4.3.2 +£2.355m Fostering - the majority of the pressure is in respect of the full year effect in 2011-12 of 2010-11 children placed in Independent Fostering, as well as slight increase in new placements in 2011-12. New legislation that came into effect on the 1st April 2011 requires Local Authorities to pay reward payments to related foster carers. Currently Kent's policy is that related carers only receive the maintenance element, whereas non-related carers receive both a maintenance and a fee element. The outcome of the recent Manchester City Council judgement regarding this legislation was ambiguous, so legal advice is currently sought. As a precaution, £0.680m has been included in the forecast for 2011-12 for this.

2.4.3.3 +£0.711m Preventative & Support Services - the majority of the pressure is in relation to children requiring lodgings, coupled with provision pending the outcome of a future Southwark judgement, which considers how local authorities support homeless 16 & 17 year olds. The forecast also includes an increase in day care services, which replicates the 2010-11 level.

2.4.3.4 +£0.800m Asylum – this pressure relates to the costs incurred in continuing to support young people over 18 years old who are not eligible under UKBA's grant rules. We are assuming that we will have an average of 110 young people who do not qualify under the grant rules mainly because they are Appeal Rights Exhausted, or are naturalised but not able to claim benefits. Under the Leaving Care Act, we continue to have a duty of care to support these young people. In addition the grant rules exclude the first 25 eligible young people.

2.4.3.5 +£0.374m Safeguarding – additional safeguarding posts have been required following the Ofsted inspection, however this decision was made after the 2011-13 MTFP and budget process was complete and therefore this is identified as a pressure.

2.4.3.6 +£1.156m Legal Costs – this forecast is based on the 2010-11 outturn position and assumes no further growth.

2.4.3.7 +£3.500m Staffing – this pressure reflects the use of agency staff as a result of recruitment difficulties of social work staff to respond to the improvement plan as a result of the Ofsted report. Detailed work is underway to substantiate this forecast through to year end, and to ensure that the costs of the established staff numbers are fully budgeted for with no vacancy rate.

2.4.3.8 +£0.419m Improvement Plan – in addition to the children's base budget there is £3.491m available for the Improvement Plan. Latest estimates, which are included within the forecast, are that this will be exceeded by £0.419m

2.4.3.9 This initial forecast pressure has been calculated assuming that all current placements continue unless known otherwise. This does however mean that the forecast at this stage assumes that some of the savings in relation to the high cost placements and out of county placements will not be achieved. Work is on-going with the function to ensure that accurate tracking of progress can be made against each saving on a monthly basis. It is also anticipated that pressures will reduce as savings are made.

2.4.3.10 The £7.812m Children's Services pressure is a combination of increasing pressures in the current financial year and the fact the pressures in the final months of 2010-11 exceeded the budgeted growth built into the 2011-12 budget.

2.4.4 **Forecast Risks**

2.4.4.1 There are significant savings to be made by FSC, and although it is anticipated that in most cases these savings will be achieved, these need to continue to be applied and monitored rigorously during the year.

2.4.4.2 These initial forecast pressures have in the main been calculated by Finance based on latest performance and activity information. Meetings are currently underway with all budget holders within FSC to ensure that the next forecast submitted will be reconciled to managers' assumptions.

2.4.4.3 The forecast for Children's Related Services assumes little increase in future demand, despite the previous increases. This situation will be monitored on a monthly basis.

2.4.4.4 As with any restructure, there is a risk that financial issues may not be as easily understood by new managers. Finance is working with all of those managers to try and alleviate this risk to ensure that robust forecasts are provided.

2.5 Enterprise & Environment:

Although a balanced position is forecast at this stage, there are significant offsetting variances within the waste budget:

2.5.1 The budgeted waste tonnage for 2011-12 is 760,000 tonnes. It is likely that outturn tonnage will be lower than this but it is very early in the year to be confident of the final figure. The "spike" in tonnage in March, reported in the 2010-11 outturn may indicate a return towards the higher waste levels previously experienced, so a cautious forecast needs to be made at this stage. However, a reasonable assumption at this point in the year would be that tonnage will not exceed 745,000 tonnes, which would give an underspend of around £1.1m at an average cost per tonne of £73.

2.5.2 The underspend from outturn tonnage at this level, will be sufficient to cover the price pressures being experienced in the service. As reported during last year's monitoring, many waste contracts are linked to specific price indices, with Allington, the largest of these contracts, linked to the April Retail Price Index (RPI). RPI for April and other indices were much higher than the budget allocations in the MTFP. The exact mix of tonnages that will go through each of these contracts will be refined during the year but current estimates are that this will increase prices over budget by about £1.1m.

2.5.3 The waste service is looking hard at improving contracts, diverting waste from the more expensive disposal options and increasing income from recyclate, in order to improve the breakeven position.

2.6 Customer & Communities:

2.6.1 A net pressure of £0.050m is forecast but this excludes two services, Communications and Contact Kent, that have significant savings targets that may not be fully delivered in-year, but the quantum of the pressure cannot yet be accurately calculated at this stage. Further details are provided below:

2.6.2 -£0.150m Trading Standards – this service has a savings target of £0.500m within the current MTFP, with the profile of savings to be achieved £0.250m in 2011-12 and £0.250m in 2012-13. Given the pressures noted below, the service has brought forward the key milestones of the project in an attempt to maintain a balanced position across the directorate. The service – aided by significant vacancy management in 2010-11 – has accelerated the key milestones of the project and is forecasting in-year savings of £0.400m, therefore producing a one-off underspend of £0.150m.

2.6.3 +£0.100m Registration – as part of the MTFP, the service was allocated an income generation target of £0.100m to be achieved through collaborative working with other local authorities. Due to delays in negotiations and the implementation of said schemes, this income target will not be achieved in 2011-12.
All efforts will be made in order to realise this saving in 2012-13, as well as a part year effect in 2011-12, but we have prudently disclosed the non-achievability of this saving in full and accelerated the saving within Trading Standards to compensate.

2.6.4 <u>+£0.045m Kent Scientific Services</u> - the service has included an increased income target of £0.050m in each of the past two years as part of MTFP savings and this was the third year such a target was set. These targets were allocated to the service as a result of an expectation that other local authority laboratories were systematically closing year on year and that additional income could be generated accordingly. This anticipated closure programme has not occurred in line with expectation and instead of increasing income and market share, the customer base has not declined but the number of samples that customers are commissioning has reduced and therefore the contribution towards fixed costs has been adversely affected.

A budget pressure has been forecast accordingly, although this pressure is offset by the acceleration of the Trading Standard review for 2011-12, and the service will concentrate its efforts on increasing income or reducing costs in order to identify a base solution to reducing the overall cash limit for this service.

2.6.5 <u>+£0.055m Coroners</u> - Despite additional funding in excess of £100k being allocated to the service in the MTFP, there is already an unforeseen pressure in relation to post mortem costs.

Maidstone & Tonbridge NHS Trust has served notice with regard to the provision of post mortem and body storage facilities at the Kent & Sussex Hospital. This has led to the need to look for interim arrangements and efforts have been made to secure these for an initial term of 6 months but this has led to body removal costs in excess of those budgeted as the funeral directors now have further to travel to deposit and collect bodies prior to and subsequent to the post mortem.

This pressure, over and above the post mortem pressure reported last year due to increases levied by the Gravesham and Dartford NHS, has accelerated the authority's plans to investigate the possibility of a KCC Mortuary. As options are appraised, Cabinet will be updated accordingly.

2.6.6 <u>Communications & Contact Kent</u> - these two units were both allocated significant savings targets within the MTFP of £2m and £0.844m respectively, with the 2011-12 elements of each saving being £1.5m and £0.406m.

Both of these savings had design principles and a proposal on how to achieve the cash limit reduction but these plans have had to be revisited, meaning that the full saving may not be deliverable in the profile assumed in the MTFP.

2.6.6.1 In relation to the communications saving, previous proposals of how the £1.5m was to be achieved has been reconsidered following the centralisation of all communications related services into the Communications, Consultation and Community Engagement ("CCCE") division within the Customer and Communities Directorate.

A revised proposal is currently being formulated and whilst there will be a part-year effect in 2011-12, the quantum of the saving that will be achieved cannot be defined at this juncture. Progress against this saving will be included within the monthly monitoring process.

2.6.6.2 The Contact Kent saving was predicated on a number of similar communication channel shift strategies being provided by the Contact Centre, where synergies and economies of scale would enable a cost reduction to be achieved.

The transfer of three services into the Contact Centre is still planned within 2011-12, the first of which transferred in during April 2011, but the service has experienced an increased level of demand – over and above expected levels of existing and new services – which has to be taken into account when aiming to deliver these significant savings, as well as maintaining key performance indicators.

Similar to the Communications saving, the quantum that can be achieved in 2011-12, in the context of this increased demand, cannot yet be determined and will be closely monitored throughout the year.

2.6.7 <u>Management Action:</u>

Given the pressures reported above, the directorate has already imposed significant vacancy targets in order to mitigate emerging pressures and is already curtailing any non critical spend accordingly. A dedicated project team – including those from the service and from finance – has been established for each of the targets in order to maximise the potential saving that can be achieved in 2011-12. This team will review the current proposals, devise accelerated options and monitor the implementation to ensure that the budget pressures within the directorate, and therefore the authority, are mitigated where possible.

In relation to the income targets which may not be delivered, alternative plans are being devised in order to deliver some increased income – or reduced costs – within 2011-12 and this management action can be reviewed through the monitoring process with the aim that these pressures will reduce throughout the year.

2.7 Business Strategy & Support:

2.7.1 A net saving of £0.050m is forecast, which is due to holding vacancies within the Finance Group ahead of a major restructure.

2.7.2 The Finance Support Team is currently investigating all of the budgets and corresponding commitments which have been transferred in to the directorate for the support functions in order to determine whether there are any underlying issues which will require management action. This work will be completed for the first quarter's full monitoring return.

2.8 Financing Items:

A net saving of £3.0m is forecast, which is due to:

2.8.1 -£0.487m relating to the write down in 2011-12 of the £4.024m discount saving on the debt restructuring undertaken at the end of 2008-09. (£3.378m was written down over the period 2008-11, therefore leaving a further £0.159m to be written down in 2012-13).

2.8.2 +£0.487m as the write down of the discount saving earned from the debt restructuring in 2008-09, will be transferred to the Economic Downturn reserve, as planned

2.8.3 -£3.0m saving on the treasury budgets as a result of deferring borrowing in 2010-11 due to the re-phasing of the capital programme and also no new borrowing has been undertaken so far in 2011-12. In addition, the re-phasing of the capital programme in 2010-11 is likely to provide a saving on Minimum Revenue Provision (MRP) as it is likely that fewer assets became operational than anticipated. As reported in 2010-11, we have adopted the asset life method of calculating MRP. 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". However, once these assets do become operational we will incur MRP in the following year. 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. It is unlikely therefore that this very complex calculation will be completed until after the quarter 1 report. Further details and confirmation of the level of saving will be provided in future reports.

3. 2011-12 CAPITAL MONITORING POSITION

3.1 There have been a number of cash limit adjustments since the published 2011-12 budget book, some of which have already been reported, full details below:-

Table 2: Capital Cash Limit changes:

		£000s	*£000s*
		2011-12	*2012-13*
1	As published 2011-12 Budget Book exc PFI	305,448	*258,868*
2	Previously reported cash limit changes:		
	Kent Thameside Delivery Board - Regen portfolio	-480	*-480*
	Frittenden Primary School - EL&S portfolio	340	*50*
	Edenbridge Community Centre - C&C portfolio	9	
	Sheerness Gateway - C&C portfolio	350	
	Victoria Way Phase 1 - E&E portfolio	1,042	
	Safety Camera Partnership - E&E portfolio	40	
	Workplace Transformation - BS&S portfolio	-180	
	Re-phasing as agreed at Cabinet 2nd February	1,654	*333*
	Re-phasing as agreed at Cabinet 4th April	24,227	*107*
	Re-phasing as agreed at Cabinet 23rd May	10,134	*5,564*
		342,584	***264,442***
3	PFI	22,000	
		364,584	*264,442*

3.2 The current forecast capital position, is shown in table 3 below.

Table 3: 2011-12 Capital Variances:

	Variance
	This month
	£m
Education, Learning & Skills	0.484
Families & Social Care	-0.484
Enterprise & Environment	0.000
Customer & Communities	0.000
Business Strategy & Support	0.286
Total (excl Schools)	**0.286**
Schools	0
Total	**0.286**

This month there is a real variance of -£0.816m. The main movements this month are detailed below:

3.3 **Education, Learning & Skills**

The forecast has moved by +£0.484m. Projects subject to re-phasing and overall variances affecting 2011-12 are:

- BSF Wave 3 Unit Costs (+£0.484m): the pressure relates to BSF compensation due to previously unidentified asbestos issues, this was reported in the March exception report. A saving against Children's Centres and Early Years programme has been identified to offset the pressure, which is detailed in paragraph 3.4 below. Members are asked to agree the use of the saving.

3.4 **Families & Social Care**

The forecast has moved by -£0.484m. Projects subject to re-phasing and overall variances affecting 2011-12 are:

- Children's Centres and Early Years Programme (-£0.534m): it has become apparent over the last few months that a saving was achievable on this programme but the level of the potential saving was dependent on enough expenditure being incurred in 2010-11 to enable the time limited Department for Education (DfE) grant to be fully applied and this would not be known until outturn. Pressures have been identified in the capital programme it is requested that the saving is used as follows:
  i) BSF Wave 3 Unit Costs +£0.484m, as detailed in paragraph 3.3 above.
  ii) Ashford Multi Agency Specialist Hub +£0.050m
- Transforming Shortbreaks for Families with Disabled Children (+£0.050m): the pressure relates to Ashford Multi Agency Specialist Hub.

3.5 **Business Strategy & Support**

The forecast has moved by +£0.286m. Projects subject to re-phasing and overall variances affecting 2011-12 are:

- Margate Eastern Seafront (+£0.114m): the pressure relates to the inclusion of fees in connection with the public realm works at the Margate Eastern Seafront. These costs are met by grant funding.
- Rendevous Site – Margate (+£0.085m): this pressure relates to public realm works for Turner Harbour View and is met from a revenue contribution.

Overall there is a residual balance of +£0.087m on other projects which is met from external funding and revenue contributions.

4. RECOMMENDATIONS

Cabinet is asked to:

4.1 **Note** the initial forecast revenue and capital budget monitoring position for 2011-12.

4.2 **Agree** that the uncommitted balance of £2.128m from the 2010-11 underspend be drawn down from the Economic Downturn reserve and allocated to the Families and Social Care Directorate.

4.3 **Agree** that £0.534m of savings on the Children’s Centres and Early Years Programme is used to meet the pressures of £0.484m on BSF Wave 3 Unit Costs and £0.050m on Transforming Shortbreaks for Families with Disabled Children.